



Posting Language

Recommend approval to 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 on Lake Austin. Funding: This item has no fiscal impact.

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. 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.

July 18, 2024 – Council approved Ordinance No. 20240718-115, approved water requested rates and denied wastewater requested rate changes.

January 30, 2025 – Council approved Ordinance No. 20250130-005 suspending an increase in water and wastewater rates proposed by Undine, LLC.

For More Information:

Inquiries should be directed to Austin Water Chief Administrative Officer Heather Cooke, 512-972-0083 or Heather.Cooke@austintexas.gov.

Council Committee, Boards and Commission Action:

April 16, 2025 – To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

Undine, LLC (Undine), an investor-owned utility with customers in the area known as Greenshores on Lake Austin, filed a Statement of Intent to Change Rates to increase water and wastewater rates for its Greenshores customers. Of Undine's affected 230 water customers and 177 wastewater customers, only a few are within Austin's corporate limits. The remaining customers' rates fall within the regulatory jurisdiction of the Public Utility Commission of Texas (PUCT).

Under Texas Water Code Chapter 13, 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. As also required by City Code, Austin Water Director held a formal meeting with Undine, LLC on April 1, 2025.



Undine submitted its original application to change rates to the Public Utility Commission (PUC) of Texas in March 2024. PUC staff contested the use of a March 31, 2023 test year. As a result, on December 19, 2024, Undine submitted an amended application using a test year ending on June 30, 2024. Council previously acted on the original application, however Austin Water's current review and recommendations are based on the amended application.

Undine is seeking recovery of \$1,216,386 in total revenue requirements on a system-wide basis, for the test year that ended June 30, 2024.

The current filing will increase residential drinking water rates by 28.6% as follows:

- Fixed charge 5/8-inch meter from \$40.00 to \$51.42
- Fixed charge 3/4-inch meter from \$60.00 to \$77.13
- Fixed charge 1-inch meter from \$100.00 to \$128.56
- Block 1 volume (0-10,000 gallons) from \$5.00 to 6.43 per 1,000 gallons
- Block 2 volume (10,001-25,000 gallons) from \$8.00 to \$10.28 per 1,000 gallons
- Block 3 volume (25,001-50,000 gallons) from \$12.00 to \$15.43 per 1,000 gallons
- Block 4 volume (50,001 and up gallons) from \$14.00 to \$18.00 per 1,000 gallons

The current filing will increase residential wastewater rates by 75.8% as follows:

- Fixed charge 5/8-inch meter, from \$70.00 to \$123.04
- Fixed charge 3/4-inch meter, from \$105.00 to \$184.56
- Fixed charge 1-inch meter, from \$175.00 to \$307.60
- Volume charge from \$12.00 to \$21.09 per 1,000 gallons

Water Proposed Rate Increase Recommendation

AW staff recommend denial of Undine's proposed water rate increase due to its projected significant impact on ratepayers. The proposed increase of 28.6% would affect both the base rates (fixed charges) and all four volumetric tiers. The most notable change is the increase in fixed fees, which is not influenced by customer usage and does not encourage conservation. Rate increases should be carefully structured to consider consumption patterns, equipping customers with the tools and incentives necessary to manage their usage and related expenses effectively. While the investments in capital improvements and associated costs may justify a rate increase, such a substantial hike should be spread over a minimum of two years.

Wastewater Proposed Rate Increase Recommendation

AW staff recommend denial of Undine's proposed wastewater rate increase due to its projected significant impact on ratepayers. The proposed increase of 75.8% in Greenshores' wastewater rates, encompassing both the base rate and the volume charges, is deemed unreasonable to implement in a single year. The most notable change is the increase in fixed fees, which is not influenced by customer usage. While the invested capital improvements and associated costs may provide a rationale for the proposed rate increase, such a substantial increase should be spread over a minimum of four years.

Rate Case Expense Recovery Recommendation

AW staff recommend denial of Undine's request for the recovery of expenses related to their proposed water rate case. Approving this request would significantly impact ratepayers. The proposed rates are \$18.76 per month for water and \$18.75 per month for wastewater, totaling \$37.51 per month for customers receiving both services. This considerable increase should be spread out over a minimum of four years.



CITY OF AUSTIN D/B/A AUSTIN WATER'S PROPOSED ORDER AND RESPONSE TO

UNDINE, LLC'S PROPOSAL TO INCREASE WATER AND WASTEWATER RATES

The City of Austin (City) d/b/a Austin Water (AW or Austin Water) under Texas Water Code Chapter 13, states that the Council has the regulatory authority with exclusive original jurisdiction to review rates charged to water and wastewater customers within the City's corporate limits who are served by non-City utilities. The Council has authority to determine that the rates are just and reasonable and that in all other respects, the rates meet State and local law. City Code Chapter 15-4 sets out the City's process for reviewing non-City utility rate filings. Austin Water Director will hold a formal meeting with Undine, LLC on April 1, 2025.

Background/Introduction

Undine, LLC (Undine), an investor-owned utility with customers in the area known as Greenshores on Lake Austin, filed a Statement of Intent to Change Rates to increase water and wastewater rates for its Greenshores customers, including a few that reside in Austin's corporate limits. Of Undine's affected 230 water customers and 177 wastewater customers, only a few are within Austin's full purpose corporate limits. The remaining customers rates fall within the regulatory jurisdiction of the Public Utility Commission of Texas (PUCT). Undine is simultaneously seeking the PUCT's approval for the rate increase affecting its Greenshores customers. Undine's filing indicates that each affected customer has been provided written notice of the proposed rate changes.

Undine submitted its original application to change rates to the Public Utility Commission (PUCT) of Texas in March 2024. PUCT staff contested the use of a March 31, 2023, test year. As a result, on December 19, 2024, Undine has submitted an amended application using a test year ending on June 30, 2024. Austin Water's review and recommendations are based on the amended application.

First, Austin Water recommends a finding that Undine's Statement of Intent contains all required information and is sufficient for review, as required by City Code § 15-4-37 (*Statement of Intent to Contain All Required Information*) and § 15-4-39 (*Statement of Intent Regarding a Major Change*).

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