



Control Number: 48041



Item Number: 7

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RECEIVED

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

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PUBLIC UTILITY COMMISSION

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PUBLIC UTILITY COMMISSION  
OF TEXAS

### COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Supplemental 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 March 27, 2018, the Administrative Law Judge (ALJ) issued a Notice finding the application incomplete and deficient and directing Quadvest to file supplemental information to cure the deficiencies by April 2, 2018. Quadvest filed supplemental information on March 2, 2018. The Notice also set a deadline of May 2, 2018, for Staff to file a supplemental recommendation on the sufficiency of the application. Therefore, this pleading is timely filed.

## **II. STAFF'S RECOMMENDATION**

Staff has reviewed Quadvest's application and supplemental information, and, as supported by the attached memorandum of Andrew Novak of the Commission's Water Utility Regulation Division, recommends that it be found administratively complete and in compliance with 16 Texas Administrative Code (TAC) § 24.21(b)(2)(F)(i). Staff reviewed the notice previously sent to customers on February 7, 2018, and recommends that it be deemed sufficient pursuant to 16 TAC § 24.21(b)(2)(F)(ii). Accordingly, Staff recommends that the requested changes to Quadvest's pass-through rates be approved. Pursuant to the procedural schedule set forth by the ALJ, Staff will provide Quadvest with a copy of the approved tariff pages no later than May 11, 2018.

## **III. CONCLUSION**

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

Dated: May 2, 2018

Respectfully Submitted,

### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

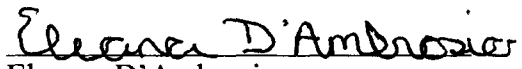
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**TARIFF NO. 48041**  
**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on May 2, 2018,  
in accordance with 16 TAC § 22.74.

  
Eleanor D'Ambrosio

## PUC Interoffice Memorandum

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**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:** May 2, 2018

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

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, 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 § 24.21(b)(2)(C)(vi), that the revenues and expenses have been properly tried 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 provision until three years after the replacement has been approved unless good cause is shown. Staff calculates the new, individual pass-through rates based on the previously approved equation 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

Staff has prepared a final tariff reflecting the implementation of the change in the pass-through rates. The following table shows the current and new pass-through rates based on the fees charged to Quadvest by each of the water districts listed above.

	BGCD	BCGCD	CR	HGSD	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 upon review of the information submitted, Staff recommends that the Commission:

1. Find that the application and notice are sufficient and administratively complete; and
2. Approve the pass-through rates.