

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-45

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-45 Reference the report of Gregory Scheig, page 17, footnote 14. Provide the source document (2014 Valuation Handbook, Duff & Phelps, 2014).

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Given copyright restrictions, WV is unable to provide the entire text. See "Scheig References—Exhibit 2." Further, QV will make the entire source document available for inspection at a mutually agreeable time and place.

PREPARER:
Gregory Schieg

SUPPORTING WITNESS:
Gregory Scheig

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-46

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-46 Reference the report of Gregory Scheig, page 17, "The survey is well regarded and the commonly cited study in utility rate case studies." Provide the water rate cases in which the study has been cited in Texas. This is referencing the study in the handbook asked for in Staff 1-45.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: The Duff & Phelps 2014 study above is a continuation of the Ibbotson Survey of risk premia. Mr. Scheig does not maintain a list of the water rate cases in which it has been specifically cited; however, based on general experience and discussions with professionals in the field, Mr. Scheig is aware that this study has been been a key reference data point since the 1980's in the calculation of CAPM as part of cost of equity studies.

PREPARER:
Gregory Scheig

SUPPORTING WITNESS:
Gregory Scheig

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-47

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-47 Reference the report of Gregory Scheig, page 21, footnote 16. Provide the source document (Paul A. Gompers (Harvard Business School and NBER), Steven N. Kaplan (University of Chicago Booth School of Business and NBER) and Vladimir Mukharlyamov (Harvard University), This Draft: February 2014).

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See "Scheig References --Exhibit 3."

PREPARER:
Gregory Scheig

SUPPORTING WITNESS:
Gregory Scheig

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-48

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-48 Reference the report of Gregory Scheig, page 21, footnote 17. Provide the source document [Ludovic Phalippou (University of Oxford, Said Business School), co- authors: Francesco Franzoni and Eric Nowak, both at Swiss Finance Institute- University of Lugan)].

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See "Scheig References--Exhibit 4."

PREPARER:
Gregory Scheig

SUPPORTING WITNESS:
Gregory Scheig

Date Provided: 11/30/2015

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Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-49

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-49 Reference the report of Gregory Scheig, page 22, footnote 18. Provide the source document (8 Robert Harris, Tim Jenkinson and Steve Kaplan, The University of Chicago Booth School of Business).

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See "Scheig References--Exhibit 5."

PREPARER:
Gregory Scheig

SUPPORTING WITNESS:
Gregory Scheig

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-50

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-50 Please provide a complete history of account numbers 1700, 1750, and 6220. Specifically, please provide all journal entries producing a balance in this account resulting from any acquisition or sale of assets by Quadvest or a predecessor entity, a description of the transaction, and an explanation of how amortization is being calculated.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See CONFIDENTIAL WP "Staff 1-50 (Account 1700, 1750, 6220 Detail)". In addition, see QV response to Staff 1-10 for summary of the accounting entries related to each acquisition and associated amortization method.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

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REQUEST NUMBER: STAFF RFI 1-51

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-51 For all transactions listed in the previous request, please provide documentation of Quadvest's regulatory approval of the accounting treatment of the transaction, if any.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: QV does not have any approvals specifically related to the accounting treatment on any of the above noted transactions.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

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REQUEST NUMBER: STAFF RFI 1-52

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-52 Provide a copy of all invoices for travel expenses included in the application, account number 6660. Also provide a description of the reason for the travel and why it was necessary for provision of utility service.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See WP "Staff 1-52 (Travel)" The source documents for each transaction are voluminous. Pursuant to discussions with Staff, QV has agreed to provide representative or specific source documents upon request for specific entries.

PREPARER:

Jeff Eastman

SUPPORTING WITNESS:

Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

REQUEST NUMBER: STAFF RFI 1-53

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-53 Provide a summary of all expenses by event and a copy of all supporting invoices for meals and entertainment included in the cost of service (account 6325). Also provide a description of the reason for the meals/entertainment and why it was necessary for provision of utility service.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See WP "Staff 1-53 (Meals & Entertainment)"

The source documents for each transaction are voluminous. Pursuant to discussions with Staff, QV has agreed to provide representative or specific source documents upon request for specific entries.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

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REQUEST NUMBER: STAFF RFI 1-54

