



## Filing Receipt

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**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 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 August 13, 2021, the administrative law judge (ALJ) filed Order No. 1, a deadline of September 13, 2021 for Staff to file a recommendation on how to proceed with the application and propose a procedural schedule, if appropriate. Therefore, this pleading is timely filed.

**I. ADMINISTRATIVE COMPLETENESS**

Staff has reviewed the application and, as detailed in the attached memoranda Leila Guerrero, Rate Regulation Division, the application continues to be considered insufficient and administratively incomplete from a financial perspective. In addition, Staff recommends that East Houston be granted a deadline of October 5, 2021 to cure the deficiencies identified in Ms. Guerrero’s memorandum. Finally, Staff requests that it be granted a deadline of November 4, 2021, to file a supplemental recommendation on the administrative completeness of the application. Staff also notes that the ALJ requested East Houston to file a clarification or supplemental application by August 20, 2021 if East Houston is seeking a Class D annual adjustment under TWC § 13.1872(c). As of the date of this filing, East Houston has not made such a filing.

**II. PROCEDURAL SCHEDULE**

In accordance with Staff’s deficiency recommendation, Staff does not propose a procedural schedule for further processing of the docket at this time. Staff intends to propose a procedural schedule alongside a subsequent recommendation that the application be found

administratively complete. Staff notes that East Houston should not issue notice until the application is deemed sufficient.

### **III. CONCLUSION**

For the reasons detailed above, Staff recommends that the application be found administratively incomplete, that East Houston be granted a deadline of October 4, 2021 to file supplemental information to cure the deficiencies in the application, and that Staff be granted a deadline of November 3, 2021 to file its supplemental recommendation on the administrative completeness of the application.

Dated: September 13, 2021

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 September 13, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Kevin R. Bartz  
Kevin R. Bartz

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Kevin Bartz, Attorney  
Legal Division

**FROM:** Leila Guerrero, Regulatory Accountant  
Rate Regulation Division

**DATE:** September 13, 2021

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

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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 information in the application filed on July 29, 2021, I determined that the application is insufficient and administratively incomplete due to the deficiencies detailed below:

1. East Houston did not provide the following:
  - a. A completed proposed notice of the rate increase to the customers using the Commission-approved notice form;
  - b. Its customer complaint policy and records;
  - c. Its Federal forms 1096 and 1099 supporting any contract labor requested in the cost of service or capitalized;
  - d. Its Federal forms W-2 and W-3 supporting any wages claimed in the cost of service or capitalized to plant in service;
  - e. Its balance sheet and an income statement for the test year;
  - f. The Amount Increase (Decrease) in dollars and Percent Increase (Decrease), page 1 of the application; and
  - g. A completed affidavit attesting to the correctness of the application.

The federal forms above should be filed confidentially to protect sensitive information.

2. East Houston did not correctly complete the following schedules in the application:
  - a. Schedule VI-3, relating to the Rate Calculation for Single Tier Gallonage Charge for All Usage; and
  - b. Schedule VII-2, relating to the Revenue Generated for Single Tier Gallonage Charge for All Usage. Please revise this page and provide a clean copy with no alterations.

3. If East Houston's cost of service includes any affiliated transactions (affiliates as defined in TWC § 13.002(2)), East Houston must list them separately and provide evidence that meets the affiliate transaction requirements in TWC § 13.185(e) and (f). East Houston must provide a schedule, by account, that identifies test year costs as either directly assigned or allocated. East Houston should summarize any other changes during the test year between affiliates by account.
4. I also recommend that East Houston do the following:
  - a. Provide the month and day of the test year. East Houston indicated only 2020 for the test year, please clarify the exact date;
  - b. Provide copies of invoices from the Texas Commission on Environmental Quality (TCEQ) for the one percent Regulatory Assessment Fees (RAF) paid for the year 2020 and prior three years for all the water and sewer utilities affiliated with East Houston which are also owned by Stephen Krebs, as follows:  
CCN No. 12042 – East Houston Utilities, Inc.;  
11984 – Krebs Utilities, Inc.;  
20781 – Krebs Utilities, Inc. (Sewer); and  
12598 – K Lake Water System & Padok Utility
  - c. Submit to the PUC, using the relevant project numbers 51720 for 2020, 50316 for 2019, 48918 for 2018, and 47833 for 2017 Annual Reports for the following:  
CCN No. 12042 – East Houston Utilities, Inc., for 2019 and prior two years;  
11984 – Krebs Utilities, Inc., for 2020 and prior three years;  
20781 – Krebs Utilities, Inc. (Sewer), for 2020 and prior three years; and  
12598 – K Lake Water System & Padok Utility, for 2020 and prior three years.

If East Houston did not remit or pay the one percent RAF to the TCEQ for the year 2020 and prior three years (2019, 2018, 2017), please coordinate with the TCEQ and pay the amounts due. Provide the PUC with copies of invoices relating to the RAF paid and refer to Docket No. 52370. Similarly, please file with the PUC Interchange your Annual Reports mentioned in Item 4.c above. However, please note that although we are requiring copies of invoices for the one percent RAF only up to year 2017, we are not waiving, or otherwise opining upon, additional existing unpaid fees and penalties, if any.

I recommend that East Houston be required to provide to the Commission all of the missing attachments and amendments to the incomplete or incorrect schedules mentioned above for review. In addition, I recommend the suspension of the effective date for all proposed rates as allowed by TWC § 13.1871(e) and 16 TAC § 24.33(b)(1). Further, I recommend that East Houston provide a proposed notice to the Commission for Staff's review before it is distributed to all affected customers.