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Filing Date - 2024-05-22 10:47:21 AM

Control Number - 55285

Item Number - 35

DOCKET NO. 55285

APPLICATION OF QUADVEST, LP	§	PUBLIC UTILITY COMMISSION
TO AMEND ITS CERTIFICATES OF	§	
CONVENIENCE AND NECESSITY IN	§	
HARRIS COUNTY	§	OF TEXAS
	§	
	§	

**JOINT MOTION TO ADMIT EVIDENCE, PROPOSED FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS**

On July 26, 2023, Quadvest, LP (Quadvest) filed an application to amend its Certificates of Convenience and Necessity numbers 11612 and 20952 in Harris County under Texas Water Code (TWC) §§ 13.242 through 13.250 and 16 Texas Administrative Code (TAC) §§ 24.225 through 24.237. Quadvest filed supplemental information on July 28, 2023, August 16, 2023, October 16, 2023, December 7 and 14, 2023, February 16, 2024, and May 7, 2024.

On March 28, 2024, the administrative law judge (ALJ) filed Order No. 11, directing the Staff (Staff) of the Public Utility Commission of Texas (Commission), along with the applicant, to file a joint motion to admit evidence along with proposed findings of fact, conclusions of law, and ordering paragraphs by May 22, 2024. Therefore, this pleading is timely filed.

II. JOINT MOTION TO ADMIT EVIDENCE

The Parties move to admit the following items into the record as evidence of this proceeding:

1. The Application of Quadvest to Amend its Certificates of Convenience and Necessity in Harris County, filed on July 26, 2023 (Interchange Item No. 1);
2. Quadvest's Supplemental Filing, filed on July 26, 2023 (Interchange Item No. 2);
3. Quadvest's Confidential Filing, filed on July 28, 2023 (Interchange Item No. 4);
4. Quadvest's Supplemental Filing, filed on August 16, 2023 (Interchange Item No. 6);
5. Commission Staff's Recommendation on Administrative Completeness, Notice, and Proposed Procedural Schedule, filed on September 15, 2023 (Interchange Item No. 10);
6. Quadvest's Response to Order No. 4, filed on October 16, 2023 (Interchange Item No. 12);

7. Commission Staff's Supplemental Recommendation on Administrative Completeness, Proposed Notice, and Joint Proposed Procedural Schedule, filed on November 15, 2023 (Interchange Item No. 13);
8. Quadvest's Publications, Notices and Affidavits, filed on December 7, 2023 (Interchange Item No. 15);
9. Quadvest's TCEQ Approval to Construct Water Plant, filed on December 14, 2023 (Interchange Item No. 16);
10. Commission Staff's Recommendation on Sufficiency of Notice, filed on January 29, 2024 (Interchange Item No. 21);
11. Commission Staff's Redacted First Request for Information to Quadvest No. Staff-1 Through Staff 1-4, filed on February 7, 2024 (Interchange Item No. 23);
12. Commission Staff's Confidential First Request for Information to Quadvest No. Staff-1 Through Staff 1-4, filed on February 7, 2024 (Interchange Item No. 23);
13. The Applicant's Response to Staff's Confidential First RFI, filed on February 16, 2024 (Interchange Item No. 27);
14. Quadvest's Consent Form, filed on May 7, 2024 (Interchange Item No. 32);
15. Commission Staff's Final Recommendation, filed on May 15, 2024 (Interchange Item No. 33); and
16. Commission Staff's Confidential Attachment FB-1, filed on May 15, 2024 (Interchange Item No. 34).

III. JOINT PROPOSED ORDER

The Parties respectfully request that the Commission adopt the findings of fact, conclusions of law, and ordering paragraphs attached in the proposed order that follows.

IV. CONCLUSION

The Parties respectfully request that the items listed above be admitted into the record of the proceeding as evidence and the Commission adopt the attached Proposed Order.

