



Control Number: 44809



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SOAH DOCKET NO. 473-16-1848.WS

PUC DOCKET NO. 44809

APPLICATION OF QVLP L.P.	§	BEFORE THE STATE OFFICE OF
FOR A RATE/TARIFF CHANGE	§	ADMINISTRATIVE HEARINGS

REBUTTAL TESTIMONY

OF

JEFF EASTMAN

ON BEHALF OF

QUADVEST L.P. ("QVLP")

MAY 18, 2016

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**REBUTTAL TESTIMONY OF JEFF EASTMAN
ON BEHALF OF QVLP L.P.**

ATTACHMENTS

Attachment QVLP JE - 1: "AMR Cost Benefit Analysis"
Attachment QVLP JE - 2: "Rate Case Summary"
Attachment QVLP JE - 3: "W/P 2 of PUC's Attachment DL-3"
Attachment QVLP JE - 4: "QVLP's Capitalization Policy of PUC's Attachment DL-4(b)"
Attachment QVLP JE - 5: "WP – Material Supplies & Prepaids (Water & Sewer)"
Attachment QVLP JE - 6: "Long Term Cap and Major Maintenance Plan"
Attachment QVLP JE - 7: "R&M Over 2K"
Attachment QVLP JE - 8: "Rate Case Expense Invoices"
Attachment QVLP JE - 9: "Additional RFI Support"

**REBUTTAL TESTIMONY OF JEFF EASTMAN
ON BEHALF OF QVLP L.P.**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jeffrey Eastman. My business address is 26926 FM 2978, Magnolia, Texas,
3 77354.

4 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS CASE?**

5 A. Yes I did.

6 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

7 A. I will address the issues brought forth by the Office of the Public Utility Council (OPUC)
8 witness Mr. Ekrut and the Public Utility Commission (PUC) witnesses (Staff).

9 **Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?**

10 A. I will address the issues shared by both OPUC and the PUC first, then I will address the
11 PUCs issues last.

12 **Q. PLEASE DESCRIBE THE UNIQUE ISSUES BROUGHT FORTH BY BOTH THE**
13 **STAFF AND OPUC.**

14 A. OPUC and Staff have shared issues:

- 15 • AMR
- 16 • Accumulated Deferred Federal Income Taxes
- 17 • Customer Deposits

18 Staff has the following issues:

- 19 • Repairs And Maintenance
- 20 • Rate Case Expenses

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- Cash Working Capital
- Materials, Supplies and Prepaids

Q. PLEASE ADDRESS OPUC AND STAFF'S PROPOSED ADJUSTMENT RELATED TO AMR.

A. The following will focus mainly on the economic benefits and/or net cost to customers. Mr. Scaff states in his AMR testimony "Given the 10-year useful life span of the meters, the savings add up to only \$821,000 over ten years. This results in a difference in a net cost to the customers of \$1,100,000." In my opinion, this calculation appears to be unreasonable as it uses some rather extreme assumptions. First, Mr. Scaff's calculation assumes that QVLP will not file a rate case for 10 years because any currently "unquantifiable benefits" related to AMR would be captured in subsequent rate cases. Second, Mr. Scaff's analysis does not appear to assign any value to the "intangible benefits" such as improved customer satisfaction, employee safety, and even public health issues. Mr. Sequeira's rebuttal testimony will reconfirm the numerous benefits of AMR technology and overall recognition as a "Best Practice" in the water industry. QVLP remains focused on providing both clean safe drinking water and exceptional customer service through "prudent" capital investments, which on occasion do not "break-even" as referenced in Mr. Scaff's calculation. Due to the importance of this issue to our operations and customers, QVLP provides an analysis and adjustments that effectively eliminate the "net cost to the customer" gap identified by Mr. Scaff. (See Attachment QVLP JE-1). The proposal would generate a "net benefit to the customer".

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1 In summary, the proposal highlights demonstrate how committed QVLP is to AMR
2 conversion project and working with this Commission to obtain approval of the associated
3 rates.

4 **Q. PLEASE ADDRESS OPUC AND STAFF'S PROPOSED ADJUSTMENTS**
5 **RELATED TO ACCUMULATED DEFERRED INCOME TAXES.**

6 A. QVLP is a limited partnership and thus considered a "pass through" entity for federal tax
7 purposes and therefore does not pay federal income taxes. The owners of QVLP are
8 required to pay federal income taxes, based upon their individual tax situation, which
9 would include their respective portion of QVLP's taxable income or loss. The
10 Accumulated Deferred Income Tax (ADFIT) recorded on QVLP's 2014 financials relates
11 to the conversion from a C Corporation to an S Corporation on March 1, 2006. The ADFIT
12 liability of \$427,146 is the result of a requirement to continue to recognize a deferred tax
13 liability to the extent that it would be subject to a corporate level tax on the net
14 unrecognized built-in-gains.

15 **Q. HAVE YOU REVIEWED THE STAFF'S PROPOSED CALCULATION FOR**
16 **ADFIT?**

17 A. Yes I have. I do not believe the calculation results in an accurate or reliable level of ADFIT.
18 I agree with Mr. Loy that Staff's approach is a very limited and rough estimate. In addition,
19 the proposed negative ADFIT adjustment to rate base is inconsistent with QVLP's most
20 recently approved sewer rate, which, like this case, was filed under the rules in effect prior
21 to September 1, 2016, and did not include ADFIT in rate base. Rule 24.31(C)(3), as it was
22 worded prior to changes that took effect September 1, 2016, expressly excluded ADFIT
23 from rate base. Because this case was filed prior to September 1, 2016, ADFIT should be
24 excluded pursuant to Rule 24.31(C)(3).

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1 **Q. PLEASE ADDRESS OPUC AND STAFF'S PROPOSED ADJUSTMENTS**
2 **RELATED TO CUSTOMER DEPOSITS.**

3 A. Texas utilities are allowed to charge a customer deposit when a new customer first connects
4 to the utility, but the rules also require return of deposits with interest after a certain period
5 of time within which a customer has the opportunity to establish a solid payment history.
6 The QVLP tariff allows eighteen months before a good paying customer can receive a
7 refund with interest on their customer deposit. Due to QVLP's 18 month return policy,
8 customer deposits are temporarily held funds that QVLP can use for reimbursement of
9 unpaid water bills, but not payments toward plant assets such as customer CIAC. The
10 funds are not cost free capital because QVLP is required by statute to pay interest on them
11 for the entire period the deposits are held. The rate on interest is set by statute so the fairness
12 of the customer's return is never an issue in a rate case. However, the adjustments proposed
13 by OPUC and Staff disregard all of these factors and increase the Company's cost of
14 holding funds by reducing its rate base and its return using funds which can only be used
15 to offset customers unpaid bills. Again, QVLP did not include customer deposits in its
16 most recent approved rate case for the reasons mentioned above and therefore approached
17 this current rate case in similar fashion. In summary, I believe customer deposits should
18 not be included in rate base.