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-54 Provide a list of all seminars paid for in Quadvest account number 6630 for the test year including the name of the seminar, cost of attendance and the number of attendees, and the purpose of the seminar.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See WP "Staff 1-54 (Seminars)". QV does not track seminars in method that allows us to provide information in requested format, therefore a summarized list of major events is provided. Pursuant to discussions with Staff, QV has agreed to provide representative or specific source documents upon request for specific entries.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

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REQUEST NUMBER: STAFF RFI 1-55

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-55 Provide a copy of all insurance policies in effect for the test year and designate the cost for each policy.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See "Staff 1-55 (Insurance Policies 2013 to 2015)". QV has provided a copy of all insurance policies from 9/13 to 9/15, which covers the full 2014 test year. In addition, see WP "Staff 1-55 (Policy Summary)" & "Staff 1-55 (Insurance Summary)" for additional support of test year insurance costs.

Policy breakdown for FY2014 is as follows:
Auto - 37,338
General Liability/Excess/EPLI Combined - 36,467
Worker's Comp - 13,807
Total Non-Health Insurance - 87,612

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

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REQUEST NUMBER: STAFF RFI 1-56

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-56 For the following Quadvest account numbers, please provide the end of year balance for the account for 2011, 2012, 2013, and 2014 in a comparative format. Please explain any differences greater than 15%:

- a) Account No. 6012 Bonus Expense;
- b) Account No. 6500-2 Bonus Expense;
- c) Account No. 6500-3 Payroll Expense; d) Account No. 6550-1 Payroll-Ops;
- e) Account No. 6010 Contract Labor Operations;
- f) Account No. 6516-1 Repairs & Maint – Sewer; g) Account No. 6516-2 Repairs & Maint- Water; h) Account No. 6009 Banking fees;
- i) Account No. 6008-1 Bad debt expense.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: See CONFIDENTIAL "Staff 1-56 (Account Analysis)". Please note a few additional accounts were added to the analysis in order to make proper year over year comparison.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
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ADMISSION NUMBER: STAFF 1-57

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-57 No affiliate charges are included in any amounts addressed by the pass-through clause in the tariff.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Admit.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

ADMISSION NUMBER: STAFF 1-58

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-58 The application includes items in plant in service that are not currently used and useful as of the date of filing.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Correct, the AMR project is included in the application and it is not used and useful as of filing date, see applications executive summary for further detail on AMR project.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

ADMISSION NUMBER: STAFF 1-59

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-59 The application includes items in plant in service that are not currently used and useful as of the response to this request for information.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: This request is vague and ambiguous in its use of the term "application" and therefore, QV is unable to admit or deny. The AMR project has been included in the rate filing; however, the rates are not proposed to go into effect until the project is in service and, therefore, used and useful. See the Executive Summary in the rate filing for further detail on AMR project.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

ADMISSION NUMBER: STAFF 1-60

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-60 The purchase price for the system serving the Decker Lake was substantially lower than the original cost of the assets.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: This request is vague and ambiguous in its use of the term "Decker Lake" as QV does not serve a subdivision by that name; therefore, QV is unable to admit or deny. Quadvest does serve a system named "Decker Oaks" which it purchased via bankruptcy/foreclosure. Original cost for this system was derived from costing information provided by the seller/owner.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
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ADMISSION NUMBER: STAFF 1-61

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-61 Trending studies have been used to estimate original cost of some assets purchased.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Denied that any trending studies have been used to estimate original cost of assets purchased since the water last rate case. Admit that trending studies were used and accepted by the TCEQ prior to the last rate case.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
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ADMISSION NUMBER: STAFF 1-62

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-62 The original cost of all assets purchased is consistent with books and records of the entity from which Quadvest purchased the assets.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Admit.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015

PUBLIC UTILITY COMMISSION OF TEXAS
Docket No. 44809

ADMISSION NUMBER: STAFF 1-63

COMPANY NAME: Quadvest, L.P.

DATE RECEIVED: 11/16/15

DATE DUE: 11/30/15

INFORMATION REQUESTED:

Staff 1-63 Quadvest has never included depreciation as a cost in a prior cost of service for requested rate approval by the commission or a predecessor agency for the building(s) subject to the lease agreement.

REQUESTED BY: Public Utility Commission of Texas

RESPONSE: Admit. QV has likewise not included depreciation for any buildings subject to a lease agreement in this rate filing package.

PREPARER:
Jeff Eastman

SUPPORTING WITNESS:
Jeff Eastman

Date Provided: 11/30/2015