Date: May 22, 2024

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Marisa Lopez Wagley
Division Director

Andy Aus
Managing Attorney

/s/ Dylan King
Dylan King
State Bar No. 24131431
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7299
(512) 936-7268 (facsimile)
Dylan.King@puc.texas.gov

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on May 22, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ Dylan King
Dylan King

DOCKET NO. 55285

**APPLICATION OF QUADVEST, LP
TO AMEND ITS CERTIFICATES OF
CONVENIENCE AND NECESSITY IN
HARRIS COUNTY**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

PROPOSED ORDER

This Order addresses the application of Quadvest, LP (Quadvest) to amend its Certificates of Convenience and Necessity (CCN) numbers 11612 and 20952 in Harris County. The Commission amends Quadvest's CCN numbers 11612 and 20952 to add the requested water and sewer areas to the extent provided in this Notice of Approval.

I. Findings of Fact

The Commission makes the following findings of fact:

Applicants

1. Quadvest is a Texas limited partnership registered with the Texas secretary of state under file number 0800539284;
2. Quadvest operates, maintains, and controls facilities for providing retail water service for compensation in Fort Bend, Harris, Liberty, Montgomery, Walker, and Waller counties under CCN number 11612.
3. Quadvest operates, maintain, or controls facilities for providing retail sewer service for compensation in Harris, Fort Bend, Montgomery, Liberty, and Waller counties under CCN number 20952.
4. Quadvest has several Texas Commission on Environmental Quality (TCEQ) approved public water systems (PWS). The PWS that will provide service to the requested area is the Indigo Trails water system under identification number 1013816.
5. Quadvest has several TCEQ approved wastewater treatment plants (WWTP). The WWTP that will provide service to the requested area is the Binford WWTP under the Texas Pollutant Discharge Elimination System Permit No. WQ0016100001

Application

6. On July 26, 2023, Quadvest filed the application at issue in this proceeding.
7. On July 28, 2023, August 16, 2023, October 16, 2023, December 7, 2023, December 14, 2023, February 16, 2024, and May 7, 2024, Quadvest filed supplemental material.
8. Quadvest's application seeks to amend Quadvest's water and sewer CCN numbers 11612 and 20952.
9. The requested area 1 includes 0 customer connections and approximately 207.1 acres.
10. The requested area 2 includes 0 customer connections and approximately 187.9 acres.
11. The application proposes the addition of a total of approximately 395 acres to both the water and sewer service areas.
12. The requested area 1 is located approximately 2.7 miles north of downtown Waller, Texas, and is generally bounded on the north by Castle Road; on the east by Fields Store Road; on the south by Knebel Road; and on the west by Farm to Market 362.
13. The requested area 2 is located approximately 2.3 miles north of downtown Waller, Texas, and is generally bounded on the north by Knebel Road; on the east by Stokes Road; on the south by Waller Springs Road; and on the west by Fields Store Road.
14. In Order No. 5 filed on November 17, 2023, the ALJ deemed the application, as supplemented, administratively complete.

Notice

15. On December 7, 2023, Quadvest filed its Publications, Notices and Affidavits, which included the affidavit of Mark L. Urback, VP of Construction and Engineering at Quadvest, attesting that notice was provided to all neighboring utilities and affected parties via first-class mail on November 20, 2023. Included in the filing was a publisher's affidavit attesting to publication of notice in the Houston Chronicle, a publication of general circulation in Harris County, on November 21, 2023 and November 29, 2023.
16. In Order No. 8, filed on January 31, 2024, the ALJ deemed the notice sufficient.

Evidentiary Record

17. On May 22, 2024, the Applicants and Commission Staff filed a joint motion to admit evidence.
18. In Order No. ___ filed on May __, 2024, the ALJ admitted the following evidence into the record:
 - a. The Application of Quadvest to Amend its Certificates of Convenience and Necessity in Harris County, filed on July 26, 2023 (Interchange Item No. 1);
 - b. Quadvest's Supplemental Filing, filed on July 26, 2023 (Interchange Item No. 2);
 - c. Quadvest's Confidential Filing, filed on July 28, 2023 (Interchange Item No. 4);
 - d. Quadvest's Supplemental Filing, filed on August 16, 2023 (Interchange Item No. 6);
 - e. Commission Staff's Recommendation on Administrative Completeness, Notice, and Proposed Procedural Schedule, filed on September 15, 2023 (Interchange Item No. 10);
 - f. Quadvest's Response to Order No. 4, filed on October 16, 2023 (Interchange Item No. 12);
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 - h. Quadvest's Publications, Notices and Affidavits, filed on December 7, 2023 (Interchange Item No. 15);
 - i. Quadvest's TCEQ Approval to Construct Water Plant, filed on December 14, 2023 (Interchange Item No. 16);
 - j. Commission Staff's Recommendation on Sufficiency of Notice, filed on January 29, 2024 (Interchange Item No. 21);
 - k. Commission Staff's Redacted First Request for Information to Quadvest No. Staff-1 Through Staff 1-4, filed on February 7, 2024 (Interchange Item No. 23);