19 **Q. PLEASE ADDRESS THE INTERMITTENT EXPENSES THAT STAFF**
20 **MISCLASSIFIED TO BE NONRECURRING AS PRESENTED ON STAFF'S W/P**
21 **2 OF ATTACHMENT DL-3 (SEE ATTACHMENT QVLP JE - 3).**

22 A. Ms. Loockerman's direct testimony makes an adjustment to purported "non-reoccurring
23 expense" of \$90,709. However, upon review of respective invoices, it is clear that these
24 expense items are reoccurring because Quadvest incurs these types of costs, at similar

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1 levels, every year. While Staff is proposing the removal of intermittent repairs and
2 maintenance costs, these costs are intermittent in nature only to the extent that one looks at
3 them on a plant by plant basis. If one aggregates the 40 plus water plant sites QVLP
4 operates, the outcome is a reoccurring expense line item. Mr. Loy points out that if
5 adopting the PUC's proposal would require Quadvest to begin deferring and amortizing
6 intermittent R&M costs. This would create extra work load and accounting costs for a
7 relatively small accounting department, and would increase personnel and associated costs.
8 The following reoccurring costs are included within Ms. Loockerman's calculation and
9 should therefore, not be excluded:

- 10 • Approximately \$37,727 relates to sandblasting and recoating of storage tanks and
11 pressure tanks, which are intermittent maintenance tasks required for an asset to reach
12 full useful life. That is, if these tasks were not performed the assigned lives to these
13 assets would need to be reduced. Recoating/painting can occur every 10 to 15 years.
14 Specifically, the \$8,300 Watt's Drilling invoice was to repair a leak at the bottom of a
15 storage tank at a plant site with relatively corrosive ground water. In my response to
16 Staff's RFI 1-36 (See Attachment QVLP JE-6), QVLP has budgeting over \$170,000 in
17 such recoats/rehabs scheduled for FY2016.
- 18 • Approximately. \$43,532 relates to well rehabs on ground water wells, which are
19 intermittent maintenance tasks required for an asset to reach full useful life. Well rehab
20 can occur every 6 to 10 years.
- 21 • Approximately \$2,250 relates to the development of a flushing report out of our water
22 tracking system. This invoice should not have been recorded to an R&M account but
23 regardless represents an intermittent IT consulting expense. It is not uncommon for

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QVLP to request Birdsnest to perform adhoc reporting/consulting such as setting up new subdivision/codes in their software.

- Approximately, \$7,200 relates to spare water plant control units that have since been installed in our systems. These control units last around 5 years. The fact that Quadvest purchases “spares” indicates the general intermittent, if not reoccurring, nature of this part. Typically, spare control units are not booked to materials and supplies because they are used within the year.

Given the fact that the so called non-recurring costs are in fact legitimate recurring intermittent costs, Staff’s adjustment should be rejected.

Q. PLEASE ADDRESS THE INSURANCE CLAIMS RELATED ADJUSTMENTS MADE BY STAFF ON STAFF’S W/P 2 OF ATTACHMENT DL-3 (SEE ATTACHMENT QVLP JE – 3).

A. In response to Ms. Loockerman’s direct testimony related to insured invoice adjustment for \$15,890:

- The recommended negative adjustment of \$6,402 is not correct since the referenced insurance payment was already reflected in the overall requested cost of service, QVLP received a refund check of \$8,488.13 from its insurance provider in September 2014 related to July 2014 theft incident. The credit was included in the test year (Repairs and Maintenance Account 6516) thus the reduction is already reflected in QVLP’s cost of service. Staff’s adjustment should be rejected.
- QVLP received a refund check of \$7,808.50 from its insurance provider in April 2015 related to September 2014 theft incident. The credit was not included in test year; however, the recommended negative adjustment of \$9,488 is not correct, and should be reduced to reflect \$7,808 the amount of the actual refund check received in FY2015.

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1 **Q. PLEASE ADDRESS THE INSUFFICIENT DOCUMENTATION RELATED**
2 **ADJUSTMENTS MADE BY STAFF ON STAFF'S W/P 2 OF ATTACHMENT DL-**
3 **3 (SEE ATTACHMENT QVLP JE – 3).**

4 A. In response to Ms. Loockerman's direct testimony related to insufficient documentation
5 adjustment of \$5,687:

- 6 • This Quadvest Construction invoice relates to line relocate services required to allow
7 the power company to drop their power poles in the ground without damaging our water
8 lines. Line relocate services are required in many subdivisions where additional
9 utilities are placing service lines in share utility easements. QVLP will often perform
10 this function internally but in this particular case Bella Vista is such a large subdivision
11 QVLP required assistance from a contract operator. This invoice might have been
12 better classified as contract operations. The recommended negative adjustment of
13 \$5,687 does not appear proper, noting the appropriate adjustment would be a
14 reclassification to contract operations and to remain in overall cost of service.

15 **Q. PLEASE ADDRESS THE CAPITAL ASSETS RELATED ADJUSTMENTS MADE**
16 **BY STAFF ON STAFF W/P 2 OF ATTACHMENT DL-3 (SEE ATTACHMENT**
17 **QVLP JE – 3).**

18 A. In response to Ms. Loockerman's direct testimony related to capitalize assets adjustment
19 of \$69,424:

- 20 • Staff's adjustment of \$69,424 appears consistent with my response to Staff's RFI 3-10
21 (See Attachment QVLP JE – 7). QVLP accepts Staff's adjustment and the
22 corresponding adjustments to rate base and depreciation expense.
- 23 • QVLP's capitalization policy (See attachment QVLP JE – 4) makes no reference to
24 “and/or that extend the useful life of the plant in service” as cited by Ms. Loockerman.

**REBUTTAL TESTIMONY OF JEFF EASTMAN
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1 **Q. PLEASE ADDRESS STAFF'S PROPOSED ADJUSTMENTS TO RATE CASE**
2 **EXPENES?**

3 A. QVLP is currently working with its rate case consultants to provide necessary invoice detail
4 as requested by Ms. Loockerman. QVLP will continue to provide necessary support, in
5 order to allow for the recovery of its rate case expenses, as additional info becomes
6 available.

7 **Q. HAVE YOU CALCULATED THE CURRENT RATE CASE EXPENSES**
8 **INCURRED TO DATE BY QUADVEST AS IT RELATES TO THIS RATE**
9 **PROCEEDING?**

10 A. Yes, the attached rate case schedule (See Attachment QVLP JE-2) summarizes the
11 \$220,115.48 in rate case expenses recorded through May 17, 2016. The attached invoices
12 (See attachment QVLP JE – 8) include invoices recorded since my direct testimony was
13 filed in this case and any updated invoices resulting from Staff's requirement for more
14 invoice level detail. The total amount of rate case expenses incurred through May 17, 2016
15 and for which Quadvest is seeking recovery is \$220,115.48. I reserve the right to
16 supplement this analysis once all rate case expenses have been received by QVLP.

17 **Q. PLEASE ADDRESS STAFF'S PROPOSED ADJUSTMENT TO WORKING**
18 **CAPITAL?**

19 A. Ms. Loockerman bases her reduction of QVLP's working capital request through the use
20 of the 1/12 factor methodology, which is guided by her belief that because QVLP is larger
21 than the average water utility in Texas (fewer than 1,000), and therefore should receive a
22 lower working capital allowance. I find this very puzzling because QVLP's most recently
23 approved rate case used the 1/8 factor as directed by the guidance documents adopted by
24 the PUC. The 1/8 method was not an issue and QVLP had over 7,000 water connections at
25 the time. Finally, under QVLP's current billing process, it can take up to 25 days to read

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meter, bill customers, and receive payment from our customer, which further supports 1/8 factor.

Q. PLEASE ADDRESS STAFF'S PROPOSED ADJUSTMENT TO MATERIALS, SUPPLIES AND PREPAIDS?

A. The proposed adjustment to reduce material, supplies and prepaids by \$59,204 appears to be only partially correct. Upon review of the \$137,070 in material supplies and prepaids included in QVLP's water rate case application (Attachment QVLP JE -5), \$25,307 appears to relate directly to annual ground water district regulatory fees that QVLP passes through to its customers and therefore should be removed from invested capital. Of the remaining \$33,897, \$15,892 (Attachment QVLP JE -5) relates to sewer portion of the prepaids and therefore should not be deducted from invested capital. This sewer prepaid was never added to our requested invested capital and therefore it is not proper to remove an amount that was never requested. The final \$18,005 (Attachment QVLP JE -5) relates to TCEQ's annual water permit fees, which are not recovered from our customers via our pass through provision and should not be removed from invested capital. The TCEQ permit fees are recorded to account "6605 Reg. Exp". In summary, QVLP agrees with the removal of the ground water district regulatory fees of \$25,307 from rate base.

Q. IS THERE OTHER ADDITIONAL SUPPORT YOU HAVE PROVIDED?

A. Yes, this is included in Attachment QVLP JE – 9.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes. However, I would like to reserve the right to supplement testimony as additional facts become known.

