



Control Number: 46838



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PUBLIC UTILITY COMMISSION
FILING CLERK

DOCKET NO. 46838

APPLICATION OF QUADVEST
WATER AND SEWER UTILITY FOR
A WATER PASS-THROUGH RATE
CHANGE

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PUBLIC UTILITY COMMISSION
OF TEXAS

COMMISSION STAFF'S SUFFICIENCY RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Sufficiency Recommendation in response to the Notice Setting Deadline for Staff's Recommendation. In support thereof, Staff would show the following:

I. Background

On February 7, 2017, Quadvest Water and Sewer Utility (Quadvest), holder of Certificate of Convenience and Necessity (CCN) No. 11612, filed its annual true-up report and an application to implement a pass-through rate change. Quadvest requested that its current single regional pass-through rate be split into separate district rates. The rate increase will affect several water districts: Bluebonnet Groundwater Conservation District, Brazoria County Groundwater Conservation District, City of Rosenberg, Harris-Galveston Subsidence District, West Harris County Regional Water Authority, North Fort Bend Water Authority, North Harris County Regional Water Authority, and the San Jacinto River Authority. Quadvest also requested that Staff review and approve their proposed notice to their affected customers. The requested effective date for the pass-through rate change is 30 days after notice is sent to affected customers.

On February 8, 2017, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on Quadvest's application, including sufficiency of notice and a proposed procedural schedule by February 28, 2017. Therefore this pleading is timely filed.

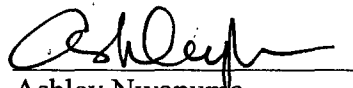
DATED: February 28, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Karen S. Hubbard
Managing Attorney

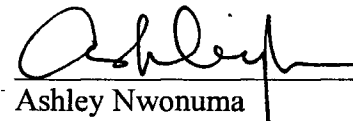


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 28th of February, 2017, in accordance with 16 TAC § 22.74.



Ashley Nwonuma

II. Staff's Recommendation on Sufficiency and Notice

Staff has reviewed Quadvest's application, and in accordance with Tex. Water Code, Chapter 13, and 16 Tex. Admin. Code §24.21 (TAC), and as supported by the attached memorandum of Andrew Novak of the Commission's Water Utility Regulation Division, Staff recommends that the application be deemed administratively incomplete and deficient. The memorandum sets for the information required from Quadvest to supplement and cure the noted deficiencies.

III. Proposed Procedural Schedule

Due to the deficiencies in the application, Staff does not recommend a procedural schedule for evaluation of the merits at this time. Pursuant to 16 TAC § 24.8(a), applications are not considered filed with the Commission until a determination of administrative completeness is made. Therefore, the Application is not considered filed at this time.

IV. Conclusion

Staff respectfully requests that the ALJ issue an order consistent with this Final Recommendation.

PUC Interoffice Memorandum

To: Ashley Nwonuma, Attorney
Legal Division

Through: Debi Loockerman, Manager

From: Andrew Novak, Financial Analyst
Water Utilities Division

Date: February 28, 2017

Subject: **Tariff Control No. 46838;** *Application of Quadvest, L.P. to Implement a Pass-Through Rate Change*

On February 7, 2017, Quadvest, L.P. (Quadvest) filed its annual true-up report for its combined pass-through gallonage Fee (PTF) and an application to implement a pass-through rate increase for fees imposed on the utility by several water districts (Districts), including: Bluebonnet Groundwater Conservation District (BGCD), Brazoria County Groundwater Conservation District (BCGCD), City of Rosenberg (Rosenberg or CR), Harris-Galveston Subsidence District (HGSD), West Harris County Regional Water Authority (WHCRWA), North Fort Bend Water Authority, (NFBWA), North Harris County Regional Water Authority (NHCRWA), and the San Jacinto River Authority (SJRA). Quadvest has also proposed an alternative pass-through calculation and tariff change to move from a combined pass-through charge to "Quadvest district" pass-through charges.

