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**SOAH DOCKET NO. 473-22-07686.WS
PUC DOCKET NO. 52370**

APPLICATION OF EAST HOUSTON	§	BEFORE THE STATE OFFICE
UTILITIES, INC. FOR AUTHORITY TO	§	
CHANGE RATES	§	OF
	§	
	§	ADMINISTRATIVE HEARINGS

UNANIMOUS STIPULATION AND SETTLEMENT AGREEMENT

This Unanimous Stipulation and Settlement Agreement (“Stipulation”) is entered into by the parties in this case, East Houston Utilities, Inc. (“EHU”), the Staff (“Staff”) of the Public Utility Commission of Texas (“Commission”), Lauren Hood, Wesley Francis, Barry Evans, and J.D. and Mona Keller (the “Parties”)¹ through their duly authorized representatives (singularly “Signatory,” and collectively, “Signatories”).

I. BACKGROUND

On July 29, 2021, EHU filed its application to change rates for water utility service (“Application”). On May 3, 2022, in Order No. 8, the Commission ALJ found the Application administratively complete.² On May 31, 2022, in Order No. 9, the Commission ALJ granted Intervenor party status to Gary Lechner, Lauren Hood, and Wesley Francis.³ On August 3, 2022, the Commission referred the Application to the State Office of Administrative Hearings (“SOAH”).⁴

On August 17, 2022, the SOAH administrative law judge (“ALJ”) issued SOAH Order No. 1, finding that the Commission ALJ had previously found the Application, as supplemented,

¹ Gary Lechner also filed an intervention in this matter, which was granted in Order No. 9 Granting Interventions (May 31, 2022). However, Mr. Lechner subsequently moved and is no longer a customer of EHU.

² Order No. 8, Finding Application Administratively Compete Sufficient, Requiring Revised Notice, Suspending Effective Date, and Establishing Procedural Schedule (May 3, 2022).

³ Order No. 9, Granting Interventions (May 31, 2022).

⁴ Order of Referral (Aug. 3, 2022).

administratively complete.⁵ Further, the SOAH ALJ found the Commission ALJ had suspended EHU's proposed effective date for 265 days from the proposed effective date (June 1, 2022), making the effective date February 21, 2023.⁶ The SOAH ALJ also found that the Commission and SOAH had jurisdiction over the Application.⁷

On September 13, 2022, the SOAH ALJ convened a prehearing conference and admitted the following additional Parties as Intervenor: Barry Evans, J.D. Keller, and Mona Keller.⁸ The SOAH ALJ also found notice of the Application was sufficient.⁹ Finally, after establishing a procedural schedule, the SOAH ALJ granted the Parties' request to refer the case for mediation.¹⁰ EHU and Staff filed direct testimonies.¹¹ Later, on December 5, 2022, Staff filed a motion to abate the procedural schedule pending the outcome of mediation and the SOAH ALJ granted that motion.¹² Mediation was unsuccessful.¹³

Subsequently, another prehearing conference was held on May 5, 2023, and the case was scheduled for a hearing on the merits on May 30, 2023.¹⁴ Staff requested a continuance for cause for several reasons, including a change of counsel.¹⁵ The presiding SOAH ALJ granted that motion and rescheduled the hearing on the merits for June 12, 2023.¹⁶ On June 9, 2023, Staff filed additional direct testimony.¹⁷ On June 15, 2023, EHU filed a motion for interim

⁵ SOAH Order No. 1 at 2 (Aug. 17, 2022) (citing Order No. 8 (May 3, 2022)).

⁶ *Id.*

⁷ *Id.*

⁸ SOAH Order No. 2 at 1-2 (Sept. 28, 2022).

⁹ *Id.*

¹⁰ *Id.* at 5-6.

¹¹ EHU's Direct Testimony (Oct. 24, 2022) and Direct Testimony of Frederick Quijano (Nov. 18, 2022).

¹² Motion to Abate Procedural Schedule for Mediation (Dec. 5, 2022); SOAH Order No. 3 Abating Procedural Schedule (Dec. 9, 2022).

¹³ Mediation Report (Feb. 13, 2023).

¹⁴ SOAH Order No. 5, Setting Hearing on the Merits (May 24, 2023).

¹⁵ Commission Staff's Motion for Continuance of Hearing on the Merits (May 30, 2023).

¹⁶ SOAH Order No. 6, Scheduling Hearing on the Merits (Jun. 9, 2023).

