



City of Austin

Recommendation for Action

File #: 25-0035, **Agenda Item #:** 5.

1/30/2025

Posting Language

Approve an ordinance suspending an increase in water and wastewater rates proposed by Undine, LLC, for its customers located in the City's corporate limits, in the area known as Greenshores on Lake Austin. Funding: This item has no fiscal impact.

Lead Department

Austin Water.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

May 2, 2024 - Council approved Ordinance No. 20240502-007 suspending an increase in water and wastewater rates proposed by Undine, LLC for its customers located in the City's corporate limits in the area known as Greenshores on Lake Austin on an 11-0 vote.

May 30, 2024 - Council set a public hearing to be held on July 18, 2024, to receive comment on the City's recommendations regarding Undine LLC's proposed water and wastewater rates.

July 18, 2024 - Council conducted a public hearing and approved Ordinance No. 20240718-115 denying Undine, LLC's proposed changes to wastewater rates and approving changes to water rates for its customers located in the City's corporate limits in the area known as Greenshores on Lake Austin on a 10-0 vote with Council Member Kelly off the dais.

For More Information:

Inquiries should be directed to Heather Cooke, Austin Water Chief Administrative Officer at 512-972-0083, or heather.cooke@austintexas.gov.

Additional Backup Information:

On March 28, 2024 Undine, LLC, an investor-owned utility with customers in the area known as Greenshores on Lake Austin, filed a Statement of Intent to Change Rates with the Public Utility Commission of Texas (PUCT) and the City seeking regulatory approval to increase water and wastewater rates for its Greenshores customers. Of Undine's affected 167 water customers and 100 wastewater customers, only a few (approximately six) are within Austin's corporate limits.

Under Texas Water Code ("TWC") Chapter 13, Council is the regulatory authority with exclusive original jurisdiction to review rates charged to water and wastewater customers within the City's corporate limits served by non-City utilities. The Council has authority to determine whether the rates, as they affect City residents, are just and reasonable and, that in all other respects, meet State and local law. City Code Chapter 15-4 sets out the City's process for reviewing non-City utility rate filings and requires the determination to be made in a public hearing.

On May 2, 2024, Council suspended the effective date of the rate change by Ordinance No. 20240502-007 for

90 days. In accordance with City Code Section 15-4-91(B), the Director of Austin Water held a formal public meeting on July 9, 2024, with an Undine representative to discuss the proposed rate change, and a proposed order by the Director, and to consider public comments and questions. Austin Water staff recommended approval of the proposed water rate increase. Further, Austin Water staff recommended denial of the amended wastewater rate proposal due to its projected significant impact on ratepayers. The proposed increase in Greenshores' wastewater rates was deemed unreasonable to implement in a single year.

On July 18, 2024 - Council conducted a public hearing and approved Ordinance No. 20240718-115 denying Undine, LLC's proposed changes to wastewater rates and approving changes to water rates for its customers located in the City's corporate limits in the area known as Greenshores on Lake Austin.

On December 19, 2024 Undine, LLC filed an Amended Application and Statement of Intent to Change Rates with the Public Utility Commission of Texas (PUCT) and the City seeking regulatory approval to increase water and wastewater rates for its Greenshores customers. Pursuant to TWC § 13.187, Undine must provide its Statement of Intent to Change Rates 35 days prior to the effective date. The City may suspend the proposed rate changes for up to 90 days after proposed effective date. After filing its Amended Application and State of Intent to Change Rates, Undine, LLC agreed to extend the effective date of the rate changes to January 31, 2024, providing Council jurisdiction to consider the Intent to Change Rates at Council's January 30, 2024, meeting. Undine, LLC's amended filing follows a PUCT order that Undine, LLC use a different test year to prove their rate case before the PUCT.

Austin Water staff are currently reviewing the amended rate filing and recommend a 90-day suspension of the proposed rates to ensure a complete and thorough review of the rate increase before final action is taken by Council. Staff will bring a recommendation to Council so that Council can take final action on the application within the 90-day rate suspension period. Undine, LLC may appeal Council's final action to the PUCT.