

CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/12/17

District: A, B, E and H

Item Creation Date: 11/21/17

ARA-Ordinance Relating to Investor-Owned Water Utility Rates for Elderly Customers

Background:


The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance that establishes the rules necessary to implement House Bill 1083, which amended the Texas Water Code to allow investor-owned water utilities to offer a reduced water utility rate funded by donations for elderly customers ages 65+ or older.

Passed during the 85th Legislative Session, HB 1083 allows an investor-owned water utility to create a separate fund for receiving donations to help recover the costs of providing reduced water rates to the elderly. An investor-owned water utility may not recover those costs through charges to its other customer classes. HB 1083 does not apply to municipal corporations, non-profit water supply or sewer service corporations, or to political subdivisions of the state (including municipal water utilities and municipal utility districts). If the investor-owned water utility chooses to establish an elderly rate reduction program, the investor-owned water utility will be required to comply with the rules adopted by the State Public Utilities Commission (PUC) and the City. Neither the City or the PUC can require investor-owned water utility to adopt a reduced water rate for elderly customers.

The City, as municipal regulator, exercises exclusive original jurisdiction over the rates, operations and services of investor-owned utilities under the provisions of the Texas Water Code for customers inside city limits. Investor-owned water and/or wastewater utilities are granted authority to operate by the PUC through a Certificate of Convenience and Necessity (CCN), which are granted for an indefinite period of time. Five investor-owned utilities operate six water and/or sewer systems within Houston and serve approximately 2,000 in-city customers:

1. Aqua Texas, Inc.
 - a. Brittonmoore Utility system – District A, wastewater system only
 - b. Oak Manor system – District E, water system only
2. Blue Bell Manor Utility Company, Inc. – District B, water and wastewater systems.
3. Champs Water Company – District B, water and wastewater systems.
4. Nitsch and Son Utility Co., Inc. – District H, water and wastewater systems
5. Southern Water Corporation – District B, water and wastewater systems

State law requires the City, as regulatory authority, to adopt rules necessary to implement House Bill 1083 no later than December 31, 2017. Therefore, ARA recommends that City Council adopt an ordinance relating to the water utility rates for elderly customers.


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Other Authorization

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