



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/13/2016

District H

Item Creation Date: 8/29/2016

ARA-Nitsch & Son Water-Sewer Rate Hearing

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance setting a public hearing related to the retail water and sewer rates of Nitsch & Son Utility Company, Inc. for October 5, 2016.

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. 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.

On July 13, 2016, City Council approved Ordinance No. 2016-555 suspending the new rates for 90 days beyond the proposed effective date of July 25, 2016 to October 23, 2016. City Council approved the rate suspension to allow the City time to engage a rate expert to review the rate request, request information from the Company related to the proposed increase, and assist with the preparation of a final rate commendation. During this period, the City will also conduct a public meeting for in-City customers to allow ratepayers the opportunity to provide comment regarding quality of service and/or the proposed rate change.

During the public hearing, City Council will consider comments received by customers at the public meeting, Nitsch's requested new rates, and any recommendations by the City for adjustments to Nitsch's rates. The City's rate expert will present a summary of findings and rate recommendation during the hearing. Nitsch and any Intervenors will also have the opportunity to present their respective positions. A proposed rate ordinance incorporating the findings and recommendations will be presented to City Council for approval on October 12, 2016. Pursuant to State Law, City Council must make a final determination regarding the rate request no later than October 23, 2016.

Departmental Approval Authority:

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

Other Authorization

Contact Information:

Lara Cottingham Phone: (832) 393-8503

Alisa Tally Phone: (832) 393-8643