



## Filing Receipt

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**DOCKET NO. 52370**

**APPLICATION OF EAST HOUSTON UTILITIES INC. FOR AUTHORITY TO CHANGE RATES**      §  
   §  
   §      **PUBLIC UTILITY COMMISSION OF TEXAS**

**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

On July 29, 2021, East Houston Utilities Inc. (East Houston) filed an application for authority to change rates under Texas Water Code §§ 13.1871 and 13.1872(c)(2) for its certificate of convenience and necessity (CCN) number 12042.

On September 15, 2021, the administrative law judge (ALJ) filed Order No. 2 and set a deadline of October 5, 2021 for East Houston to file documentation supplementing its application, and November 4, 2021 for Staff to file a supplemental recommendation regarding administrative completeness and propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

**I. ADMINISTRATIVE COMPLETENESS**

Staff has reviewed the application as supplemented by East Houston Utilities, Inc. As detailed in the attached memorandum Leila Guerrero, Rate Regulation Division, Staff recommends that the ALJ find the application to be administratively complete.

**II. PROCEDURAL SCHEDULE**

In accordance with Staff's sufficiency recommendation, Staff proposes the following procedural schedule:

<b>Event</b>	<b>Date</b>
Deadline for East Houston to file with the Commission signed affidavits that the notice was given along with a copy of the notice sent to the affected parties and published in a newspaper of general circulation	<i>December 20, 2021</i>
Deadline for Staff to file a recommendation on sufficiency of notice	<i>December 30, 2021</i>
Deadline to intervene	<i>30 days after notice is issued</i>

### **III. CONCLUSION**

For the reasons detailed above, Staff recommends that the application be found administratively complete and that the procedural schedule proposed above be adopted for further processing of this matter.

Dated: November 4, 2021

Respectfully submitted,

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

Rachelle Nicolette Robles  
Division Director

/s/ Kevin R. Bartz

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**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 November 4, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz  
Kevin R. Bartz

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Kevin Bartz, Attorney  
Legal Division

**FROM:** Leila Guerrero, Regulatory Accountant  
Rate Regulation Division

**DATE:** November 4, 2021

**SUBJECT:** **Docket No. 52370** - *Application of East Houston Utilities, Inc. for Authority to Change Rates*

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On July 29, 2021, East Houston Utilities, Inc. (East Houston), a Class D water utility with 23 active connections, filed a Class C Rate Change Application for water utility service provided under Certificate of Convenience and Necessity (CCN) No. 12042 in Harris County, Texas. I have conducted an administrative review of the application and notice according to Texas Water Code (TWC) § 13.1871, § 13.1872(c)(2), and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33.

Based on a review of the initial application and supplemental information filed on September 21, 2021, September 24, 2021, and October 13, 2021, I determined that the application is insufficient. To be sufficient and administratively complete, I recommend that the Applicant provide the following:

1. **Corrected Notice of Proposed Rate Change to be Provided to All Ratepayers**

The notice of proposed rate change contains the following errors and needs to be corrected. East Houston needs to review its current approved tariff to make sure it correctly completed the proposed notice to customers:

- a. The calculation for the billing comparisons of the **current rates** for 5,000 and 10,000 gallons of water for the 5/8" meters and 3/4" meters are incorrect. The current monthly minimum charge for both meter sizes includes only 3,000 gallons, not 5,000 gallons;
- b. The current Tap Fee charge is \$310.00 not \$250.00;
- c. The current Late Fee charge is 5% not \$5.00;
- d. The current Returned Check Charge is \$15.00 not \$50.00. The proposed increase of \$15.00 to \$50.00 for the Returned Check Charge is not correct. Based on *Section 3.506 of the Texas Business and Commerce Code*, the maximum Returned Check Fee is \$30. Therefore, the current return check charge of \$15.00 cannot be increased to \$50.00;
- e. The current Customer Deposit Residential is zero (\$0.00) not \$50.00;
- f. The current Reconnection Fee-Customer's request is \$25.00 not zero (\$0.00); and

- g. The 10% of affected ratepayers should be indicated on the notice and should be rounded-off to the next whole number.
- 2. Customer complaint policy. I note that East Houston provided the list of complaint records, but the “*customer complaint policy*” is missing.
- 3. East Houston’s missing responses to Items Nos. 1(c) and (d), and Item No. 3 of Commission Staff’s Recommendation on Administrative Completeness dated September 13, 2021. With respect to Item No. 3, related to affiliate transactions, please be advised of the following statutory requirements.

**Affiliates and Affiliated transactions:** In order to be considered for inclusion in the cost of service as a reasonable and necessary cost in accordance with TWC § 13.185(e), payment to affiliated interests for costs of any services, or any property, right or thing, or for interest expense must be supported by documentation showing that the price to the utility is no higher than prices charged by the supplying affiliate to its other affiliates or divisions for the same item or items, or to unaffiliated persons or corporations. If the applicant is affiliated with another entity, provide the most recent annual income statement, statement of cash flow, and balance sheet for the affiliated entity(ies).

- 4. A copy of the revised notice of the proposed rate change to all affected customers at least 35 days before the effective date of the rate change. The effective date of the new rates must be the first day of a billing period, and the new rates may not apply to service received before the effective date of the new rates;
- 5. Completion of the space for “Date Current Rate Change Notice Delivered;” and
- 6. A completed affidavit that a copy of the proposed notice was provided to all affected customers should be uploaded to the docket.

I recommend that the Commission require East Houston to provide all of the missing attachments and incomplete or incorrect schedules mentioned above for review. In addition, I recommend the suspension of the effective date for all proposed rates as allowed by TWC § 13.1871(e) and 16 TAC § 24.33(b)(1).

Further, I recommend that East Houston provide a proposed notice to the Commission for Staff’s review before it is distributed to all affected customers.

cc:

Anna Givens, Director Financial Review  
Rachelle Robles, Managing Attorney