



Filing Receipt

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Whitewing Testimony/Rate Recommendation: Docket #52370

My name is Stacy Evans, I have a Bachelor of Science degree in accounting. I graduated from the University of Houston-Clear Lake in May of 2001 and have been practicing accounting in multiple roles for 23 years.

On behalf of the Whitewing Subdivision, I have been reviewing the profit and loss statements that were provided by East Houston Utilities (EHU) for the year ending 2022. The original rate increase was based on YE 2020 expenses, yet YE 2022 P&Ls were submitted. During our hearing with SOAH, Mrs. Wagley made it very clear what the expectations should be and allowed 3 additional months for EHU to come into compliance with financial documentation to support an increased rate.

After reviewing these profit and loss statements it is clear that the instructions were not followed and also the expenses for Whitewing, CCN #12042 appear to be overstated.

The monthly charges are not consistent, and it appears that EHU does not accrue monthly charges that should be standard. There is a month of rent missing in the July 2022 P&L and there are questions surrounding the rent itself. The location of EHU also houses Krebs Development, Inc, Hannah Krebs Realtor and several rental cottages on the property *(see photo below). Vehicle expenses seem too high, there is a vehicle dedicated to a person that comes out to read the meters once a month. If EHU is using personal vehicles to visit the Whitewing subdivision then accounting rules deem that they should be charging a mileage reimbursement, and not a payment. With the inconsistent amount it is difficult to tell what is actually being charged to Whitewing.

Wages seem to also be disproportionate to Whitewing along with the Legal and Professional fees. I would question what was done for Whitewing for \$2,785 in the year ending 2022. I would also question what Advertising was done for Whitewing for \$628 and Training/Seminars for \$100 for YE 2022. There is a concern with the chemicals and Job supplies expenses, there is a claim of \$10,510 for these items for the year of 2022 without any breakdown or explanation of these items.

Outside of these findings I have also helped other neighbors try to figure out billing issues. For instance, there is one neighbor that was recently charged for 122,000-gal usage in one month. After she made an appointment and was able to finally speak to Mrs. Krebs, she was still unclear what happened. She brought her paperwork to me and I analyzed it for her. It turns out that this customer installed a fence around Sept/Oct of 2022. The meter was inside of the fence line, so EHU was not able to access the meter to read it. The usage went from 21,000 gallons/month to 5,000 gallons/month and Mrs. Krebs told this customer that EHU estimated it because that was the included gallon usage on our old rate. Her bill was estimated for a total of 11 months which is a direct violation of Texas Administrative Code Title 16 Part 2 Chapter 24 Subchapter F Rule 24.165 (5) (i) that states: **Estimated bills. When there is good reason for doing so, a water or sewer utility may issue estimated bills, provided that an actual meter reading is taken every two months and appropriate adjustments made to the bill.** And in (5)(h) it states that: **If the underbilling is \$25 or more, the utility shall offer to such a customer a deferred payment plan option for the same length of time as that of the underbilling.** This customer did not receive such an offer and was scared their water would be disconnected so they paid the additional \$244

on their bill. They are also afraid of retaliation and have decided not to file a complaint against East Houston Utilities. This would also have caused an understated revenue due to the estimated billing.

While researching other possible companies that service our area that are not MUD districts and DO NOT collect tax dollars, we found Aquatech Utilities. They have an online website with helpful information, a formal application with all of the rules and rates completely transparent. With this utility company we would pay \$38.50/Month base and \$2.96 per 1,000 gallons. For instance, a household using 10,000/gallons would pay \$68.10/month for water with Aqua tech ($38.50 + (10 \times 2.96) = 68.10$) vs. \$68.48/month with EHU ($55.95 + (7 \times 1.79) = 68.48$). This shows that the calculated rate provided by the PUC is within reason for our area. (Note: This form is dated Jan 2017 but Aquatech has confirmed that these are the current rates used to date)

AquaTech Utilities, LLC

Group / Cycle 1

Last Updated: January 16, 2017

Page 2 of 3

SCHEDULE OF FEES

Monthly Rates & Fees		Additional Fees	
Minimum Monthly Rate	\$38.50	Application Fee	\$50.00
Usage Rate	\$2.96 per 1,000 gallons	Deposit	\$50.00
Regulatory Assessment Fee	1% of total amount due	Reconnect Fee (Non-Payment/Disconnection)	\$25.00
		Reconnect Fee (Customer Request)	\$50.00
		Late Fee	\$5.00 or 10%
If you have questions about our rates and fees, please visit the Common Questions page on our website to learn more:		Returned Check Fee	\$25.00
		Customer Service Inspection Commercial	\$150.00
		Customer Service Inspection Residential	\$75.00
		Cut Lock Fee	\$50.00
		New Tap Fee	\$600.00
www.AquaTechUtilities.com/faqs			

Overall, after reviewing these financials I find that they DO NOT meet the requirements that the Public Utility Commission and Mrs. Wagley expressly asked for in our July Hearing. These do not seem to reflect the expenses associated with Whitewing operation and we as a neighborhood would like to recommend one of the following rates:

- 1) We return to the \$23/month with 5,000 gallons and \$2/1,000 gallons over until EHU can prove and comply with the rules of the Public Utility Commission of Texas.
- 2) We stay at the current rate of \$55.95/month with 3,000 gallons and \$1.79/1,000 gallons with the ruling that EHU not ask for an increase for an additional 2 years.
- 3) We stay at the current rate of \$55.95/month with 3,000 gallons and \$1.79/1,000 gallons with the ruling that EHU surrender the well to another company whose rates are reasonable and comparable to what our surrounding area is paying for water.

Our last and finally recommendation/resort is that the neighborhood will start installing private wells and remove themselves from this system entirely.

Thank you for this consideration,

Stacy Evans, B.S. Accounting, UCHL

*EHU Office Photo

