



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/12/2025

District B

Item Creation Date: 10/27/2025

ARA - Suspend Effective Date of Southern Water Corporation's Proposed Rate Change Request

Agenda Item#: 31.

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance suspending for ninety days the effective date of Southern Water Corporation's (Southern) new rates and tariffs as proposed in its Application for Authority to Change Rates (Rate Application) within Houston and otherwise maintaining current rates in effect. Southern is an investor-owned water/wastewater utility (IOU) with exclusive authority to provide water and wastewater services to Houston customers within its certificated service areas as granted under Certificate of Convenience (CCN) Nos. 11389 and 20500. Southern provides service for approximately 1,300 water and 1,300 sewer connections located in the Hidden Valley Subdivision. Approximately 1,290 water and 1,290 sewer customers are located within the City of Houston's jurisdiction. The City of Houston (City) exercises original jurisdiction over the rates, tariffs, operations, and services of Southern under the provisions of the Texas Water Code for customers inside the city limits.

On October 27, 2025, Southern filed a rate application with the City for customers within Houston's jurisdiction. Southern filed a similar application with the Public Utility Commission of Texas (PUC) for customers (approximately 12 connections) in unincorporated (environs) areas. Southern is requesting a \$250,326 (69%) increase in water and \$205,325 (23%) increase in sewer revenues. The specific impact to Houston customers will vary by meter size and gallons used (see attached). Southern is proposing to increase the rates as follows for the average residential customer with a 5/8" meter:

Current vs. Proposed Rates 5/8" Meter			
Water	Existing	Proposed	\$ Increase
Minimum Monthly Charge	\$ 11.23	\$ 19.83	\$ 8.60
Volumetric Charge (per 1,000 gallons)	\$ 1.60	\$ 2.27	\$ 0.67
Sewer			
Minimum Monthly Charge	\$ 26.80	\$ 29.74	\$ 2.94
Volumetric Charge (per 1,000 gallons)	\$ 2.75	\$ 3.25	\$ 0.50

Pursuant to the Texas Water Code, the proposed rates will take effect for Houston customers December 1, 2025 — 35 days after filing with the City — unless City Council adopts an ordinance suspending the proposed effective date for 90 days to March 1, 2026. Suspending the rates will provide the City's rate experts with the time necessary to review the request and provide a recommendation regarding the reasonableness of the rate request. A rate expert will be engaged to assist with the City with the review. The City must complete its review of the rate application within this statutory timeframe.

ARA recommends that City Council adopt an ordinance suspending for ninety days the effective date of Southern's proposed new rates and tariffs within the city of Houston and otherwise maintaining current rates in effect.

Departmental Approval Authority:

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EC

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Tina Paez
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**Tina Paez, Director
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Other Authorization

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