



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 7/12/2016

District H

Item Creation Date: 6/28/2016

**ARA-Nitsch & Sons Water-Sewer Rate Suspend**

**Background:**

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance relating to the retail water and sewer rates of Nitsch & Son Utility Company, Inc. (Nitsch or Company); suspending for ninety (90) days the effective date of the new rates and maintaining the current rates that shall constitute the legal rates of Nitsch within the City of Houston until changed.

Nitsch is an investor owned water/wastewater utility (IOU) with exclusive authority to provide water and sewer services to customers within its certificated service areas as granted under Certificate of Convenience (CCN) No. 11124 (water) and No. 20446 (sewer). CCNs are issued by the Public Utility Commission of Texas (PUC) and are granted for an indefinite period of time. Prior to the recent transfer of the economic regulation of water and sewer utilities to the PUC, CCNs were issued by the Texas Commission on Environment Quality. The City of Houston exercises original jurisdiction over Nitsch's rates under the provisions of the Texas Water Code for customers within city limits.

On June 20, 2016, Nitsch filed an application with the City of Houston to increase its water and sewer rates for customers located in Bellmar Terrace, Assumption Heights, Little York, Cortlandt Meadows and Lazy Meadows subdivisions (Council District H). According to the Company, Nitsch serves approximately 139 (water) and 53 (sewer) Houston customers. Based on the information in Company's Rate/Tariff Change Application, Nitsch seeks an approximate 42% increase (5/8 x 3/4" meter) and a 44% increase (1" meter) in existing water rates, and a 40% increase in sewer rates (all meters) based on 5,000 gallon usage. The specific rate impact to Houston customers will vary by service, meter size and gallons used (see attachment).

Pursuant to the Texas Water Code, the proposed new rates will take effect for in-city customers July 25, 2016 — 35 days after filing with the City — if the City fails to take action. Suspending the rates for 90 days to October 23, 2016 will provide City staff the time necessary to review the request and to prepare a final recommendation. A water/sewer rate expert will be engaged to assist with the review. The City must complete its review of the rate request within this statutory timeframe.

Nitsch previously filed an application to change rates for Houston customers in December 29, 2008. In the previous rate request, Nitsch requested a 27.43% rate increase. Following a comprehensive review of the Company's request, City experts recommended and City Council adopted a 4.86% increase instead.

ARA recommends that City Council approve an ordinance suspending for 90 days the effective date of the proposed rates and maintaining existing rates in effect.

**Departmental Approval Authority:**

  
**Tina Paez, Director  
Administration & Regulatory  
Affairs Department**

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**Other Authorization**

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