Staff has reviewed the application, and Staff has found deficiencies and lack of explanation for the new tariff pass-through amounts requested which hinder Staff's ability to process the application. Therefore, Staff recommends that the application be deemed insufficient for filing at this time. Staff also recommends that the period staff review before a recommendation is due be extended to 60 days because of the complexity of the filing. Furthermore, in order to correct the deficiencies in the application, Staff recommends the Applicant:

1. Provide documentation to substantiate water loss for each district for the true-up period and clearly indicate the percentage water loss.
2. If water loss for any district exceeds 15%, provide calculations removing the excess from the pass-through calculation.
3. Provide a description of all estimates or projections.(including estimated customer growth projections and usage) included in the pass-through calculations, supporting calculations for all estimates, and any other related supporting documentation used for estimates.
4. Provide copies of all billings from any entity charging Quadvest for amounts recovered through the pass-throughs for the true-up period by entity.
5. Provide the contract for increase in permitted usage for the Bridlewood subdivisions and the actual invoice from the entity charging for the permitted water. Please include a confirmation of payment for the "QV-BEPCost of Reg. Fees" for the Bridlewood subdivision permit payments.
6. Provide proof of payment for all payments and accruals for expenses included in the calculations in the application by payee.

7. Please provide an explanation of the following on the spreadsheet labeled "Historical PTF Over/Under":
 - a. "2013 was a catch up year from prior years" and provide all calculations and the total "catch up" amount.
 - b. The line labeled "No Subsidence" under "District Collections", including the amounts \$3,543, \$17,224, and \$58,583 for 2014, 2015, and 2016 respectively.
 - c. Please provide all calculations for the "Pro Rate* Under Collection" amounts of \$1,578, \$8,547, and \$93,272 with an explanation of why this amount does not equal the "Total Over (Under) Collect" column amount for "No Subsidence" of \$79,350.
8. Provide a schedule of Quadvest's proposed "districts" for pass through purposes including the name of the district, subdivisions and/or public water system names and numbers included in the district, and entity names billing Quadvest for fees included in the pass-through for each district.
9. If any Quadvest district has only one entity (such as a groundwater conservation district) charges included in the pass-through, please explain why Quadvest is using a true-up calculation for a pass-through that is not a combined pass-through and the rule or law supporting Quadvest's use of a true-up for a non-combined pass-through.
10. The Staff recommendation with regard to notice may change based on the responses to these insufficiencies and any recalculations. However, with regard to the proposed notices provided, the following mistakes in the notices should be corrected in any event.
 - a. All notices should include affected subdivisions and the name of Quadvest's "district" or "region".
 - b. On the notice regarding the North Fort Bend Water Authority, replace the phrase, "\$3.52 per 1,000 gallons, a decrease from the current \$2.60 per 1,000 gallons." with, "\$3.52 per 1,000 gallons, an **increase** from the current \$2.60 per 1,000 gallons."
 - c. On the notice regarding the North Harris County Regional Water Authority, replace the phrase, "\$3.45 per 1,000 gallons, a decrease from the current \$2.60 per 1,000 gallons." with, "\$3.45 per 1,000 gallons, an **increase** from the current \$2.60 per 1,000 gallons."
 - d. On the notice regarding Shaw Acres, replace the phrase, "\$3.66 per 1,000 gallons, a decrease from the current \$2.60 per 1,000 gallons." with, "\$3.66 per 1,000 gallons, an **increase** from the current \$2.60 per 1,000 gallons."
 - e. On the notice regarding the San Jacinto River Authority & Lone Star Ground Water Conservation District, replace the phrase, "\$2.91 per 1,000 gallons, a decrease from the current \$2.60 per 1,000 gallons." with, "\$3.52 per 1,000 gallons, an **increase** from the current \$2.91 per 1,000 gallons."
 - f. On all notices, please explain why the "Results of Prior Year" amount on line 3 does not equal the "Water Pass through Fee Calculation for the Prior Year" on line 2.
 - g. Include the following language as mandated by 16 Texas Administrative Code (TAC) 24.21(b)(2)(E)(ii)(VI): "This tariff change is being implemented in accordance with the minor tariff changes allowed by 16 Texas Administrative Code §24.21. The cost to you as a result of this change will not exceed the costs charged to your utility."