¹⁷ Direct Testimony of Frederick Quijano (Jun. 9, 2023).

rates.¹⁸ The Parties then conferred and, on June 16, 2023, Staff filed an unopposed motion to set interim rates and a motion for abatement.¹⁹ On June 19, 2023, the presiding SOAH ALJ issued an order granting that motion and those interim rates have been in place since they took effect with the first billing cycle following the date of that order.²⁰ The presiding SOAH ALJ also granted Staff's request to abate the proceeding.²¹ On August 29, 2023, Staff filed a memorandum with a clean copy of a water tariff reflecting the agreed interim rates.²²

The Parties proceeded to file additional testimonies, correspondence, and statements of position leading to a prehearing conference held on January 9, 2024 following which a new procedural schedule was adopted including a March 6, 2024 hearing on the merits date.²³ Staff filed supplemental direct testimony.²⁴ EHU responded.²⁵ On February 27, 2024, EHU's newly retained counsel filed a Notice of Appearance and Motion to Abate.²⁶ On February 29, 2024, the SOAH ALJ granted that motion to abate. On April 5, 2024, EHU filed a status report requesting that the abatement continue.²⁷ That same date, the SOAH ALJ issued an order continuing that abatement until May 6, 2024.²⁸

Since that date, all Parties except Intervenor Gary Lechner, who has since moved out of the Whitewing Subdivision water system (PWS ID # 1460061) neighborhood and is no longer a EHU ratepayer, have conferred and reached an agreement in principle on final rates to be approved for EHU in this docket. The Signatories, on behalf of all Parties, believe that a

¹⁸ EHU's Motion for Interim Rates (Jun. 15, 2023).

¹⁹ Commission Staff's Unopposed Motion to Set Interim Rates and Motion for Abatement (Jun. 16, 2023).

²⁰ SOAH Order No. 7, Adopting Interim Rates and Granting Motion to Abate (Jun. 19, 2023).

²¹ *Id.*

²² Memorandum from Marisa Lopez Wagley, Director, Legal Division to Central Records (Aug. 29, 2023) (including "a clean copy of the water tariff for Certificate of Convenience and Necessity (CCN) number 12042").

²³ SOAH Order No. 9, Adopting Procedural Schedule and Setting Hearing on the Merits (Jan. 29, 2024).

²⁴ Supplemental District Testimony of Frederick Quijano (Feb. 12, 2024).

²⁵ EHU's Response to Quijano's Direct Testimony (Feb. 13, 2024).

²⁶ Notice of Appearance and Motion to Abate (Feb. 27, 2024).

²⁷ East Houston Utilities, Inc.'s Status Report (Apr. 5, 2024).

²⁸ SOAH Order No. 11, Extending Abatement, Requiring Status Report (Apr. 5, 2024).

resolution of this docket pursuant to the terms stated below is just, reasonable and in the public interest. Settlement will also conserve judicial resources, the Signatories' resources, and mitigate controversy. The Signatories jointly request Commission approval of this Stipulation and the entry of an order, findings of fact, and conclusions of law consistent with the Stipulation. By this Stipulation, the Signatories resolve all issues related to the Application, and stipulate and agree as follows.

II. STIPULATION AND AGREEMENT

1. **Rates.** The Signatories agree that the EHU rates for water utility service to customers served by EHU's Whitewing Subdivision water system (PWS ID # 1460061) shall be as shown in the Tariff and Rate Schedules attached hereto as **Exhibit A** (water rates).
2. **Rate Case Expense.** The Signatories agree that each Party shall bear its own costs for all costs incurred to litigate this docket. Further, EHU shall not seek rate case expenses incurred in connection with this Docket No. 52370 either as part of the final approval in this docket or in a future rate application docket. However, EHU may seek recovery of rate case expenses incurred in any other Commission application docket at its sole discretion.
3. **Affiliate Services Agreement.** EHU agrees that in its next comprehensive rate case it will produce its affiliate services agreements, if any, and an organization chart showing the relationship of EHU to its affiliates, if any. For purposes of this Stipulation, "Affiliate" shall have the same meaning as the definition in Texas Water Code § 13.002(2).

III. IMPLEMENTATION OF AGREEMENT

1. **Obligation to Support this Stipulation.** The Signatories will support this Stipulation before the Commission and will take reasonable steps to support expeditious entry of orders fully consistent with this Stipulation. This provision shall not preclude any Signatory from taking action that is mandatory and nondiscretionary pursuant to any law enacted after the date this Stipulation is filed at the Commission.
2. **Effect of Stipulation.**
 - a. The Stipulation does not deliberately adopt any particular methodology underlying the rates or rate design reflected in the Stipulation.
 - b. The failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest that issue in any other current or future proceeding. The failure to litigate an issue cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in any other proceeding.
 - c. The terms of this Stipulation may not be used either as an admission or concession of any sort except to enforce the terms of this Stipulation. Oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by TEX. R. EVID. 408.
 - d. The Signatories arrived at this Stipulation through extensive negotiation and compromise. The settlement discussions were open, transparent, and inclusive of all Signatories. This Stipulation reflects a compromise, settlement and

accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. The Signatories agree that this Stipulation is in the public interest. All actions by the Signatories contemplated or required by this Stipulation are conditioned upon entry by the Commission of a final order fully consistent with this Stipulation. The Signatories agree to present a final order to the Commission to implement the Stipulation. If the Commission does not accept this Stipulation as presented or enters an order inconsistent with any term of this Stipulation, any Signatory shall be released from all commitments and obligations and shall have the right to seek hearing on all or some issues, present evidence, and advance any positions it desires, as if it had not been a Signatory according to a mutually agreed revised procedural schedule.