Attachment QVLP JE - 1

AMR Cost Benefit Analysis

QVLP JE-1 "AMR Cost Benefit Analysis"

AMR Economic Benefit Analysis

2014 Volumetric Revenues	2,270,864
Assumed Increase In Billed Gallonage To Customer Post AMR Conversion % ***	5%
Potential Increase In Water Revenue Post AMR Conversion	113,543
Meter Reading Savings	82,149
Potential Increase In Water Revenue Post AMR Conversion (From Above)	113,543
Total Annual AMR Economic Benefit	195,692

Net Cost Analysis **

Total AMR Economic Benefit Over 10 Year Period	1,956,922
Total Capped AMR Conversion Cost minus salvage value of \$25,000 and \$110,000 disposal	1,908,767
Total Estimated (Benefit)Net Cost To Customers Over 10 Years	(48,155)
Total Estimated (Benefit) Net Cost To Customers Annually *	(4,816)

* QVLP believes the important list of "intangible benefits" like customer satisfaction and employee safety plus the \$4,800 in "net benefit to customers" more than justifies the AMR project. QVLP has difficulty assigning economic value to such intangible benefits but regardless such benefits are important, if not more important than a simple net cost benefit analysis.

** Please note the "net cost analysis" uses the same methodology Mr. Scaff used to arrive at a \$1,100,000 net cost to customer figure in his direct testimony.

*** Future rate cases will reflect any noted improvements with certainty.

Attachment QVLP JE – 2

Rate Case Summary

QVLP JE - 2 Rate Case Summary

Date	Num	Name	Memo	Total
04/01/2015	963833	Cozen O'Connor	Rate Case Legal Representation	1,831.32
04/30/2015	969478	Cozen O'Connor	Rate Case Legal Representation	4,893.64
05/26/2015	973505	Cozen O'Connor	Rate Case Legal Representation	1,580.40
09/28/2015	992994	Cozen O'Connor	Rate Case Legal Representation	9,738.23
06/30/2015	978566	Cozen O'Connor	Rate Case Legal Representation	3,792.00
01/28/2016	1015965	Cozen O'Connor	Rate Case Legal Representation	9,968.34
04/14/2016	1029938	Cozen O'Connor	Rate Case Legal Representation	24,618.05
05/17/2016	1036180	Cozen O'Connor	Rate Case Legal Representation	12,953.39
03/09/2015	0124038	GDS Associates, Inc.	Rate Case Consulting	14,720.20
04/03/2015	0124848-Re-Post	GDS Associates, Inc.	Rate Case Consulting	18,981.79
05/04/2015	0125777	GDS Associates, Inc.	Rate Case Consulting	4,184.98
06/09/2015	0126831	GDS Associates, Inc.	Rate Case Consulting	29,899.50
07/07/2015	0127775	GDS Associates, Inc.	Rate Case Consulting	13,258.87
08/20/2015	0128895	GDS Associates, Inc.	Rate Case Consulting	791.20
09/08/2015	0129680	GDS Associates, Inc.	Rate Case Consulting	25.00
12/07/2015	0132504	GDS Associates, Inc.	Rate Case Consulting	2,098.75
01/07/2016	0133441	GDS Associates, Inc.	Rate Case Consulting	618.77
06/25/2015		GDS Associates, Inc.	Rate Case Consulting	(115.00)
02/08/2016	0134272	GDS Associates, Inc.	QV-2015 Rate Case-Charles E. Loy	638.40
03/07/2016	0135253	GDS Associates, Inc.	QV-2015 Rate Case-Charles E. Loy	14,815.09
04/04/2016	0136229	GDS Associates, Inc.	QV-2015 Rate Case-Charles E. Loy	1,824.70
01/31/2015	013115	Robert E. Degeyter, CPA, LLC	Rate Case Consulting	1,750.00
02/28/2015	022815	Robert E. Degeyter, CPA, LLC	Rate Case Consulting	2,875.00
02/23/2015	ACH	ValueScope, Inc	ROE Consulting Analysis	3,000.00
04/02/2015	5901	ValueScope, Inc	ROE Consulting Analysis	2,350.00
05/04/2015	5959	ValueScope, Inc	ROE Consulting Analysis	5,350.00
01/01/2016	6392	ValueScope, Inc	ROE Consulting Analysis	2,050.39
03/04/2016	6613	ValueScope, Inc	ROE Consulting Analysis	5,756.60
04/06/2016	6638	ValueScope, Inc	ROE Consulting Analysis	1,404.38
05/04/2016	6707	ValueScope, Inc	ROE Consulting Analysis	2,864.93
05/15/2015	3563	Villareal & Associates, Inc.	April Consulting Fees	3,175.00
06/15/2015	3581	Villareal & Associates, Inc.	May Consulting Fees	3,520.00
03/09/2016	3733	Villareal & Associates, Inc.	Feb Consulting Fees	4,100.00
06/26/2015	01-424815	Southern Imaging	Rate Case Letters	6,288.55
07/08/2015	01-425263	Southern Imaging	Rate Case Letters-15% Discount	(943.28)
02/17/2016	01-436511	Southern Imaging	Rate Case Fees	668.68
03/28/2016	01-438447	Southern Imaging	Notice of Hearing Letters	1,637.43
06/08/2015	062015	Laser Print Plus	Rate Case Postage	2,498.41
01/25/2016		Southern Imaging	Prehearing Notice	651.77
				<u>220,115.48</u>

Attachment QVLP JE – 3

W/P 2 of PUC's Attachment DL-3

ATTACHMENT DL-3

REVENUE REQUIREMENT

Quadvest LP Application for a Rate/tariff Change

SOAH Docket No. 473-16-1848

PUC Docket No. 44809

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W/P 2
 Quadvest, L.P. Rate/tariff change application
 PUC Docket 44809
 SOAH Docket 473-16-1848.WS

Adjustments to Repairs and Maintenance

Description/Item	Non-recurring	S/B insured/paid by damager	Capitalize-extend life	Insufficient documentation	Date	Location identity
Sandblast pressure tank	\$ 19,622				11/14/2014	
Sandblast ground storage tank	\$ 9,805				11/14/2014	
Develop and deploy flushing library report	\$ 2,250				2/14/2014	
Copper theft; D size 4 starter replaced, wire replaced		\$ 9,488			9/3/2014	
Pump saver installed and CT's for well motor; electrician						
Electrical-replace underground well wires						
Electrical-repair Centerpoint transformer damage; conduits			\$ 6,758		1/23/2014	Indiglo water plant well pump#1
and underground pipe; theft of wire.						
Install new CT 1500 Controller		\$ 6,402			7/9/2014	Lake wind crest water plant #3
Install new CT 1500 ControllerPower supply and wires			\$ 5,145		3/24/2014	N. Crest Ranch water plant
Purchase new CT1500 controllers for spares	\$ 7,200		\$ 4,879		5/10/2014	Sendara water plant
Water Plant offsite nonfused disconnect installation					7/18/2014	
Sandblast floor and wall of storage tank; paint	\$ 8,300		\$ 3,500		2/28/2014	Benders landing #3 water plant
Scada Sensaphone and power supply			\$ 2,877		1/29/2014	SS WP?
Meter pole/no work order-QVLP			\$ 3,350		3/19/2014	
No description of item Invoice 1313 affiliate charge QVLP			\$ 5,687		8/11/2014	Don Bayer meter pole
Paco pump; 200hp, 230/460, 3ph			\$ 2,661		8/25/2014	Bella Vista Utilities
Weg soft start 200 hp-460v/3ph (pump?)			\$ 3,134		3/14/2014	
Paco pump end suction 5/4/50hp, odp 3600 rpm			\$ 4,433		6/25/2014	
Paco pump end suction 5/4/50hp, odp 3600 rpm			\$ 4,433		3/20/2014	
Meters? 5/8" 3GDS enhanced register BL			\$ 4,650		7/16/2014	
5 meters, 2", 3", 4"			\$ 5,614		11/13/2014	
1 crane pump weinman 25 hp odp motor			\$ 2,904		12/8/2014	
Install 37 5/8" and 38 1" meters			\$ 3,375		1/7/2014	
Pulled pump and replaced 210' of 3" pipe and 2 di valves	\$ 6,730				8/7/2014	
2" model rosemount magnetic flow tube			\$ 3,332		6/30/2014	Mostyn Manor
5-1/4VO HYD 4" B 5MJ NST Mueller O/L (HD supply waterworks)			\$ 2,450		8/15/2014	
Looks like meters: Invoice C993639 HD supply waterworks			\$ 5,928		7/14/2014	
Pulled pump, camera survey, set new pum and lower 63',					9/23/2014	
replace 147' of 3" pipe; pump, motor, pipe;descaler; surveys	\$ 36,802				2/25/2014	Indigo Lakes Well #3 breakdown
Totals	\$ 90,709	\$ 15,890	\$ 69,424	\$ 5,687	\$ 181,709	
Three year amortization	\$ 30,236				\$ 30,236	
Total recommended reduction					\$ 151,473	