- l. Commission Staff's Confidential First Request for Information to Quadvest No. Staff-1 Through Staff 1-4, filed on February 7, 2024 (Interchange Item No. 23);
- m. The Applicant's Response to Staff's Confidential First RFI, filed on February 16, 2024 (Interchange Item No. 27);
- n. Quadvest's Consent Form, filed on May 7, 2024 (Interchange Item No. 32);
- o. Commission Staff's Final Recommendation, filed on May 15, 2024 (Interchange Item No. 33); and
- p. Commission Staff's Confidential Attachment FB-1, filed on May 15, 2024 (Interchange Item No. 34).

Adequacy of Existing Service

19. There are no existing water and sewer customers in the requested areas.
20. Quadvest has several TCEQ approved public water systems and wastewater treatment plants registered with the TCEQ.

Need for Additional Service

21. There is a need for service as there are potential new customers in the requested area due to a residential development.

Effect of Granting the CCN Amendment

22. Granting the CCN amendments will obligate Quadvest to provide water and sewer service to future customers in the requested areas.
23. All retail public utilities in the proximate area were provided notice of the application and none filed a protest or motion to intervene.
24. There will be no effect on any other retail public utility providing service in the proximate areas.

Ability to Serve: Managerial and Technical

25. Quadvest has been under enforcement actions by TCEQ in the past five years for noncompliance with rules, orders, or state statutes related to other water and sewer systems.

Quadvest has either resolved the violations underlying the enforcement actions or is taking steps to return to compliance.

26. The Commission's complaint records, which date back five years, show 96 complaints against Quadvest. All informal complaints against Quadvest have been reviewed and closed by the Commission's Customer Protection Division.
27. Quadvest employs TCEQ-licensed operators who will be responsible for operating and maintaining the PWS and WWTP.
28. Quadvest has the managerial and technical capability to provide continuous and adequate water and sewer services to the requested area.

Feasibility of Obtaining Service from Adjacent Utilities

29. Quadvest received a request for service for the requested areas from a developer.
30. Quadvest will expand its existing facilities and construct some new facilities to ensure sufficient capacity to serve any future customers. TCEQ has approved plans for Quadvest to build facilities in the requested areas to serve future customers.
31. It is not feasible to obtain service from another retail public utility.

Regionalization or Consolidation

32. Quadvest will serve the requested area with a combination of existing and new water and sewer facilities.
33. TCEQ has approved plans for Quadvest to build facilities in the requested areas to serve future customers and will have sufficient capacity to serve the area.
34. Quadvest is a retail public utility within a half mile of the outer boundary of the requested areas that is capable of providing water and sewer service to the requested area.
35. Quadvest demonstrated that regionalization or consolidation with an adjacent retail public utility is not economically feasible.

Ability to Serve: Financial Ability and Stability

36. Quadvest has a debt service coverage ratio of greater than 1.25, satisfying the leverage test specified in 16 TAC § 24.11(e)(2)(B).

37. Quadvest projects no operations and maintenance shortages during the first five years after the approval of the CCN amendments, satisfying the operations test specified in 16 TAC § 24.11(e)(3).
38. In the application, Quadvest is proposing to service new CCN areas and a subdivision which will require capital improvements in excess of \$100,000.
39. Quadvest has obtained a developer agreement, a line of credit, and maintains sufficient cash and cash equivalent funds per their audited financial statements to pay for the required system improvements, and therefore provided a firm capital commitment satisfying 16 TAC § 24.11(e)(5)(B).
40. Quadvest has demonstrated the financial capability and stability to provide continuous and adequate water service to the requested areas.

Financial Assurance

41. There is no need to require Quadvest to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

42. There will be temporary effects on environmental integrity and on the land as construction of the new and expanded facilities occurs.
43. The effects on environmental integrity and on the land will not be adverse to such a degree that the CCN amendments should not be granted.

