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**DOCKET NO. 47273**

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**APPLICATION OF QUADVEST, L.P  
FOR TEMPORARY RATES FOR  
SERVICES PROVIDED FOR A  
NONFUNCTIONAL UTILITY**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**COMMISSION STAFF'S MEMORANDUM IN SUPPORT OF  
STIPULATION AND SETTLEMENT AGREEMENT**

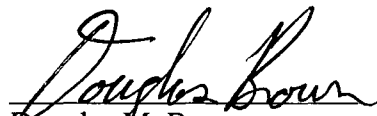
Commission Staff files the attached memorandum in support of the stipulation and settlement agreement for the above referenced matter.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

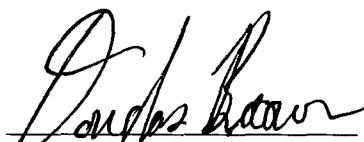
Stephen Mack  
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**DOCKET NO. 47273**  
**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on August 18, 2017 in accordance with 16 TAC § 22.74.

  
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Douglas M. Brown

## **Public Utility Commission of Texas**

### **Memorandum in Support of Stipulation and Settlement Agreement**

**TO:** Doug Brown, Attorney  
Legal Division

**THRU:** Tammy Benter, Director  
Debi Loockerman, Rates Team Lead  
Water Utility Regulation Division

**FROM:** Patricia Garcia, Engineering Specialist  
Water Utility Regulation Division

**DATE:** August 18, 2017

**SUBJECT:** **Docket No. 47273; *Application of Quadvest, L.P. for Temporary Rates for Services Provided for a Non-functional Utility***

On June 9, 2017, Quadvest LP (Quadvest or Applicant), temporary manager of Suburban Utility Co (Suburban or Utility), Certificate of Convenience and Necessity (CCN) No. 10835, filed with the Public Utility Commission of Texas (Commission or PUC) a request for a temporary rate increase pursuant to Tex. Water Code Ann. § 13.046 (TWC) and 16 Tex. Admin. Code § 24.147 (TAC), in Harris County, Texas.

The Texas Commission on Environmental Quality (TCEQ) issued an emergency order effective for the period of March 27, 2017 through September 23, 2017, appointing Quadvest as temporary manager of Suburban.

Quadvest requests approval of a temporary rate increase for Suburban to assure sufficient funds are available for high priority repairs and maintenance projects in order to provide continuous and adequate service, and to keep the water utility operating properly within regulatory requirements.

After review of the application, Staff recommended that the Commission find that the temporary rate change complies with the requirements of TWC § 13.046 and 16 TAC § 24.147. After the recommendation, an agreement (settlement agreement) was made between the affected parties.

The Castlewood customers filed a motion to intervene, which was granted on August 8, 2017. Settlement was reached that included rates equal to or less than the recommended rate.

Based upon Staff's review, the temporary rates agreed to in the settlement agreement generate a revenue requirement that is reasonable. In Staff's opinion, the implementation of the terms in the settlement agreement will result in a fair and reasonable outcome.

Staff recommends that the Commission adopt the settlement agreement and find that terms are in the public interest.