Attachment QVLP JE – 4

QVLP's Capitalization Policy of PUC's Attachment DL-4(b)

Attachment QVJE-4

ATTACHMENT DL-4(b)
CAPITALIZATION POLICY

Quadvest LP Application for a Rate/tariff Change

SOAH Docket No. 473-16-1848

PUC Docket No. 44809

0000031



Quadvest, L.P.
26926 FM 2978
Magnolia, TX 77354

Main: 281-356-5347
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Quadvest.com

Attachment QVLP JE - 4

Staff 1-4

Capital Purchases & Capitalization Threshold Policy

Definition and Threshold:

Capital purchases comprise furniture, fixtures, office equipment, software, plant equipment, fences, pipes, pumps, GST, leasehold improvements, etc. that meet two criteria:

- 1) A useful life of more than one year, and
- 2) Cost more than a certain amount.

For Non-Plant assets the threshold amount for capitalization is \$500.

For Plant assets the threshold amount for capitalization is \$1,000.

0000032

Attachment QVLP JE – 5

WP – Material Supplies & Prepaids (Water & Sewer)

Attachment QVLP JE-5

WP - Material Supplies & Prepaids (Water & Sewer)

1601 · Inventory -100% Water	Water	100%	\$81,056
1812 - 1 · Prepaid Regulatory Fees -Water	Water	100%	\$18,005
1812 - 1 · Prepaid Regulatory Fees -Sewer	Sewer	100%	\$15,892
1812 - 2 · Prepaid Regulatory Fees - Water	Water	100%	\$25,307
1812-3&4 · Prepaid Insurance / Other (Split %)		100%	\$17,175
	Water (EOY Customer Equivalent)	74%	\$12,703
	Sewer (EOY Customer Equivalent)	26%	\$4,472
	Water		\$137,070
	Sewer		\$20,364
Total Material Supplies & Prepaids			157,434

Attachment QVLP JE – 6

Long Term Cap and Major Maintenance Plan

Long Term Cap and Major Maintenance Plan
2015-2020

Attachment QVLP-6

Staff 1-36 (Planned Capital Expenditures and Major R&M)

Capital Expenditures & Major R&M

	Project Description	FY 2016
Vehicles		
	Replace QV-09	
	Replace QV-05	
	Replace QV-02	35,000
	Replace QV-04	35,000
	Replace QV-11	35,000
	Replace QV-13	35,000
	Replace QV-17	
	Replace QV-16	
	Replace QV-14	
	Replace QV-15	
Equipment		
	2nd boring machine	
	Replace Kubotas	
	Setup for new maint crew	125,000
Supply		
	BN Well 700 gpm	300,000
	LW Well 400 gpm	140,000
	SR Well 120 gpm	140,000
	BR Well 300 gpm	140,000
Assets for Liberty		
	BV Well 100 gpm	140,000
	GSJ Sewer Plant	90,000
	GSJ Water Plant Upgrade	300,000
	GSJ Water Plant #2 Well	140,000
Assets for Organic Growth		
	Mostyn Manor New Plant	
	Add 3rd BP to Bauer	7,000
	Upsize Northcrest BPs	
	Upsize BL booster pumps	
	Add 150k GST BN	100,000
	TGR Water Plant Upgrade	300,000
	TGR Sewer Upgrade	130,000
AMR Conversion		
	AMR Installation	2,100,000
SCADA		
	SCADA Rollout	20,000
Generators		
	Mobile Generators	40,000
Total Capital Expenditures		4,352,000
Repair and Maintenance		
Asset Management		
	Bridlewood HPT 1 replace	12,000
	Brazos Lakes GST hatch replacement	3,000
	Brazos Lakes HPT recoat	12,000
	Indigo Lakes HPT recoat	12,000
	Indigo Lakes GST 1 rehab	20,000
	Lone Star GST's interior recoat	30,000
	Stoncrest HPT recoat	12,000
	Suncreek Ranch recoat	12,000
	Suncreek Estates HPT recoat	12,000
	Timberdale HPT interior recoat	12,000
	Lone Star HPTs recoat	12,000
	Lake Windcrest 1 GST 1	20,000
	sendera Ranch GST rehab	20,000
	Replace Lone Star WWTP	
	Benders 1 GST 1 recoat	
	Lake Windercrest 2 HPT 2 recoat	
	Summerset HPT recoat	
	Replace Caddo WWTP	
	Miscellaneous Well Repairs	
Other Projects		
	Decker Electrical	
	Spring Pressure fix	20,000
Total R&M		209,000
Total		4,561,000

