



Control Number: 47273



Item Number: 6

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RECEIVED

APPLICATION OF QUADVEST, LP §
 FOR TEMPORARY RATES §
 PROVIDED FOR A §
 NONFUNCTIONING UTILITY §

PUBLIC UTILITY COMMISSION

2017 JUL 10 PM 1:13
 PUBLIC UTILITY COMMISSION
 OF TEXAS
 CLERK

**COMMISSION RECOMMENDATION ON SUFFICIENCY AND PROPOSED
 PROCEDURAL SCHEDULE**

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Recommendation on Sufficiency and Proposed procedural Schedule. In support thereof, Staff would show the following:

I. BACKGROUND

On June 9, 2017, Quadvest, LP (Quadvest or Applicant), filed with the Commission, an application (Application) for temporary rates for services provided for a non-functioning utility under Texas Water Code § 13.046 (TWC) and 16 Texas Administrative Code § 24.147 (TAC).

Quadvest stated that on March 27, 2017 the Texas Commission on Environmental Quality (TCEQ), appointed Quadvest as the temporary manager of the water utility systems owned by Suburban Utility, Inc. (Suburban). As temporary manager, Quadvest requests approval of temporary rates effective June 9, 2017, and to remain in effect for a period allowed by statute or until additional information is gathered by temporary manager supporting an adjustment to such temporary rates. Quadvest stated that notice would be provided to Suburban customers on or about June 9, 2017.

Order No. 2, issued on June 13, 2017 allowed Staff until July 10, 2017 to make a recommendation on sufficiency.

On June 30, 2017, Suburban filed a motion to intervene in this matter, and on July 7, 2017, the Administrative Law Judge granted Suburban's motion.

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II. RECOMMENDATION ON SUFFICIENCY OF APPLICATION AND NOTICE

As noted by the attached memorandum of Patricia Garcia and Leila Guerrero of Water Utilities Division, Staff recommends that the Application and notice provided by the Applicant are sufficient. Staff further recommends that the Applicant be allowed to begin collecting the proposed rate. The attached memorandum also requests a list of documentation that the Applicant must provide to Staff.

III. PROPOSED PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Deadline for the Applicant file documentation requested by Commission Staff in the attached memorandum	July 24, 2017
Deadline to intervene and/or file comments; deadline for intervenors to request a hearing on the merit	July 24, 2017
Deadline for Commission Staff's recommendation on final disposition; deadline for Staff to request a hearing on the merits	August 1, 2017
Deadline for applicant to respond to intervenor comments and Commission Staff recommendation on final disposition or request a hearing on the merits, if needed; deadline for parties to file a proposed notice of approval, including joint proposed findings of fact, conclusions of law, and ordering paragraphs	August 15, 2017
If applicable, administrative review completed 90 days from date Commission received notice of the temporary rate increase, per 16 TAC § 24.147(c)	September 7, 2017

IV. CONCLUSION

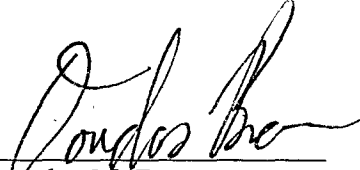
Staff respectfully requests the entry of an order consistent with the above recommendations.

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

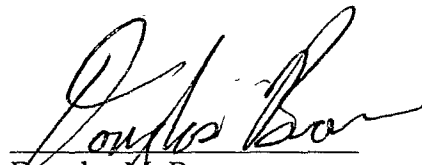
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**DOCKET NO. 47273
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 10, 2017 in accordance with 16 TAC § 22.74.


Douglas M. Brown

Public Utility Commission of Texas

Memorandum

TO: Doug Brown, Attorney
Legal Division

THRU: Tammy Benter, Director
Debi Loockerman, Rates Team Lead
Water Utilities Division

FROM: Patricia Garcia, Engineering Specialist
Leila Guerrero, Regulatory Accountant/Auditor
Water Utilities Division

DATE: July 10, 2017

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

Background:

On June 9, 2017, Quadvest LP (Quadvest), 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 Texas 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 for high priority repairs and maintenance projects to provide continuous and adequate service, and to keep the water system operating properly within regulatory requirements.

Staff notes that some of the line items Quadvest listed in the temporary rate request may be determined to be unjustified by Staff and may necessitate a refund to customers when the final temporary rate order is issued. Staff is requesting additional documentation to address these concerns.

Recommendation:

Based on Staff's review of the temporary manager's request, Staff recommends the following:

- a) The notice provided to the customers is sufficient for filing;

- b) The request for a temporary rate increase be deemed sufficient for filing and authorized for implementation, subject to a future determination of reasonableness;
- c) The Commission approve implementation of the requested temporary base rates as of June 10, 2017;

Meter Sizes	Base Rate	Temporary Base Rate Increase Requested	Temporary Base Rate
5/8" x 3/4"	\$23.00	\$38.01	\$61.01
3/4"	\$23.00	\$38.01	\$61.01
1"	\$57.50	\$38.01	\$95.51
1 1/2"	\$115.00	\$38.01	\$153.01
2"	\$184.00	\$38.01	\$222.01
3"	\$345.00	\$38.01	\$383.01

Note: the gallonage rates will not be changed from the tariffed rates

- d) The Commission order Quadvest as the temporary manager of Suburban to provide the following documentation:
 - 1) Copies of invoices to support the actual expenses incurred as of March 27, 2017 and update the invoices in a timely manner (monthly) throughout the period in which the temporary rate is charged;
 - 2) Copies of Electric bills from March 2017 and update bills in a timely manner (monthly) throughout the period in which the temporary rate is charged;
 - 3) Laboratory invoices or a listing of costs from a laboratory for all required compliance sampling;
 - 4) Monthly operating reports for Suburban from March 2017 and throughout the period in which the temporary rate is charged;
 - 5) Documentation to support the "Pass Through Losses" monthly estimate provided;
 - 6) All approval letters from the TCEQ for the high priority projects and repairs referred to in item (7) that Quadvest intends to undertake as temporary manager;
 - 7) Three (3) samples of current customer bills;
 - 8) Current number of customers, by meter size and public water system as of March 2017 and updated monthly throughout the period in which the temporary rate is charged;

- 9) Monthly Gallonage charges by tier and public water system since Quadvest began as temporary manager of Suburban;
- 10) A copy of the general ledger or detailed transaction report for the year 2017 and updated monthly throughout the period in which the temporary rate is charged, for the months operated by the temporary manager and by the previous manager, if available; and,
- 11) Copies of any other accounting records for past operations and facilities costs that were given to the temporary manager by the previous operator.