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PUBLIC UTILITY
FILING CLERK

Public Utility of Texas
1701 NORTH CONGRESS AVE.
PO BOX 13326
AUSTIN, TEXAS 78711-3326

GENTLEMEN,

I AM WRITING TO PROTEST THE ANNOUNCED RATE INCREASE FOR WATER BY QUADVEST, LP CCN NUMBERS 11612 EFFECTIVE AUGUST 8TH, 2015 AND JANUARY 1, 2016. I PROTEST THIS RATE INCREASE IN TWO ASPECTS. THE FIRST ASPECT IS THE PROPOSED \$1 MILLION RATE INCREASE ON AN INVESTMENT OF \$6M. THIS REPRESENTS A 16% RETURN ON INVESTMENT IN AN EXTREMELY LOW RATE OF RETURN ENVIRONMENT. GRANTING A MONOPOLY A 16% RATE OF RETURN IN TODAY'S ENVIRONMENT IS NOT REASONABLE. SECONDLY, THE ENTIRE RATE INCREASE IS PLACED IN FIXED MONTHLY METER CHARGES. THERE IS NO USAGE BASIS IN THE RATE INCREASE. THIS IS ALSO NOT RATIONAL. INCREASED RATES ON USAGE DISCOURAGE GROWTH IN USAGE WHICH DRIVES ADDITIONAL CAPACITY EXPANSION INVESTMENTS AND THE NEXT ROUND OF COST/PRICE INCREASES. USAGE BASED FEES PROVIDE HIGHER COSTS FOR HIGHER USERS, DISCOURAGE LACK OF CONSERVATION AND POSTPONE CAPACITY DRIVEN CAPITAL INVESTMENTS.

WHAT CAPITAL ASSETS HAVE BEEN DEPRECIATED OVER THE PAST 4 YEARS TO OFFSET THE NEW INCREMENTAL \$6 MILLION IN INVESTMENT? WHAT IS A REASONABLE RATE OF RETURN ON THE NET INCREASE IN ASSET VALUE NEW INVESTMENT MINUS DEPRECIATION? HOW DO WE DISTRIBUTE THIS COST INCREASE BASED ON USAGE VERSUS IN FIXED FEE TO ALL USERS?

SINCERELY