*

Attachment QVLP JE – 7

R&M Over 2K

Shel 3-10 R&M Over 2K

Date	Invoice #	Vendor	h) System Name	i) > 1 Year	j) Extend Useful Life?	Memo	\$
11/14/2014	87846	Best Industrial Coatings, Inc.	Northwest Ranch	Yes	No	Sandblast and paint pressure tank and storage tank. This is required process to even realize original useful life.	29,427.00
2/13/2014	14021445	BirdNest Services, Inc.	General Operations	n/a	n/a	Programming out to develop fishing report out of our pumpage tracking system. This is more consulting fee in nature.	2,250.00
8/27/2014	19175	Electrical Field Services Inc.	General Operations	n/a	n/a	Rental of stand by generators required for hurricane season. This is equipment rental in nature.	7,773.00
8/27/2014	19174	Electrical Field Services Inc.	General Operations	n/a	n/a	Rental of stand by generators required for hurricane season. This is equipment rental in nature.	7,773.00
7/1/2014	19173	Electrical Field Services Inc.	General Operations	n/a	n/a	Rental of stand by generators required for hurricane season. This is equipment rental in nature.	7,773.00
6/1/2014	19172	Electrical Field Services Inc.	General Operations	n/a	n/a	Rental of stand by generators required for hurricane season. This is equipment rental in nature.	7,773.00
2/1/2014	18470	Electrical Field Services Inc.	General Operations	Yes	Yes	Install new 100-amp disconnect.	3,500.00
2/1/2014	18470	Electrical Field Services Inc.	General Operations	Yes	Yes	Repair/replace electrical component at plant (SST fan), mostly service labor.	2,342.00
2/1/2014	18435	Electrical Field Services Inc.	General Operations	Yes	Yes	Replace C11500 controller unit for plant.	3,600.00
7/18/2014	15935	Electrical Field Services Inc.	Benders Landing	Yes	No	Replace C11500 controller unit for plant.	3,600.00
7/18/2014	15935	Electrical Field Services Inc.	Benders Landing	Yes	No	Repair/replace electrical component at plant (well wire), mostly service labor.	6,758.20
7/23/2014	18249	Electrical Field Services Inc.	Indigo Lakes	Yes	No	Repair/replace electrical component at plant (starter).	2,696.51
4/12/2014	18799	Electrical Field Services Inc.	Indigo Lakes	Yes	No	Repair/replace electrical system components at plant resulting from theft/vandalism. Insurance reimbursed.	9,401.13
9/29/2014	19388	Electrical Field Services Inc.	Lake Windcrest	Yes	No	Repair/replace electrical system components at plant resulting from theft/vandalism. Insurance reimbursed.	6,401.68
7/14/2014	19470	Electrical Field Services Inc.	Lake Windcrest	Yes	No	Repair/replace electrical component at plant (pilot cables), mostly service labor.	2,616.15
7/14/2014	18429	Electrical Field Services Inc.	Lake Windcrest	Yes	No	Repair/replace electrical component (C11500 controller) at plant.	5,145.00
3/14/2014	18713	Electrical Field Services Inc.	Northwest Ranch	Yes	No	Repair/replace electrical component (C11500 controller) at plant.	4,879.40
3/27/2014	18851	Electrical Field Services Inc.	Sanders Ranch	Yes	No	Purchase small inventory of pressure transducers that fail periodically at plants.	2,210.32
8/12/2014	9506577973	Granger	General Operations	Yes	No	Small dollar components required to keep plants operational.	2,138.97
6/5/2014	C40859	HO Supply Facilities Maintenance, LTD	General Operations	Yes	No	Small dollar components required to keep plants operational.	2,087.99
9/26/2014	C53162	HO Supply Facilities Maintenance, LTD	General Operations	Yes	No	Small dollar components required to keep plants operational.	5,677.28
9/23/2014	C599589	HO Supply Facilities Maintenance, LTD	Bella Vista	Yes	No	Small dollar components required to keep plants operational.	2,094.71
12/10/2014	C376561	HO Supply Facilities Maintenance, LTD	Mossy Manor	Yes	Yes	Install new piping for new booster pump.	3,891.77
12/10/2014	C376561	HO Supply Facilities Maintenance, LTD	Chimney Rock	n/a	n/a	Install fire retardant bottle was retrofitted with payment from HOA.	4,650.00
7/14/2014	C646142	HPS, LLC	General Operations	Yes	n/a	AMT meters (cost offset by customer tap fees), noting this is used up by periodic inventory entries.	3,427.36
10/14/2014	5048	HPS, LLC	General Operations	Yes	n/a	AMT meters (cost offset by customer tap fees), noting this is used up by periodic inventory entries.	3,427.36
12/8/2014	5396	HPS, LLC	General Operations	Yes	Yes	New AMT meter installation fees	3,375.00
8/13/2014	4770	HPS, LLC	General Operations	Yes	Yes	Repair well casing. This is required process to even realize original useful life.	5,730.00
8/29/2014	989	Envision Water Well Services, LLC	Magnolia Lakes	Yes	Yes	Purchase new magnetic flowtube	3,331.84
8/25/2014	15796	Envision Water Well Services, LLC	Magnolia Lakes	Yes	Yes	Repair booster pump	2,504.36
7/17/2014	2014-0104	Pump Solutions, Inc.	Dreder Oaks	Yes	No	Repair booster pump	2,042.85
11/17/2014	2014-1162	Pump Solutions, Inc.	Magnolia Lakes	Yes	No	Replace pump, noting disposal of old pump would be required.	3,134.00
6/25/2014	366030	Pumps of Houston, Inc.	Benders Landing	Yes	Yes	Replace pump, noting disposal of old pump would be required.	4,433.00
7/16/2014	366642	Pumps of Houston, Inc.	Indigo Lakes	Yes	Yes	Replace pump, noting disposal of old pump would be required.	4,433.00
3/20/2014	363070	Pumps of Houston, Inc.	Indigo Lakes	Yes	Yes	Replace pump, noting disposal of old pump would be required.	2,661.12
3/14/2014	367922	Pumps of Houston, Inc.	Sunset Bay	Yes	Yes	Replace pump, noting disposal of old pump would be required.	5,686.82
8/25/2014	1313	Quickest Construction LP	Bella Vista	n/a	n/a	Life boater. Professional service in nature.	3,550.00
8/11/2014	1304	Quickest Construction LP	Old Town Springs - Bayer	Yes	Yes	Install new meter pole at water plant site	2,877.36
3/19/2014	190346	Senaphone, Inc.	General Operations	No	No	Purchase sump pump unit. This unit did not work properly and has since been relined/scrapped	4,844.00
9/25/2014	8345	U.S. Underwater Services, LLC	Lone Star Ranch	Yes	No	Leak detection and repair of ground storage tank	3,695.00
10/29/2014	8383	U.S. Underwater Services, LLC	Indigo Lakes	Yes	No	Sandblast and paint inside of storage tank. This is required process to even realize original useful life.	8,300.00
1/29/2014	128010000	Watts Drilling Co.	Lone Star Ranch	Yes	No	Repair/replace electrical component on generator (transfer switch).	4,552.00
4/14/2014	6993	Worldwide Power Products	Dreder Oaks	Yes	No	Periodic inventory entries (adjust general ledger to physical inventory count).	14,978.39
9/30/2014	093014-MHV		General Operations	Yes	No	Periodic inventory entries (adjust general ledger to physical inventory count).	4,969.80
7/21/2014	072114-MHV		General Operations	Yes	No	Periodic inventory entries (adjust general ledger to physical inventory count).	2,673.09
3/31/2014	033114-MHV		General Operations	Yes	No	Periodic inventory entries (adjust general ledger to physical inventory count).	8,500.00
4/2/2014	CS HPT SK		Crescent Village	Yes	No	Sandblast and paint existing pressure tank. This is required process to even realize original useful life.	5,370.13
4/1/2014	CS HPT 20K		Crescent Village	Yes	Yes	Labor related to new pressure tank.	22,267.00
3/31/2014	IL WELDER		Indigo Lakes	Yes	Yes	Repair/replace all major well components, noting disposal of old components would be required.	266,913.22

Attachment QVLP JE – 8

Rate Case Expense Invoices



GDS Associates, Inc.
Engineers and Consultants



1850 Parkway Place
Suite 800
Marietta, Georgia 30067

INVOICE

770.425.8100
Fax 866.611.3791
Fed. EIN 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

MR. JEFF EASTMAN

QV-Acc Rate case-COR

Date received: 2/23/16

Date entered: 2/23/16

Approval 1: JS Date: 2/24/16

Approval 2: MMW Date: 2-25-16

Date paid: _____ Check #: _____

INVOICE NO: 0134272
DATE: Feb 08, 2016
CLIENT CODE: 0044613
PROJECT NO: 0006

ASSISTANCE WITH 2015 RATE CASE

		Hours	Amount
1/19/16	Nicholas R. Weaver	1.00	137.50
	Crte and send CDs to Christian Siano at OPUC.		
1/26/16	Debra R. Ellis	1.50	180.00
	Review email from T. Shea requesting confidential workpapers to Quadvest Rate		
	Filing package; research for same.		
1/26/16	Nicholas R. Weaver	0.25	34.38
	Review files to be sent on disk with Debra Ellis.		
1/27/16	Charles E. Loy	1.00	225.00
	Review emails/list of issues		
1/27/16	Debra R. Ellis	0.50	60.00
	Prepare Quadvest document for filing at PUCT on Jan. 28, 2016.		
TOTAL FEES:			636.88

Color Printer Charges	3	0.60
Shipping Services	POSTAGE	0.92
TOTAL EXPENSES:		1.52

TOTAL AMOUNT DUE:

638.40

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.



