



City of Austin

Recommendation for Action

File #: 24-5013, **Agenda Item #:** 115.

7/18/2024

Posting Language

Conduct a public hearing and consider an ordinance regarding Undine, LLC's proposal to increase water and wastewater rates for its customers located in the City's corporate limits in the area known as Greenshores of Lake Austin.

Lead Department

Austin Water.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

November 8, 2012 - Council approved Ordinance No. 20121108-004 suspending water and wastewater rates proposed by PK-RE Development Company, Inc., the predecessor to Undine, on a 7-0 vote.

May 2, 2024 - Council approved Ordinance No. 20240502-007 suspending an increase in water and wastewater rates proposed by Undine, LLC 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.

For More Information:

Inquiries should be directed to Blanca Madriz, 512-972-0115 or Blanca.Madriz@austintexas.gov.

Council Committee, Boards and Commission Action:

July 17, 2024 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

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 Chapter 13, the 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.

Undine, LLC is seeking recovery of \$1,130,662 in total revenue requirements on a system-wide basis, for the

test year ended March 31, 2023.

The current filing will increase residential drinking water rates by 15.9% as follows:

- For block 3 volume (25,001-50,000 gallons) from \$12.00 to \$13.91 per 1,000 gallons
- For block 4 volume (50,001 and up gallons) from \$14.00 to \$16.22 per 1,000 gallons

Undine, LLC submitted an original filing and subsequently submitted an amended filing for wastewater. The amended filing will increase residential wastewater rates by 66.7% as follows:

- For a 5/8-inch meter, from \$70.00 to \$116.72
- For a 3/4-inch meter, from \$105.00 to \$175.08
- For a 1-inch meter, from \$175.00 to \$291.80
- For volume charges, from \$12.00 to \$20.01 per 1,000 gallons

On May 2, 2024, City 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 recommends approval of the proposed water rate increase. Further, Austin Water staff recommends denial of the amended wastewater rate proposal due to its projected significant impact on ratepayers. The proposed increase in Greenshores' wastewater rates is deemed unreasonable to implement in a single year.