- e. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein and for no other purposes. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in this proceeding or other proceedings. To the extent that there is a difference, a Signatory does not waive its position in any other proceedings. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other proceedings, whether those proceedings present the same or a different set of circumstances, except as otherwise stated in this Stipulation.
- f. There are no third-party beneficiaries of this Stipulation. Although this Stipulation represents a settlement among the Signatories with respect to the

issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues.

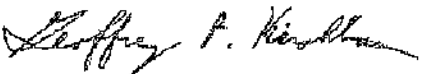
- g. This Stipulation supersedes any prior written or oral agreement in this docket regarding the subject matter of this Stipulation.
- h. The final resolution of this docket does not impose any conditions, obligations or limitations on EHU's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code except as expressly provided in this Stipulation.
- i. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

- 3. **Execution.** The Signatories agree that this Stipulation may be executed in multiple counterparts and filed with facsimile or computer image signatures. Each person whose signature appears below is fully authorized and empowered to execute this Unanimous Stipulation and Settlement Agreement. Each Signatory has been represented by or had the opportunity to be represented by competent legal counsel, understands all of the terms of this Stipulation, and has had an opportunity to participate in the drafting of this Stipulation and fully review this Stipulation before signing.

Executed as shown below:

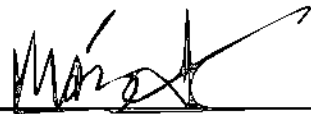
Dated this 7th day of May, 2024.

EAST HOUSTON UTILITIES, INC.

By: 
Geoffrey P. Kirshbaum
TERRILL & WALDROP
Attorney for East Houston Utilities, Inc.

Date: May 7, 2024

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: 
Marisa Lopez Wagley
Attorney for Staff of the Public Utility Commission of Texas

Date: 5/6/2024

By: _____
Lauren Hood

Date: _____

By: _____
Wesley Francis

Date: _____

By: _____
Barry Evans

Date: _____

By: _____
J.D. Keller

Date: _____

By: _____
Mona Keller

Date: _____



Executed as shown below:

Dated this _____ day of _____, 2024.

EAST HOUSTON UTILITIES, INC.

By: _____ Date: _____
Geoffrey P. Kirshbaum
TERRILL & WALDROP
Attorney for East Houston Utilities, Inc.

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: _____ Date: _____
Marisa Lopez Wagley
Attorney for Staff of the Public Utility Commission of Texas

By: Lauren Hood Date: 4/30/2024
Lauren Hood

By: _____ Date: _____
Wesley Francis

By: _____ Date: _____
Barry Evans

By: _____ Date: _____
J.D. Keller

By: _____ Date: _____
Mona Keller

Executed as shown below:

Dated this _____ day of _____, 2024.

EAST HOUSTON UTILITIES, INC.

By: _____
Geoffrey P. Kirshbaum
TERRILL & WALDROP
Attorney for East Houston Utilities, Inc.

Date: _____

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: _____
Marisa Lopez Wagley
Attorney for Staff of the Public Utility Commission of Texas

Date: _____

By: _____
Lauren Hood

Date: _____

By: _____
Wesley Francis

Date: 5-2-2024

By: _____
Barry Evans

Date: _____

By: _____
J.D. Keller

Date: _____

By: _____
Mona Keller

Date: _____

h. The final resolution of this docket does not impose any conditions, obligations or limitations on EHU's right to file a future rate application and obtain rate relief in accordance with the Texas Water Code except as expressly provided in this Stipulation.

i. Except to the extent that the Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this docket, and Signatories retain their rights to pursue relief to which they may be entitled in other proceedings.

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☐ Executed as shown below:

Dated this ____ day of ____, 2024.

EAST HOUSTON UTILITIES, INC.

By: _____ Date: _____

Geoffrey P. Kirshbaum
TERRILL & WALDROP
Attorney for East Houston Utilities, Inc.