1850 Parkway Place
Suite 800
Marietta, Georgia 30067

INVOICE

770.425.8100
Fax 866.611.3791
Fed. EIN 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

\$14,815.09

INVOICE NO : 0135253
DATE : Mar 07, 2016
CLIENT CODE : 0044613
PROJECT NO : 0006

MR. JEFF EASTMAN

QV-Accounting Rate Case-COR

Received 3/16/16
Approval #1 OK 3/12/16
Approval #2 MM 3/21
Approval #3 MDW 3-21-16
Autopay/Online Date _____

ASSISTANCE WITH 2015 RATE CASE

		Hours	Amount
2/1/16	Charles E. Loy	2.00	450.00
	Review Application for upcoming meeting/data requests		
2/1/16	Nicholas R. Weaver	1.00	137.50
	Create settlement document and meeting files for Chuck Loy.		
2/2/16	Charles E. Loy	5.00	1,125.00
	Attend pre-hearing, meet with Staff, meet with Clients/attorney to discuss direct testimony		
2/2/16	Nicholas R. Weaver	0.50	68.75
	Identify and remove confidential tabs from RFP;		
2/3/16	Charles E. Loy	2.00	450.00
	Review application/data requests for direct testimony		
2/4/16	Charles E. Loy	2.00	450.00
	Review application/data requests for direct testimony		
2/4/16	Debra R. Ellis	1.25	150.00
	Prepare RFI response on DVDs and send to OPUC.		
2/5/16	Debra R. Ellis	0.75	90.00
	Attention to preparing documents for filing at the PUC; email file-stamped copy to T. Shea.		
2/9/16	Debra R. Ellis	1.75	210.00
	Attention to C. Loy's direct testimony.		
2/10/16	Charles E. Loy	5.00	1,125.00
	Review filing/data requests, outline testimony		
2/10/16	Debra R. Ellis	2.50	300.00
	Attention to C. Loy's direct testimony.		
2/11/16	Charles E. Loy	5.00	1,125.00
	Review filing/data requests, work on testimony		
2/11/16	Charles M. Shellabarger	2.50	493.75
	Negative Aq Adjustment		
2/12/16	Charles E. Loy	5.00	1,125.00
	Work on testimony		



GDS Associates, Inc.
Engineers and Consultants



1850 Parkway Place
Suite 800
Marietta, Georgia 30067

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Fax 866.611.3791
Fed. EIN 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

INVOICE NO: 0135253
DATE: Mar 07, 2016
CLIENT CODE: 0044613
PROJECT NO: 0006

MR. JEFF EASTMAN

		Hours	Amount
2/15/16	Charles E. Loy	8.00	1,800.00
	Work on Testimony/Review testimony		
2/15/16	Charles M. Shellabarger	1.50	296.25
	Negative acq adjustment		
2/16/16	Charles E. Loy	7.00	1,575.00
	Work on Testimony/Review testimony filing		
2/17/16	Charles E. Loy	7.00	1,575.00
	Work on Testimony/Review testimony		
2/18/16	Charles E. Loy	2.00	450.00
	Review Testimony/Misc application details		
2/22/16	Alla Strickland	1.00	165.00
	Helped Debra preparing the testimonies package to be send to PUC.		
2/22/16	Charles E. Loy	1.00	225.00
	Work on filing issues		
2/22/16	Debra R. Ellis	4.50	540.00
	Attention to formatting and finalizing Quadvest testimony for filing at the PUCT; prepare copy for mailing to T. Shea.		
2/22/16	Nicholas R. Weaver	1.00	137.50
	Assist Debra Ellis with filing. Send Quadvest report to Greg Scheig.		
2/23/16	Debra R. Ellis	2.00	240.00
	Review filing on PUCT Interchange; Telephone call regarding direct testimony filing at the PUCT; Telephone call to Shawn Hazard, PUCT, regarding Quadvest filing.		
2/24/16	Debra R. Ellis	0.50	60.00
	Attention to preparing Jeff Eastman's testimony for filing at PUCT.		
2/25/16	Debra R. Ellis	2.50	300.00
	Attention to preparing and filing Eastman's exhibits at the PUCT, prepare FedEx package to send file-stamped copy of exhibits to T. Shea.		
TOTAL FEES:			14,663.75

Shipping Services	MAGIC COURIERS, INC.	11.00
Shipping Services	MAGIC COURIERS, INC.	15.00
Long-Distance Telephone	SHORETEL PHONE BILL-FEBRUARY	1.14
Photocopy Charges	608	91.20



1850 Parkway Place
Suite 800
Marietta, Georgia 30067

INVOICE

770.425.8100
Fax 866.611.3791
Fed. EIN 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

INVOICE NO : 0135253
DATE : Mar 07, 2016
CLIENT CODE : 0044613
PROJECT NO : 0006

MR. JEFF EASTMAN

		Hours	Amount
Shipping Services	MAGIC COURIERS, INC.		8.00
Shipping Services	MAGIC COURIER, INC.		25.00
TOTAL EXPENSES:			151.34

TOTAL AMOUNT DUE: **14,815.09**

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.



1850 Parkway Place
Suite 800
Marietta, Georgia 30067

INVOICE

770.425.8100
Fax: 866.611.3791
Fed. EIN: 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

MR. JEFF EASTMAN

ASSISTANCE WITH 2015 RATE CASE

QV - Accounting Rate Case - COR
Date received: 4/11/16
Date entered: 4/11/16
Approval 1: [Signature] Date: 4/13/16
Approval 2: [Signature] Date: 4/14
Date paid: _____ Check #: _____

INVOICE NO: 0136229
DATE: Apr 04, 2016
CLIENT CODE: 0044613
PROJECT NO: 0006

Hours 2 1-16
Hours Amount

2/29/16	Debra R. Ellis	1.50	180.00
	Attention to preparation of Quadvest document for filing at PUCT; telephone call with D. Fraley, Cozen O'Connor, regarding filing.		
3/2/16	Nicholas R. Weaver	0.50	68.75
	Investigate missing Scheig testimony was not filed in Quadvest rate case.		
3/4/16	Debra R. Ellis	3.00	360.00
	Send copy of RFI response to OPUC.; Emails with T. Shea regarding preparing another set of RFI Responses; filing at PUCT and having copy delivered to OPUC.		
3/4/16	Nicholas R. Weaver	0.50	68.75
	Review filing with Debra Ellis.		
3/7/16	Charles E. Loy	3.00	675.00
	Work on responses to OPUC #2 RFI		
3/10/16	Debra R. Ellis	1.25	150.00
	Attention to Quadvest RFI response to OPUC.		
3/22/16	Charles E. Loy	0.50	112.50
	Conf call to discuss data request responses		

TOTAL FEES: 1,615.00

Meals	DEBRA ELLIS-PETTY CASH	38.00
Shipping Services	POSTAGE	2.54
Shipping Services	POSTAGE	2.54
Shipping Services	POSTAGE	1.42
Shipping Services	MAGIC COURIERS, INC.	25.00
Shipping Services	MAGIC COURIERS, INC.	25.00
Shipping Services	MAGIC COURIERS, INC.	25.00
Shipping Services	INV.#5-335-96701 FEDEX#775705551426- 02/22/16	17.29
Shipping Services	INV.#5-335-96701 FEDEX#775739297222- 02/25/16	17.29
Shipping Services	INV.#5-343-39843 FEDEX#775768059759- 03/01/16	17.29





1050 Parkway Place
Suite 800
Marietta, Georgia 30067

INVOICE

770.425.8100
Fax 866.611.3791
Fed. EIN 58-1659843

QUADVEST, INC.
P.O. BOX 409
TOMBALL, TX 77377

INVOICE NO: 0136229
DATE: Apr 04, 2016
CLIENT CODE: 0044613
PROJECT NO: 0006

MR. JEFF EASTMAN

	Hours	Amount
Shipping Services	INV.#5-350-77641 FEDEX#775804897260- 03/04/16	19.85
Shipping Services	INV.#5-350-77641 FEDEX#775848286634- 03/10/16	18.12
Long-Distance Telephone	SHORETEL PHONE BILL-MARCH	0.36
TOTAL EXPENSES:		209.70

TOTAL AMOUNT DUE:

1,824.70

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.





VALUESCOPE
Measure | Defend | Create

Invoice

Remit To:
1400 Thetford Ct.
Southlake, TX 76092
817.481.1150

Date	Invoice #
12/2/2015	6392

Bill To

Cozen O'Connor
Ms. Tammy R. Shea, Member
LyondellBasell Tower
1221 McKinney Street, Suite 2900
Houston, TX 77010

Terms

Net 30 days

Item Code	Description	Amount
Professional Fees	Quadvest ROE Consulting Analysis - Responses to PUC Requests for Information (2.5 hrs. @ \$420/hr., 2.75 hrs. @ \$315/hr.)	1,916.25
Misc. Expense	Research and Administrative Fee <i>QV - Accounting Rate Case - COR</i> Date received: <u>3/29/16</u> Date entered: <u>3/29/16</u> Approval 1: <u>[Signature]</u> Date: <u>3/29/16</u> Approval 2: <u>[Signature]</u> Date: <u>3/29/16</u> Date paid: _____ Check #: _____	134.14
We appreciate the opportunity to be of assistance.		Total \$2,050.39

If you have any questions regarding this invoice, please contact your ValueScope, Inc. consultant.



