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Response to PUC Staff Pleading on 9/19/2023:

We appreciate the Mrs. Wagleys' request to continue the hearing that began on June 12th, 2023 that ended up being abated so that the PUC can once again review costs that were submitted two years before. The annual cost of service for this system has only risen and we are only asking for the 2020 test year. Therefore, we believe that two years is sufficient for the PUC staff to review the application and clarification requests. Since the interim rates do not include all of the expenses associated with this CCN, we would hope that we might have the continued hearing the week of October 9th, 2023, as we are still operating at a deficit.

I'd like to reemphasize that as a public utility, we are bound and limited by the rules set forth by TCEQ. These rules insist that every expense included in the schedules and in our P&L statements are to be done; by regulation. These expenses are not negotiable. For instance, we have no power to cancel a lab test or to not have an office. We cannot decide whether to skip an operator's weekly visit or refuse to fix a broken main. These things are required and not negotiable and there is nothing that EHU does to this system that is above what is mandated, that we might be able to remove, to accept a lower tariff. Therefore, the idea that we might be able to negotiate a lower tariff would only mean the continued subsidizing of these expenses by either the affiliate CCN's or private lenders.

This is not to say that I could not safely operate a system at a lower cost, this is only to say that I could not do so and still stay in good standing by the regulations set forth by TCEQ. This means that there is, unfortunately, no room to "negotiate" as the PUC staff suggested in the last document filed, no matter how much we wish this wasn't true.

We pray that there is an understanding that even though EHU is considered a privately owned public water and wastewater utility, we have the same regulations as any other publicly owned utility. Therefore, our annual cost of serivce is the same. The inability to impose property tax only allows us to recover these expenses through our tariff, but this does not mean that we don't have those expenses. We would also like to point out that EHU itself has never operated with a profit. If there were any surplus cash at the end of the year it would always go to either repayment of a previous loan or improvements in preventative maintenance.

We appreciate your understanding.

Stephen Krebs, EHU