Improvement of Service or Lowering Cost to Consumers

44. Water and sewer service to the requested areas will improve because Quadvest will be obligated to provide continuous and adequate service to customers in the requested areas.
45. There will be no change to the cost to existing consumers in the requested areas as a result of granting the CCN amendments because they will continue to receive service from Quadvest. New consumers will pay the rates and charges in Quadvest's Commission approved tariff.

Maps, Certificates, and Tariffs

46. On May 1, 2024, Commission Staff emailed to Quadvest the proposed final maps, certificates, and tariffs.
47. On May 7, 2024, Quadvest filed its consent to the proposed final map and certificate.
48. The parties submitted the proposed final maps, certificates, and tariff pages as attachments to the joint motion to admit evidence and proposed notice of approval filed on May 22, 2024.

Informal Disposition

49. More than 15 days have passed since the completion of the notice provided in this docket.
50. No person filed a protest.
51. Quadvest and Commission Staff are the only parties to this proceeding.
52. No party requested a hearing and no hearing is needed.
53. Commission Staff recommended approval of the application.
54. The decision to approve is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. Commission has authority over this proceeding under Texas Water Code (TWC) §§ 13.041, 13.241, 13.242, 13.244, 13.246, and 13.254
2. Quadvest is a retail public utility as defined by TWC § 13.002(19) and 16 TAC § 24.3(31).
3. Quadvest's application meets the requirements of TWC §§ 13.244 and 13.254 and 16 TAC §§ 24.227 and 24.233.
4. Quadvest provided notice of the application that complies with TWC § 13.246 and 16 TAC § 24.235.
5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC, and Commission rules.

6. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,¹ the TWC, and Commission rules.
7. After consideration of the factors in TWC §§ 13.241(c) and 13.246(c) and 16 TAC § 24.227(a) and (e), Quadvest demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested areas, as required by TWC § 13.241 and 16 TAC § 24.227.
8. Quadvest provided a firm capital commitment, as required under 16 TAC § 24.11(e)(5)(B).
9. Quadvest demonstrated that regionalization or consolidation is not economically feasible, as required by TWC § 13.241(d) and 16 TAC § 24.227(b).
10. It is not necessary for Quadvest to provide a bond or other financial assurance under TWC § 13.246(d) and 16 TAC § 24.227(d).
11. Quadvest has demonstrated that the amendment of CCN numbers 11612 and 20952 is necessary for the service, accommodation, convenience, or safety of the public as required by TWC § 13.246(b) and 16 TAC § 24.227(d).
12. Under TWC § 13.257(r) and (s), Quadvest must record a certified copy of the approved maps and certificates, along with a boundary description of the service areas, in the real property records of Montgomery County within 31 days of this Notice of Approval and must submit evidence of the recording to the Commission.
13. The requirements for informal disposition in 16 TAC § 22.3.5 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with the preceding findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission amends Quadvest's CCN numbers 11612 and 20952 to add the requested areas as described in this Notice of Approval and shown on the attached maps.
2. The Commission approves the maps and tariffs attached to this Notice of Approval.
3. The Commission issues the certificates attached to this Notice of Approval.
4. Quadvest must provide water service to every customer and applicant for service within the approved area under CCN number 11612 who requests water service and meets the terms of Quadvest's water service policies, and such service must be continuous and adequate.

5. Quadvest must provide sewer service to every customer and applicant for service within the approved area under CCN number 20952 who requests sewer service and meets the terms of Quadvest's sewer service policies, and such service must be continuous and adequate.
6. Quadvest must comply with the recording requirements in TWC § 13.257(r) and (s) for the areas in Montgomery County affected by this application and must file in this docket proof of the recording no later than 45 days after the date of this Notice of Approval.
7. Within ten days of the date this Notice of Approval is filed, Commission Staff must provide the Commission with clean copies of Quadvest's most current comprehensive tariffs, including tariff pages approved by this Notice of Approval, to be stamped Approved and retained by Central Records.
8. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of May __, 2024.

**REBECCA BROMLEY-WILLIAMS
ADMINISTRATIVE LAW JUDGE**