VALUESCOPE

Measure | Defend | Create

Invoice

Remit To:
1400 Thetford Ct.
Southlake, TX 76092
817.481.1150

Date	Invoice #
3/4/2016	6613

Bill To

Cozen O'Connor
Ms. Tammy R. Shea, Member
LyondellBasell Tower
1221 McKinney Street, Suite 2900
Houston, TX 77010

Terms

Net 30 days

Item Code	Description	Amount
Professional Fees	Quadvest ROE Consulting Analysis - Prepared Testimony in Q&A Format, Responses to OPUC RFI's (9.0 hrs. @ \$420/hr., 4.0 hrs. @ \$315/hr., 2.0 hrs. @ \$170/hr.)	5,380.00
Misc. Expense	Research and Administrative Fee <i>QV-Accounting Rate Case-COR</i> <i>Received 3/17/16</i> <i>Approval #1 [Signature] 3/17/16</i> <i>Approval #2 [Signature] 3-21</i> <i>Approval #3 [Signature] 3-21-16</i> <i>Autopay/Online Date _____</i>	376.60
We appreciate the opportunity to be of assistance.		Total \$5,756.60

If you have any questions regarding this invoice, please contact your ValueScope, Inc. consultant.



VALUESCOPE
Measure | Defend | Create

Invoice

Remit To:
1400 Thetford Ct.
Southlake, TX 76092
817.481.1150

Date	Invoice #
4/6/2016	6638

Bill To
Cozen O'Connor Ms. Tammy R. Shea, Member LyondellBasell Tower 1221 McKinney Street, Suite 2900 Houston, TX 77010

Terms
Net 30 days

Item Code	Description	Amount
Professional Fees	Quadvest ROE Consulting Analysis - Responses to RFI's (3.0 hrs. @ \$420/hr., 0.25 hrs. @ \$210/hr.)	1,312.50
Misc. Expense	Research and Administrative Fee	91.88
<p><i>QV- Accounting Rate Case - COR</i></p> <p>Date received: <u>4/8/16</u></p> <p>Date entered: <u>4/8/16</u></p> <p>Approval 1: <u>[Signature]</u> Date: <u>4/13/16</u></p> <p>Approval 2: <u>[Signature]</u> Date: <u>4-14</u></p> <p>Date paid: _____ Check #: _____</p> <p><i>4-21-16</i></p>		
We appreciate the opportunity to be of assistance.		Total \$1,404.38

If you have any questions regarding this invoice, please contact your ValueScope, Inc. consultant.

**VALUESCOPE**

Measure | Defend | Create

Invoice

Remit To:
1400 Thetford Ct.
Southlake, TX 76092
817.481.1150

Date	Invoice #
5/4/2016	6707

Bill To

Cozen O'Connor
Ms. Tammy R. Shea, Member
LyondellBasell Tower
1221 McKinney Street, Suite 2900
Houston, TX 77010

Terms

Net 30 days

Item Code	Description	Amount
Professional Fees	Quadvest ROE Consulting Analysis - RFI Responses/Rebuttal Testimony (2.0 hrs. @ \$420/hr., 7.50 hrs. @ \$245/hr.)	2,677.50
Misc. Expense	Research and Administrative Fee	187.43
We appreciate the opportunity to be of assistance.		Total \$2,864.93

If you have any questions regarding this invoice, please contact your ValueScope, Inc. consultant.

V I L L A R E A L
Associates, Inc.

March 9, 2016

Quadvest

RE: Consulting Services
Invoice # 3733

Attention: Jeff Eastman
Chief Financial Officer

Billing of fees and associated expenses
for consulting services provided during February: \$ 8,175

- Compensation Consulting
 - M. Villareal 33.0 hrs. @ \$225/hr.
 - B. Martin (Analyst) 3.0 hrs. @ \$100/hr.
 - S. Bennett (Analyst) 4.5 hrs. @ \$100/hr.

	<u>Rate Case</u>	<u>Compensation Consulting</u>
M. Villareal	16.0	17.0
B. Martin	.5	2.5
S. Bennett	<u>4.5</u>	<u> </u>
	<u>\$4,100</u>	\$4,075

JE
8/9/16



INVOICE

01-436511

DATE 2/17/16
JOB# 02-110070

BILL TO: F09537
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

SHIP TO: 01
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

QV - Monthly Billing - January

CUSTOMER PO#		TERMS	SHIP VIA	SHIP DATE	SALES REPRESENTATIVE	
		Net 30 Days			ROBBIE FULLER	
QTY.	DESCRIPTION			U/M	PRICE UNIT	AMOUNT
7,347	1900 PRINT UTILITY NOTICE Quadvest			EA/1	0.04	293.88
7,347	1901 LOOKUP, DPBC, SORT & PREP			EA/1	0.022	161.63
7,347	1902 COMBINE ON PERF NAME AND ADDRESS			EA/1	0.01	73.47
7,347	1903 FOLD & INSERT			EA/1	0.04	293.88
7,109	1904 #10 WINDOW ENVELOPES			EA/1	0.028	199.05
5	1905 6 X 9.5 WINDOW ENVELOPES			EA/1	0.044	0.22
2	1908 9.5 x 12 Envelope			EA/1	0.25	0.50
7,116	1906 #9 WINDOW ENVELOPES			EA/1	0.027	192.13

QV - Accounting Rate case - COR \$668.68
QV - Office Expense - COR \$3,059.13

Date received: 2/24/16

Date entered: 2/24/16

Approval 1: SP Date: 3/2/16

Approval 2: CR Date: 3/4/16

Date paid: _____ Check #: _____

max
3.916



INVOICE

01-436511

DATE 2/17/16
JOB# 02-110070

BILL TO: F09537
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

SHIP TO: 01
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

CUSTOMER PO#		TERMS	SHIP VIA	SHIP DATE	SALES REPRESENTATIVE	
		Net 30 Days			ROBBIE FULLER	
QTY.	DESCRIPTION			U/M	PRICE UNIT	AMOUNT
7,118	1991 Change in Dues Insert			EA/1	0.09	640.44
6,958	1992 Pass Thru Fee Insert			EA/1	0.09	626.22
6,958	1994 Notice of Pre-hearing <u>RC</u>			EA/1	0.07	487.06
21,474	1909 INSERT ADDITIONAL INSERT (6,958 x .008) <u>RC</u> 55.66 + tax			EA/1	0.008	171.79
1,096	1999 PRINT & PROCESS 2 WAY Quadvest			EA/1	0.14	153.44
2	1972 SETUP FEE - INSERTS <u>RC 1 @ \$75</u> 487.06 + 55.66 + 75 + 50.96 (Tax) = \$668.68			EA/1	75.00	150.00
Our terms are: Net 30 Days BY 03-18-2016. *****PLEASE PAY FROM THIS INVOICE***** PLEASE LIST INVOICE NUMBER BEING PAID ON YOUR CHECK STUB. FOB Point of Origin					Sub-Total 3,443.71	
					Ship/Handling 0.00	
					Sales Tax 8.25% <u>RC</u> 284.10	
					TOTAL 3,727.81	



SI Solutions, Inc.

Formerly Southern Imaging Services, Inc.

