



Control Number: 47259



Item Number: 3

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TARIFF CONTROL NO. 47259

**APPLICATION OF QUADVEST LP
FOR A PASS-THROUGH RATE
CHANGE** §
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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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FILING CLERK

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this recommendation and would show the following:

I. BACKGROUND

On June 5, 2017, Quadvest LP (Quadvest) filed an application to implement a pass-through rate change in its tariff under Water Certificate of Convenience and Necessity (CCN) No. 11612. Quadvest seeks to implement the pass-through provision as a result of an increase in well pumpage fees charged by the North Fort Bend Water Authority (NFBWA). The rate increase will affect customers located in the Lake Pointe Estates subdivision. The requested effective date for the pass-through rate change is June 19, 2017.

On June 7, 2017, the Administrative Law Judge (ALJ) issued the Notice Setting Deadline for Staff's Recommendation, requiring Staff to file a recommendation on Quadvest application, including sufficiency of notice, and a propose a procedural schedule by June 26, 2017. This pleading is therefore timely filed.

II. DEFICIENCY RECOMMENDATION

Staff has reviewed Quadvest application and, as supported by the attached memorandum of Debi Loockerman of the Water Utilities Division, Staff recommends that the application be found administratively incomplete and deemed insufficient for filing. Staff recommends that Quadvest be ordered to provide the following:

- 1) New notice to customers prior to the effective date containing the new effective date and the specific language required by 16 Tex. Admin. Code § 24.21(b)(2)(E)(ii);
- 2) Copies of all billings from NFBWA or proof of the most recent payment, and any related water production reports;

- 3) Written explanations for the "Water Production Report" filed with the application which reflects using in March 2017 that detail how the amount proposed to be collected from customers is correct, given the pumpage reported;
- 4) If Quadvest has begun to purchase surface water, a written explanation of how the requested pass-through relates to the shift in the source of water, documentation of the new source, documentation its cost per thousand gallons, and a written explanation of how the new pass-through charge relates to the purchased water; and
- 5) A written explanation of the three columns from the "Fort Bend M.U.D. #27 Water Production Report" identified in the attached memorandum.

Staff also recommends that the effective date of the increase be suspended and that Quadvest refund any increased charges associated with the request.

Staff recommends that Quadvest cure the deficiencies identified in the attached memorandum by July 26, 2017 and that Staff be given until August 16, 2017 to file a supplemental recommendation.

III. CONCLUSION

For the reasons stated above, Staff respectfully requests the issuance of an order consistent with the above recommendation.

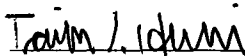
Dated: June 26, 2017

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

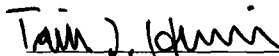


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TARIFF CONTROL NO. 47259

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on June 26, 2017 in accordance with 16 TAC § 22.74.



TJ Harris

PUC Interoffice Memorandum

To: TJ Harris, Attorney
Legal Division

Through: Tammy Benter, Division Director

From: Debi Loockerman, Manager
Water Utility Regulation Division

Date: June 26, 2017

Subject: **Tariff Control No. 47259; Application of Quadvest, L.P. to Implement a Pass-Through Rate Change**

On June 5, 2017, Quadvest, L.P. (Quadvest) filed an application to implement a pass-through pumpage fee increase (PTF) for fees imposed by North Fort Bend Water Authority (NFBWA). This fee is for groundwater gallons pumped and became effective June 19, 2017. This filing affects the Lake Pointe Estates subdivision.

Staff has reviewed the application and recommends that the application be deemed insufficient for filing at this time. Staff recommends that the Commission:

1. Suspend the effective date of the increase and refund any increased charges associated with this pass-through request.
2. Order Quadvest to provide the following:
 - A) A new notice to customers (delivered prior to the effective date) that includes the new effective date and the specific language required by 16 Tex. Admin. Code 24.21(b)(2)(E)(ii) as follows: "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."

The Staff's recommendation for notice to customers may change based on Quadvest's responses to these insufficiencies and any respective recalculations. If this occurs, the language in the notices should be corrected accordingly.

- B) Provide copies of all billings from NFBWA or proof of the most recent payment and any related water production reports (if not already provided) associated with the payment for charges affected by this pass-through.
 - C) Provide a written explanation for the "Water Production Report" filed with the application which reflects usage in March of 2017 of 5,005,000 gallons billed and 764,000 gallons pumped. Please provide an explanation of how the pass-through amount proposed to be collected from the customers is correct, given the pumpage reported.

- D) If Quadvest has started to purchase surface water as a replacement of pumped groundwater, please explain how the requested pass-through relates to the shift in the source of water and provide documentation and an explanation with regard to the new source of water, its cost per thousand gallons (including supporting invoices), and how the new pass-through charge relates to the purchased water.
- E) Provide a written explanation of the following columns on the “Fort Bend M.U.D. #27 Water Production Report” filed with the application and indicate how these columns are used in relation to the pass-through implementation request:
- i) “Walton t/C,
 - ii) “FB185 t/C estimated”
 - iii) “Maint”Historical PTF Over/Under”