



Control Number: 48041



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APPLICATION OF QUADVEST, L.P.
FOR A PASS THROUGH RATE
CHANGE

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PUBLIC UTILITY COMMISSION
OF TEXAS

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 February 8, 2018, Quadvest, L.P. (Quadvest) submitted an application requesting approval to implement a pass-through rate change for fees included in its tariff under water Certificate of Convenience and Necessity No. 11612 and the annual true-up report for its current pass-through revenues and expenses. The pass-through rates charged to Quadvest's customers result from fees charged by Bluebonnet Groundwater Conservation District, Brazoria County Groundwater Conservation District, the City of Rosenberg, Harris-Galveston Subsidence District, West Harris County Regional Water Authority, North Fort Bend Water Authority, North Harris County Regional Water Authority, the San Jacinto River Authority and Lonestar Groundwater Conservation District, or Northwest Harris County MUD No. 5/Shaw Acres. Almost all of these entities have increased fees charged to Quadvest in recent years. Depending on which water authority's fees are applicable to the customer, the change to the pass-through rate will range from a decrease of \$0.21 per 1,000 gallons to an increase of \$0.85 per 1,000 gallons and will take effect February 13, 2018.

On February 15, 2018, the Administrative Law Judge issued Order No. 1 requiring Staff to file a recommendation on Quadvest's application, address notice requirements, and propose a procedural schedule, if necessary, by March 1, 2018. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON APPLICATION AND NOTICE

Staff has reviewed Quadvest's application and notice and, as supported by the attached memorandum of Andrew Novak of the Commission's Water Utility Regulation Division,

recommends that it be found administratively incomplete. Specifically, Staff has determined that the application does not include all of the information required by 16 Texas Administrative Code (TAC) § 24.21(b)(2)(F)(i), and the notice sent to customers does not include an explanation of the change in fees charged to Quadvest as required by 16 TAC § 24.21(b)(2)(F)(ii)(V). Because the notice is insufficient, Staff further recommends that Quadvest delay the proposed effective date for the pass-through rate increase to allow sufficient time to re-notice its customers.

Staff has also reviewed Quadvest's true-up calculations and finds them to be correct and in compliance with 16 TAC § 24.21(b)(2)(C)(vi).

III. PROCEDURAL SCHEDULE

Staff proposes the following procedural schedule:

Event	Date
Deadline for Quadvest to cure deficiencies in the application and provide proof of revised notice to customers	April 2, 2018
Deadline for Staff's supplemental recommendation on the sufficiency of Quadvest's application and notice	May 2, 2018
Deadline for Staff to provide a copy of the approved tariff page(s) to Quadvest, if application and notice are deemed sufficient	May 11, 2018

IV. CONCLUSION

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

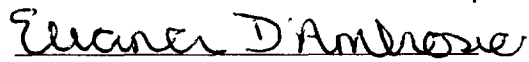
Dated: March 1, 2018

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
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**TARIFF NO. 48041
CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on March 1, 2018, in accordance with 16 TAC § 22.74.


Eleanor D'Ambrosio

PUC Interoffice Memorandum

To: Eleanor D'Ambrosio, Attorney
Legal Division

Through: Tammy Benter, Director
Debi Loockerman, Manager
Water Utility Regulation

From: Andrew Novak, Financial Analyst
Water Utility Regulation

Date: March 1, 2018

Subject: **Tariff Control No. 48041;** *Application of Quadvest, L.P. for a Pass-Through Rate Change*

On February 8, 2018, Quadvest, L.P. (Quadvest) filed its annual true-up report for its pass-through gallonage fees (PTF) and an application to implement a pass-through rate increase for fees imposed on the utility by several water 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), the San Jacinto River Authority and Lonestar Groundwater Conservation District (collectively, SJRA), and Northwest Harris County MUD No. 5/Shaw Acres (Shaw Acres).

Staff has confirmed, in accordance with 16 Texas Administrative Code (TAC) § 24.21(b)(2)(C)(vi), that the revenues and expenses have been properly trued up in the true-up report and all over-collections have been credited back to the customers. Staff notes that the rule bars Quadvest from requesting another combined pass-through until three years after the replacement has been approved unless good cause is shown. Staff calculates the new pass-through rates based on the previously approved rate and the change as follows:

Water Pass-Through Gallonage Charge = $(E + (AP - AC)) / (JC * AU)$

Where: E = Estimated Sum of Upcoming 12 Months of Purchase Water and Groundwater Conservation District Costs
AP = Actual Payments up to 12 Months (February through January of Previous Year)
AC = Actual Collections up to 12 Months
JC = January Month end Customer Connections
AU = Average Usage per Connection from Most Recent Rate Case

The following table will show the current rates and new rates for each of the districts mentioned above.

	BGCD	BCGCD	CR	HCSD	WHCRWA	NFBWA	NHCRWA	SJRA	Shaw Acres
Old Rate	\$ 0.07	\$ 0.04	\$ 2.23	\$ 0.02	\$ 2.54	\$ 3.52	\$ 3.45	\$ 2.91	\$ 3.66
New Rate	\$ 0.07	\$ 0.04	\$ 2.27	\$ 0.02	\$ 3.01	\$ 3.86	\$ 4.30	\$ 2.88	\$ 3.45

Based on Staff's review of the application, Staff recommends that it be deemed insufficient for filing at this time. Staff recommends that Quadvest do the following to resolve the deficiencies:

1. Provide a new notice to the Commission that includes the information required by 16 TAC § 24.21(b)(2)(F)(i) which includes: the affected CCN number(s); a list of affected subdivision(s), public water system name(s) issued by the TCEQ and the water quality system name(s) and corresponding number(s) issued by the TCEQ, if applicable; and a copy of the pages of the utility's tariff that contain the rates that will change if the utility's application is approved.
2. Provide a new notice to customers that includes the information required by 16 TAC § 24.21(b)(2)(F)(ii)(V) and a new effective date for the PTF increase.