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DOCKET NO. 52370

APPLICATION OF EAST HOUSTON UTILITIES INC. FOR AUTHORITY TO CHANGE RATES §
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 § **PUBLIC UTILITY COMMISSION OF TEXAS**

COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS

On July 29, 2021, East Houston Utilities Inc. (East Houston) filed an application for authority to change rates under Texas Water Code §§ 13.1871 and 13.1872(c)(2) for its certificate of convenience and necessity (CCN) number 12042.

On January 24, 2022, the administrative law judge (ALJ) filed Order No. 6 and set a deadline of February 11, 2022 for East Houston to file documentation supplementing its application, and March 12, 2022 for Staff to file a supplemental recommendation regarding administrative completeness and propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

I. ADMINISTRATIVE COMPLETENESS

Staff has reviewed the application as supplemented by East Houston Utilities, Inc. As detailed in the attached memorandum Leila Guerrero, Rate Regulation Division, Staff recommends that the ALJ find the application continue to be deemed administratively incomplete and that the Applicant be required to provide revised notice as outlined in the attached memorandum by Ms. Guerrero.

II. PROCEDURAL SCHEDULE

In accordance with Staff's sufficiency recommendation, Staff proposes the following procedural schedule:

Event	Date
Deadline for East Houston to file with the Commission signed affidavits that revised notice was given as outlined in the attached memorandum of Ms. Guerrero	April 14, 2022
Deadline for Staff to file a recommendation on sufficiency of notice	April 29, 2022

Deadline to intervene	30 days after notice is issued
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III. CONCLUSION

For the reasons detailed above, Staff recommends that the application be found administratively complete, that the Applicant be required to provide revised notice, and that the procedural schedule proposed above be adopted for further processing of this matter.

Dated: March 11, 2022

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ Kevin R. Bartz
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on March 11, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz
Kevin R. Bartz

Public Utility Commission of Texas

Memorandum

TO: Kevin Bartz, Attorney
Legal Division

FROM: Leila Guerrero, Regulatory Accountant
Rate Regulation Division

DATE: March 11, 2022

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

On July 29, 2021, East Houston Utilities, Inc. (East Houston), a Class D water utility with 23 active connections, filed a Class C Rate Change Application for water utility service provided under Certificate of Convenience and Necessity (CCN) No. 12042 in Harris County, Texas. I have conducted an administrative review of the application and notice according to Texas Water Code (TWC) § 13.1871, § 13.1872(c)(2), and 16 Texas Administrative Code (TAC) §§ 24.25 through 24.33.

Based on a review of the initial application and supplemental information filed on September 21, 2021, September 24, 2021, October 13, 2021, December 1, 2021, and January 26, 2022, I determined that the application is insufficient. To be sufficient and administratively complete, I recommend that the Applicant provide the following:

1. **Corrected Notice of Proposed Rate Change to be Provided to All Ratepayers**

The notice of proposed rate change contains the following errors and needs to be corrected. East Houston needs to review its current approved tariff to make sure it correctly completed the proposed notice to customers:

The calculation for the billing comparisons of the **Current Rates** for 5,000 and 10,000 gallons of water for the 5/8" meters and 3/4" meters remains uncorrected. The current monthly minimum charge of \$23.00, for both meter sizes includes 3,000 gallons. The gallonage charge per 1,000 gallons costs \$2.00 over 3,000 gallons.

For purposes of the Water Billing Comparison, the correct current monthly minimum charge for 5,000 gallons of water for the 5/8" meters and 3/4" meters is **\$27.00 not \$23.00** as calculated below. The correction is necessary because the Billing Comparison section of the notice does not recognize 3,000 gallons as the minimum. Therefore, the additional gallonage charges to derive the 5,000 gallon minimum is necessary.

Monthly minimum charge, including 3,000 gallons	\$23.00
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Plus: Gallonage charge for next additional 1,000 gallons	\$ 2.00
<u>Plus: Gallonage charge for next additional 1,000 gallons</u>	<u>\$ 2.00</u>
Equals: Monthly charge for 5,000 total gallons	\$27.00

For purposes of the Water Billing Comparison, the correct current monthly minimum charge for 10,000 gallons of water for the 5/8" meters and 3/4" meters is **\$37.00 not \$33.00** as calculated below. The correction is necessary to account for 3,000 gallons as included in the monthly minimum. Therefore, the additional gallonage charges to derive the monthly charge is necessary.

Monthly minimum charge, including 3,000 gallons	\$23.00
Plus: Gallonage charge for next additional 1,000 gallons	\$ 2.00
Plus: Gallonage charge for next additional 1, 000 gallons	\$ 2.00
Plus: Gallonage charge for next additional 1, 000 gallons	\$ 2.00
Plus: Gallonage charge for next additional 1,000 gallons	\$ 2.00
Plus: Gallonage charge for next additional 1, 000 gallons	\$ 2.00
Plus: Gallonage charge for next additional 1, 000 gallons	\$ 2.00
<u>Plus: Gallonage charge for next additional 1, 000 gallons</u>	<u>\$ 2.00</u>
Equals: Monthly charge for 10,000 total gallons	\$37.00

East Houston needs to provide a corrected billing comparison that demonstrates correct rates for the same amounts of includable gallons.

2. The balance sheet as of December 31, 2020 and income statement for January through December 2020, provided for CCN Nos. 12598 and 11984 are illegible. Please provide copies with legible amounts.

In addition, the financial statements for sewer CCN No. 20781 are missing. Please provide copies of the financial statements (balance sheet and income statement) for the year ended December 31, 2020 for Krebs Utilities CCN No. 20781.

I also recommend that East Houston provide a copy of the revised notice and a completed affidavit to the Commission for Staff's review before it is distributed to all affected customers. *Please indicate the date the notice be delivered to all affected customers which is at least 35 days before the effective date of the proposed rate increase.* The effective date of the new rates must be the first day of a billing period, and the new rates may not apply to service received before the effective date of the new rates.

Further, I recommend the suspension of the effective date for the proposed rates as allowed by TWC § 13.1871(e) and 16 TAC § 24.33(b)(1).

cc: Anna Givens, Director Financial Review
Marisa Wagley, Managing Attorney