PO Box 6437
Florence, SC 29502
Tel: 843.669.2027
Fax: 843.679.4018

INVOICE

01-438447

DATE 3/28/16
JOB# 02-111164

BILL TO: F09537
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

SHIP TO: 01
Quadvest LP
26926 FM 2978 Road
Magnolia TX 77354

CUSTOMER PO#	TERMS	SHIP VIA	SHIP DATE	SALES REPRESENTATIVE	
	Net 30 Days			ROBBIE FULLER	
QTY.	DESCRIPTION	U/M	PRICE UNIT	AMOUNT	
9,454	2000 Notice of Hearing Letters Mailed: 2/29/2016	EA/1	0.16	1,512.64	
<p>QV- Accounting Rate Case-COR</p> <p>Date received: <u>3/29/16</u></p> <p>Date entered: <u>3/29/16</u></p> <p>Approval 1: <u>SP</u> Date: <u>4/5/16</u></p> <p>Approval 2: <u>CR</u> Date: <u>4-8-16</u></p> <p>Date paid: _____ Check #: _____</p> <p>new 4-13-16</p>					
Our terms are: Net 30 Days BY 04-27-2016. *****PLEASE PAY FROM THIS INVOICE***** PLEASE LIST INVOICE NUMBER BEING PAID ON YOUR CHECK STUB. FOB Point of Origin			Sub-Total	1,512.64	
			Ship/Handling	0.00	
			Sales Tax	124.79	
			TOTAL	1,637.43	

ROBERT E. DEGEYTER, CPA, LLC
A Virtual Chief Financial Officer

3610 Vashon Lane
Spring, Texas 77388-4845
713.818.2805

INVOICE

Quadvest, LP
P.O. Box 409
Tomball, Texas 77377

February 28, 2015

For professional services rendered:

Updated

<u>Date</u>	<u>Description</u>	<u>Hours</u>
Feb 2, '15	On site: Rate case strategy meeting with Jeff to review major issues, timeline, results of initial analysis	6.50
Feb 2, '15	On site: Setup QuickBooks files	0.50
Feb 9, '15	On site: Meeting with Jeff, Simon, Tammy Shea and Chuck Loy, rate making strategy and continued analysis started on February meeting	5.00
Feb 12, '15	Completion of ST Development Partners federal and state returns	5.00
Feb 18, '15	Accounting corrections for CDP and flow of final income	3.00
Feb 20, '15	Preparation of CDP returns; preparation of Sequeira South Texas returns	5.00
Feb 21, '15	Preparation of Cotula Development returns	2.50
Feb 27, '15	Preparation of Cotula Development returns	6.00
	Total Hours @ \$250 per hour	<u>33.50</u>

Total Hours @ \$175 per hour 0.00

Amount Due \$ 8,375.00

Balance Due from Previous Month \$ 962.50

Total Amount Due \$ 9,337.50

Thank you for the opportunity to serve.

ROBERT E. DEGEYTER, CPA, LLC
A Virtual Chief Financial Officer

3610 Vashon Lane
Spring, Texas 77388-4845
713.818.2805

INVOICE

Quadvest, LP
P.O. Box 409
Tomball, Texas 77377

January 31, 2015

Updated

For professional services rendered:

<u>Date</u>	<u>Description</u>	<u>Hours</u>
Jan 2, '15	On site: High level rate cast strategy and planning with Simon and Jeff to discuss timing, potential issues, potential attorney & consulting team	4.00
Jan 2, '15	On site: Preliminary review of South Texas sale calculation	2.50
Jan 3, '15	Off site: Load up fixed assets and QuickBooks preliminary files for further review of sale	0.75
Jan 12, '15	On site: Meeting with Tammy Shea, Ira Megdal, Simon & Jeff to discuss general strategy for rate case	3.00
Jan 12, '15	Off site: Started evalauton of South Texas Development sale	0.50
Jan 19, '15	Phone conference with Simon regarding Westside Utility court proceedings; re-established VPN link with Quadvest server; analysis and re-calculation of sale of STD business	3.25
Jan 31, '15	Completion of correcting sale entry of Eagle Ford Cabins	1.50
	Total Hours @ \$250 per hour	<u>15.50</u>
1/25/15	Review of bulk sale gain on ST Development	0.50
	Total Hours @ \$175 per hour	<u>0.50</u>
	Amount Due	<u>\$ 3,962.50</u>

Thank you for the opportunity to serve.

VILLAREAL
Associates, Inc.

May 15, 2015

Quadvest

RE: Consulting Services
 Invoice # 3563

Attention: Jeff Eastman
 Chief Financial Officer

Updated

Billing of fees and associated expenses
 for consulting services provided during April: \$ 3,175

- Compensation Consulting

M. Villareal - \$225/hr.			
Date	Hours	Description	Line Total
4/16/15	1.0	Discussion with client re market study	225.00
4/17/15	1.5	Follow-up email outlining engagement scope and information requirements	337.50
4/22/15	2.5	Review/analysis of client pay information	562.50
4/23/15	1.0	Telephone conference with client	225.00
4/23/15	2.5	Review/analysis of client pay information	562.50
4/23/15	1.5	Review of client job content information	337.50
4/26/15	2.5	Preliminary analysis of published survey information	562.50
April 2015	3.6	Research and administrative support	362.50
Total			3,175.00

V I L L A R E A L
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Associates, Inc.

June 15, 2015

Quadvest

RE: Consulting Services
Invoice # 3581

Attention: Jeff Eastman
Chief Financial Officer

Updated

Billing of fees and associated expenses
for consulting services provided during May: \$ 3,520

- Compensation Consulting

M. Villareal - \$225/hr.			
Date	Hours	Description	Line Total
5/1/15	2.0	Continued analysis of published compensation survey information	450.00
5/4/15	3.0	Preparation of preliminary market pay analysis report to client	675.00
5/5/15	1.0	Review of comments and questions re report from client	225.00
5/6/15	3.5	Review/expansion of report for client	787.50
5/8/15	2.5	Preparation of updated report and attachments	562.50
5/18/15	1.5	Response to questions from client	337.50
May 2015	5.0	Research and administrative support	482.50
Total			3,520.00

V I L L A R E A L
Associates, Inc.

March 9, 2016

Quadvest

RE: Consulting Services
Invoice # 3733

Attention: Jeff Eastman
Chief Financial Officer

Updated

Billing of fees and associated expenses
for consulting services provided during February: \$ 8,175

- Compensation Consulting

- M. Villareal 33.0 hrs. @ \$225/hr.
- B. Martin (Analyst) 3.0 hrs. @ \$100/hr.
- S. Bennett (Analyst) 4.5 hrs. @ \$100/hr.

	<u>Rate Case</u>	<u>Compensation Consulting</u>
M. Villareal	16.0	17.0
B. Martin	.5	2.5
S. Bennett	<u>4.5</u>	<u> </u>
	\$4,100	\$4,075

VILLAREAL

& Associates, Inc.

M. Villareal - \$225/hr.			
Date	Hours	Description	Line Total
2/4/16	1.0	Outline of rate case report and testimony	225.00
2/5/16	.5	Emails to client re report and testimony	112.50
2/5/16	1.0	Review of compensation pay analysis	225.00
2/8/16	2.0	Review/analysis on company bonus information	450.00
2/9/16	4.0	Draft of report to the PUC	900.00
2/10/16	3.0	Preparation of exhibits for report	675.00
2/15/16	1.0	Review of questions and comments from client	225.00
2/16/16	2.0	Preparation of revised draft of report	450.00
2/17&18/16	1.0	Exchanges with client re report	225.00
2/27/16	.5	Follow-up research for client	112.50
Feb. 2016	5.0	Research and administrative support	500.00
Total			4,100.00



April 30, 2015

Quadvest - Water and Sewer Utility
Attn: Mr. Simon Sequeira
26926 FM 2978
Magnolia, TX 77354

Re: 2015 Rate Case
Our File No.: 362833.000

Update

Fees for Professional Services:	\$	4,700.50
Expenses Incurred:		<u>193.14</u>
Total Amount of Invoice No.: 969478		4,893.64

Previous Balance: 1,831.32

Inv No.	Date	Orig. Amt	Payments	Balance
963833	03/24/2015	1,831.32	0.00	1,831.32

Total Amount Due:	\$	<u>6,724.96</u>
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Total Amount due upon receipt of bill

1221 McKinney Suite 2800 Houston, TX 77010
832.214.3900 800.448.8502 832.214.3905 Fax cozen.com