



## **Filing Receipt**

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

<b>APPLICATION OF EAST HOUSTON</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>UTILITIES, INC. FOR AUTHORITY TO</b>	<b>§</b>	
<b>CHANGE RATES</b>	<b>§</b>	<b>OF TEXAS</b>

**COMMISSION STAFF’S MEMORANDUM IN SUPPORT OF UNANIMOUS  
STIPULATION AND SETTLEMENT AGREEMENT**

On July 29, 2021, East Houston Utilities Inc. (EHU) filed an application for authority to change water rates under Texas Water Code §§ 13.1871 and 13.1872(c). EHU holds certificate of convenience and necessity number 12042. On May 20, 2024, EHU, the Staff (Staff) of the Public Utility Commission of Texas, Lauren Hood, Wesley Francis, Barry Evans, and J.D. and Mona Keller (collectively, Signatories) filed a Unanimous Stipulation and Settlement Agreement (Agreement) which resolves all contested issues in this proceeding. Staff now files the attached memorandum from Frederick Quijano of the Rate Regulation Division in support of the Signatories’ Agreement.

**I. CONCLUSION**

Staff respectfully requests the entry of an order consistent with Staff’s recommendation.

Date: May 31, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Marisa Lopez Wagley  
Division Director

/s/ Marisa Lopez Wagley

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**CERTIFICATE OF SERVICE**

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on May 31, 2024, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Marisa Lopez Wagley

Marisa Lopez Wagley

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Marisa Wagley, Director  
Legal Division

**FROM:** Frederick Quijano, Regulatory Accountant  
Rate Regulation Division

**DATE:** May 31, 2024

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

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### **SUMMARY AND RECOMMENDATION**

On July 29, 2021, East Houston Utilities, Inc. (EHU), a Class D water utility, filed a Class C Rate Change Application (Application) for service provided under water Certificate of Convenience and Necessity (CCN) No. 12042.<sup>1</sup>

On May 20, 2024, EHU, Staff (Staff) of the Public Utility Commission of Texas (Commission), Lauren Hood, Wesley Francis, Barry Evans, and J.D. and Mona Keller (the Parties) (collectively, the Signatories) filed the Unanimous Stipulation and Settlement Agreement (the Stipulation), which resolves all contested issues in this proceeding.<sup>2</sup>

I reviewed the accounting and financial aspects of EHU's Application, including its federal income tax and other taxes. Staff believes that the terms of the Stipulation are in the public interest. Other members of Staff who reviewed the Application and other filings on the record for EHU's requested rate of return, rate design, and interim rates also support adoption of the Stipulation based on their reviews.

The terms of the Stipulation include the following components:

1. **Rates.** The Signatories agree that 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 to the Stipulation as Exhibit A (water rates).<sup>3</sup>

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<sup>1</sup> *Application of East Houston Utilities, Inc. for Authority to Change Rates*, Docket No. 52370, Application (July 29, 2021).

<sup>2</sup> Unanimous Stipulation and Settlement Agreement (May 20, 2024).

<sup>3</sup> *Id.*

2. **Rate Case Expenses.** The Signatories agree that each party shall bear its own costs for all costs incurred to litigate this docket. Further, EHU shall not seek recovery of 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).

It is Staff's opinion that the implementation of the terms in the Stipulation will result in a fair and reasonable outcome for the affected stakeholders in terms of the agreed upon tariff. Based on Staff's review, the Stipulation contains a reasonable rate given EHU's request and Staff's and Parties' positions, and a fully litigated docket might produce a less favorable outcome for ratepayers and other stakeholders. Approval of the Stipulation conserves limited resources compared to litigation of this docket and achieves an acceptable resolution of the issues in this case as a result of negotiations among the Signatories. In Staff's opinion, the Stipulation is in the public interest, and Staff recommends that the Commission adopt it in its entirety.