STAFF OF THE PUBLIC UTILITY COMMISSION OF TEXAS

By: _____ Date: _____

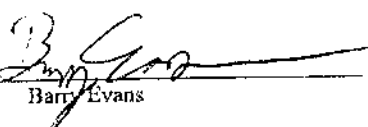
Marisa Lopez Wagley
Attorney for Staff of the Public Utility Commission of Texas

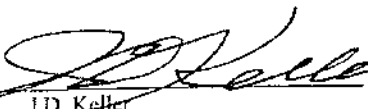
By: _____ Date: _____

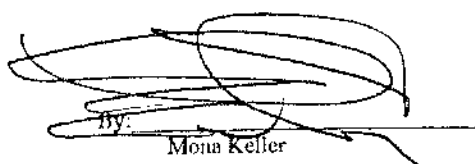
Lauren Hood

By: _____ Date: _____

Wesley Francis

By:  Date: 4-24-24
Barry Evans

By:  Date: 4/24/24
J.D. Keller

By:  Date: 4/24/24
Mona Keller

Unanimous Stipulation and Settlement Agreement



EXHIBIT

A

WATER UTILITY TARIFF
Docket Number 52370

East Houston Utilities, Inc. dba Krebs Utilities
(Utility Name)

11015 Sheldon Rd, Ste 102
(Business Address)

Houston, TX 77044
(City, State, Zip Code)

281/456-0883
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

12042

This tariff is effective in the following county(ies):

Liberty

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions or systems:

Whitewing Subdivision: PWS ID #1460061

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	4

APPENDIX A -- DROUGHT CONTINGENCY PLAN

APPENDIX B -- APPLICATION FOR SERVICE

NOTE: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality (TCEQ); however, the DCP is included as part of your approved tariff pursuant to PUCT rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u> (includes <u>3,000</u> gallons all meters)	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$55.95</u>	<u>\$1.79</u> per 1,000 gallons over 3,000

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card , Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT..... 1.0%
PUCT RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND TO REMIT FEE TO THE TCEQ.

Section 1.02 – Miscellaneous Fees

TAP FEE \$310.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION OF 5/8" METER PLUS UNIQUE COSTS AS PERMITTED BY PUCT RULE AT COST.

RECONNECTION FEE
THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:
a) Non-payment of bill (Maximum \$25.00) \$25.00
b) Customer's request \$25.00
or other reasons listed under Section 2.0 of this tariff

LATE CHARGE (EITHER \$2.00 OR 5%) 5%
A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$15.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$0.00

METER TEST FEE (actual cost of testing the meter up to) \$25.00
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY.

SECTION 2.0 - SERVICE RULES AND REGULATIONS

The utility will have the most current Public Utility Commission of Texas (PUCT or commission) rules relating to Water and Wastewater Utility regulations, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.1 - Application for Service

All applications for service will be made on the utility's standard application or contract form and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service at each separate location.

Section 2.2 – Water Installation

After the applicant has met all requirements, conditions, and regulations herein set forth, the utility will then install a tap, meter, and cut-off valves and take all necessary actions to initiate service.

Section 2.3 – Billing

Water utility bills shall be rendered monthly unless otherwise authorized by the Commission, or unless service is terminated before the end of a billing cycle. Service initiated less than one week before the next billing cycle may be billed with the following month's bill. Bills should be rendered as promptly as possible following the reading of meters.

Bills are considered late if not received at the Utility's postal address within 16 days of the billing date. Service can be disconnected for nonpayment of a bill only after a 10 day written notice.

SECTION 3.0--EXTENSION POLICY

Section 3.1 - Standard Extension Requirements

Contributions in aid of construction shall not be required of individual residential customers for production, storage, treatment, or transmission facilities.

The utility will bear the cost of the first 200 feet of water main necessary to extend service to an individual residential customer. The utility shall bear the full cost of any oversizing of water mains to serve other residential customers in the area.

Section 3.2 – Specific Utility Extension Policy

- (1) Residential customers may be required to pay for additional main beyond the first 200 feet;
- (2) Residential customers who place unique or non-standard service demands on the system may be charged the actual costs of any additional transmission or storage required over and above the standard requirements;
- (3) Developers may be required to provide contributions in aid of construction in amounts to furnish the system with facilities compliant with Texas Commission on Environmental Quality (TCEQ) minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water.
- (4) Commercial customers may be required to pay the cost of the entire length of water main necessary to extend service to their point of use;
- (5) Commercial customers who place unique or non-standard service demands on the system may be charged the actual costs of any additional transmission or storage required over and above the standard requirements;
- (6) All extensions shall be negotiated with the utility on an individual basis, subject to the above extension policy rules, and taking into consideration additional demands on the system for water production, transmission, and storage.

APPENDIX A - DROUGHT CONTINGENCY PLAN

(This page incorporates by reference the utility's Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.)

APPENDIX B -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)