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

**APPLICATION OF EAST HOUSTON
UTILITIES, INC. FOR AUTHORITY
TO CHANGE RATES**

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**BEFORE THE PUBLIC UTILITY
COMMISSION OF TEXAS**

EHU’S RESPONSE TO ORDER NO. 10 REQUIRING CLARIFICATION

East Houston Utilities, Inc. (EHU), Applicant files this response to Order No. 10 Requiring Clarification.¹ EHU’s response is supported by the Staff (Staff) of the Public Utility Commission of Texas (Commission). Order No. 11 provided until September 27, 2024 for EHU to respond.² Therefore, this pleading is timely filed.

EHU has been charging interim retail water rates according to its filed rate tariff.³ However, during settlement negotiations, EHU and Staff identified an error in the water tariff Staff filed with Staff’s unopposed motion for interim rates on June 16, 2023.⁴ The error is that the rate schedule indicates “5,000 gallons” is included in the monthly minimum charge, but simultaneously indicates customers will be subject to a gallonage charge per each 1,000 gallons “over 3,000 gallons.”⁵ This is not possible to implement. Conceivably, charging for consumption above 3,000 gallons could include part of the 5,000 gallons supposed to be included in a customer’s monthly minimum charge if that language were strictly applied. But that was not what EHU and Staff intended. 3,000 gallons should have been used for both the amount included in the monthly minimum charge and as the threshold for additional gallonage charges.

¹ Order No. 10 Requiring Clarification (Sept. 6, 2024).

² Order No. 11 Granting Extension (Sept. 24, 2024).

³ Texas Water Code (TWC) § 13.135-.136.

⁴ Commission Staff’s Unopposed Motion to Set Interim Rates and Motion for Abatement (Jun. 16, 2023).

⁵ *Id.*

While interim rates with the error described above were technically approved in SOAH Order No. 7,⁶ that error was corrected in the clean tariff Staff filed on August 29, 2023 which EHU has relied upon since.⁷ The rates included in the EHU water rate tariff the Parties seek to make final with their Unanimous Stipulation and Settlement Agreement (Agreement) align with EHU's filed rate tariff from August 29, 2023.⁸ Those rates should remain in effect and be approved as the final rates resulting from this docket in the Commission's final order and approved EHU water tariff.

If needed, EHU should be granted a good cause exception from any perceived requirement for EHU to have charged for water according to Staff's initial interim rate water tariff that contained the error described herein.⁹ The incorrect interim tariff provisions were impossible for EHU to implement, and the clean tariff Staff filed on August 29, 2023 corrects this error. If approved by the Commission, the final EHU water rate tariff the Parties included in their Agreement would make this a non-issue going forward.

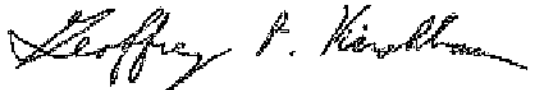
⁶ SOAH Order No. 7 (Adopting Interim Rates and Granting Motion to Abate (Jun. 19, 2023).

⁷ Commission Staff's Memorandum with clean copy of EHU water tariff (Aug. 29, 2023).

⁸ Joint Notice of Stipulation and Agreed Motion to Dismiss (May 20, 2024); Unanimous Stipulation and Settlement Agreement (May 20, 2024).

⁹ 16 TAC § 24.2(b).

Respectfully submitted,

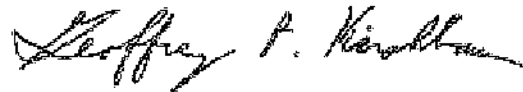
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**ATTORNEYS FOR EAST HOUSTON
UTILITIES, INC.**

CERTIFICATE OF SERVICE

I certify that unless otherwise ordered by the presiding officer, notice of this document was provided to all parties of record via electronic mail on September 27, 2024 in accordance with the Second Order Suspending Rules, issued in Project No. 50664.



Geoffrey P. Kirshbaum