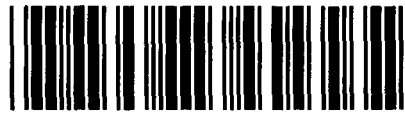




Control Number: 49551



Item Number: 8

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION
F. J. JAMES

DOCKET NO. 49551

APPLICATION OF QUADVEST, L.P. §
TO AMEND CERTIFICATES OF § PUBLIC UTILITY COMMISSION
CONVENIENCE AND NECESSITY IN §
MONTGOMERY COUNTY § OF TEXAS

QUADVEST, L.P.'S
RESPONSE TO ORDER NO. 2

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

Comes now, Quadvest, L.P. ("Quadvest") and files this Response to Order No. 2. In support thereof, Quadvest states the following:

I.

BACKGROUND

On June 14, 2019 Order No. 2 was entered establishing July 10, 2019 as the deadline for Quadvest to supplement the application to cure the deficiencies described in the June 10, 2019 memorandum from Patricia Garcia, Engineering Specialist, Water Utility Regulation Division. This pleading is therefore timely filed.

II.

SUPPLEMENTAL APPLICATION INFORMATION

In response to Order No. 2, Quadvest hereby files the following information.

1. An explanation for each outstanding violation for the water and sewer systems being updated by this application.

Response:

There are no current outstanding violations (submitted confidentially).

2. Sources for the cash amounts, equity amounts, and liabilities amounts for the five water and sewer projection schedules.

8

Response:

Quadvest will use company level operating cash flows to fund initial “equity” of \$250,000 and operating expenses / debt service (net of any project revenues). In addition, Quadvest will use its lending institution, CoBank, to fund construction of water and sewer facilities, noting CoBank’s credit line extension letter was included in original CCN application filing (submitted confidentially).

3. Detailed supporting cost information for each subdivision broken out by accounts including but not limited to land and plant and equipment which tie to the projections in the five-year water and sewer projection schedules.

Response:

See high level cost breakdown of both water and sewer facilities. Attached as Attachments B and Attachment C (submitted confidentially).

4. Supporting calculations which result in the revenue and expense amounts in the five-year projection schedules based on the tariffed rates and proposed number of connections served.

Response:

See “5 Year Projection” (excel version), attached as Attachment A. The schedules in Attachment A will provide additional clarity regarding various revenue and expense calculations (submitted confidentially).

5. An explanation for the “Other Cash Flow (No P&L)” line on all the five year projections.

Response:

The “Other Cash Flow (No P&L)” line item represents cash distributions and receipts that are not reflected in the various revenue or expense line items on the “5 Year Projection,” noting the majority relate to disbursements related to the principle portion of debt service or issuance of additional debt during life of project (submitted confidentially).

6. A copy of Quadvest L.P.’s most recent audited balance sheet, income statement, cash flow statement, and notes to the financial statements.

Responses:

See Quadvest’s 2018 audit report attached as Attachment D (submitted confidentially).

7. A copy of Quadvest L.P.’s most recent month-to-date internally-prepared financial statements for 2019.

Response:

See Quadvest’s May 2019 interim financial statements (P&L and balance sheet only), attached as Attachment E (submitted confidentially).

8. Tariff pages for each of the proposed subdivision as well as the corresponding public water system number and wastewater permit number for each subdivision as they become available.

Response:

The full tariffs for water and sewer for Quadvest were included in the original application. The PWS ID number is 1700857. The Discharge Permit number, which is currently under review, is WQ0015800001 (submitted confidentially).

Technical and Financial Information:

Based on discussion with Commission Staff, Quadvest provides the following additional information:

- a. High level water and sewer design showing planned interconnects between subdivision tracts, attached as Attachment F (submitted confidentially).
- b. Developer agreement addressing construction of infrastructure, attached as Attachment G (submitted confidentially).

III.

CONCLUSION

Quadvest respectfully requests, upon confirmation by Commission Staff, that the ALJ issue an order finding the Application administratively complete and direct Commission Staff to continue application processing. If for any reason Commission Staff does not view the attachments as sufficient for application acceptance, Quadvest respectfully requests that it be notified immediately and provided an opportunity to cure any remaining deficiencies that are identified.

Respectfully submitted,

DuBois, Bryant & Campbell, LLP

By: 

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(512) 457-8008 (fax)

Attorneys for Quadvest, L.P.

CERTIFICATE OF SERVICE

By my signature above, I hereby certify that a true and correct copy of the foregoing document was served by U.S. Mail and Email on the person indicated below on this the 10th day of July 2019:

Rashmin J. Asher
Public Utility Commission of Texas
Legal Division
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
Rashmin.Asher@puc.texas.gov

ATTACHMENT A
MILL CREEK CASH FLOW MODEL
CONFIDENTIAL

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: Mill Creek Cash Flow Model

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 12 TO 14

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT B

WTP PLANT COST DETAIL (ESTIMATE)
CONFIDENTIAL

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: WTP Plant Cost Detail (Estimate)

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 15 TO 16

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT C

WWTP PLANT COST DETAIL (ESTIMATE)
CONFIDENTIAL

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: WWTP Plant Cost Detail (Estimate)

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 17 TO 17

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT D

**2018 QV AUDIT REPORT
*CONFIDENTIAL***

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: Attachment D: 2018 QV Audit Report

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 18 TO 41

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT E

2019 INTERIM FINANCIALS (MAY 2019)
CONFIDENTIAL

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: Attachment E: 2019 Interim Financials (May
2019)

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 42 TO 43

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT F

**PUC MAPS
CARRAWAY UTILITIES SANITARY SWR 2019.03.25
CARRAWAY UTILITIES WATER DIST 2019.03.25
*CONFIDENTIAL***

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: Attachment F: Carraway Utilities Sanitary
SWR 2019.03.25 & Carraway Utilities Water Dist. 2019.03.25

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 44 TO 52

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019

ATTACHMENT G

QUADVEST MILL CREEK ENCLAVE CONTRACT
CONFIDENTIAL

CONFIDENTIAL

DOCKET NO.: 49551

STYLE: APPLICATION OF QUADVEST, L.P. TO AMEND CERTIFICATION OF
CONVENIENCE AND NECESSITY IN MONTGOMERY COUNTY

SUBMITTING PARTY: QUADVEST, L.P.

BRIEF DESCRIPTION OF CONTENTS: Attachment G: Quadvest Mill Creek Enclave
Contract

BATE STAMP OR SEQUENTIAL PAGE NUMBER RANGE: 53 TO 84
7

ENVELOPE #: 1 OF 1

ADDITIONAL INFORMATION REQUIRED BY PROTECTIVE ORDER:

DATE SUBMITTED TO COMMISSION: July 10, 2019