



undine  
WATER IS OUR ELEMENT

# 2024 Rate Case

December 2024

**UNDINE TEXAS, LLC**  
&  
**UNDINE TEXAS ENVIRONMENTAL, LLC**  
*Regulated Water and Wastewater Utilities*

**Regulatory Compliance  
and Quality Customer Service**



# **TEXAS UTILITY REGULATORS**

**Public Utility Commission – Rates and Service**

**Texas Commission on Environmental Quality – Water Quality and Standards**

**Office of Public Utility Counsel – Represents the interests of residential and small commercial consumers in utility proceedings in Texas.**



# Public Utility Commission of Texas

## **What We Do: Rates and Service**

The Public Utility Commission of Texas regulates the state's electric, telecommunication, and water and sewer utilities, implements respective legislation, and offers customer assistance in resolving consumer complaints.

## **Mission:**

We protect customers, foster competition, and promote high quality infrastructure.

512-936-7000 <http://www.puc.texas.gov/>



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality strives to protect our state's public health and natural resources consistent with sustainable economic development. Our goal is clean air, clean water, and the safe management of waste.

*We ensure safe drinking water and a clean environment :*

- Reporting, monitoring, notification requirements regarding water quality
- Wastewater and storm-water permitting requirements
- Participation in the permitting process

512-239-1000 <https://www.tceq.texas.gov/>



# OFFICE OF PUBLIC UTILITY COUNSEL

OPUC provides legal representation and technical expertise to represent, protect, and promote consumer interests, which includes ensuring that consumers pay just and reasonable utility rates.

# Water bills expected to triple in some parts of U.S.

By [Blake Ellis @CNNMoney](#) February 28, 2012: 8:11 AM ET

NEW YORK (CNNMoney) -- Many consumers could see their **water bills double or even triple**, as the country attempts to overhaul its aging water system over the next 25 years.

A new study by the American Water Works Association found that repairing and [expanding the U.S. drinking water system](#) between 2011 and 2035 will cost at least \$1 trillion, an amount that will largely be paid for by jacking up household water bills.

Small, rural communities are likely to be hit the hardest because there are fewer people to share the [expenses of infrastructure projects](#). Families in these areas are likely to see their bills jump between \$300 and \$550 (\$46/month) per year due to infrastructure repairs and [expansion costs](#).

[https://money.cnn.com/2012/02/27/pf/water\\_bills/index.htm](https://money.cnn.com/2012/02/27/pf/water_bills/index.htm)



# REASON FOR THE UNDINE RATE REQUEST

## IT HAS BEEN FOUR YEARS SINCE OUR LAST RATE REVIEW

**Undine has invested ~\$45 MM in capital improvements since the last rate review by the PUC in 2019. Operational and maintenance costs have also increased dramatically.**

Across the country, all utilities are facing higher costs of replacing and repairing aging infrastructure in order to provide water and sewer services and to meet increasing regulatory guidelines.

There have been substantial increases in all aspects of operations, particularly with regard to electricity, chemicals, labor and all materials.

Undine cannot continue to meet its obligations without this rate increase. The increase will allow us to continue water and wastewater services and to comply with State and Federal regulations.



# Typical Outdated Equipment in the Systems Undine is Acquiring



# Rates

## How and Why Rates Change

Rates must cover all the components and costs of providing water:

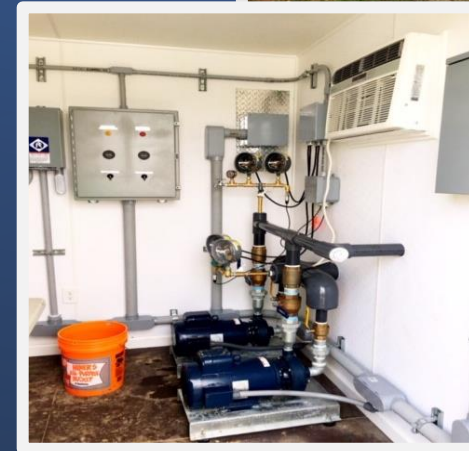
- Additional investment in the utility system (repairs, replacements, improvements)
- Reasonable Increases in Operations & Maintenance costs
- Earning a reasonable rate of return ensures continued investment and compliance by private utility owners

## The Rate Process:

- File an application with the PUC
- Provide notification to customers
- Expenses must be “used and useful”, “prudent, reasonable and necessary”
- The PUC conducts an audit of the company expenses
- A hearing is held where customers may provide input
- The Office of Public Utility Counsel (“OPUC”) intervenes on behalf of customers

# TO IMPROVE SERVICE IN AGING UTILITIES OUR IMPROVEMENT PLAN INCLUDES:

- New wells
- New storage and pressure tanks
- Improved water and sewer treatment plants
- New pump house / control rooms
- New booster pumps, electrical controls, disinfection equipment, monitoring equipment
- Isolation valves and flush valves
- Back-up generators as needed
- Wastewater plant improvements
- Leak repairs
- Meter replacement plan



## **Capital Projects through 8-31-2024**

**Wells Drilled**

**14**

**Wells Rehabbed**

**40**

**Wastewater Treatment Plant Expansions**

**4**

**Leaks Repaired**

**7407**

**Pump Houses Installed**

**65**

**Storage Tanks Installed**

**32**

**Hydro-Pneumatic Pressure Tanks Installed**

**93**

## RATE DESIGN

“The challenge for IOUs is to design rates that cover their regular expenses and that allow for the opportunity to earn a reasonable rate of return on their investment without undercharging or overcharging customers.”

<https://www.puc.texas.gov/faucetfacts/investor-owned-utilities.aspx>

# Subsidence and Conservation Districts

## “Pass Through” Fees

- The use of well (ground) water in Texas is causing the ground to subside, or SINK, in many areas.
- In 1985 Texas began requiring the establishment of Groundwater Conservation Districts to reduce the use of groundwater. To reach required goals in reduction, Subsidence or Conservation Districts are established, placing fees on the use of ground water. These fees are charged to utility companies who are required to pass them directly on to their customers, based on the customer's usage.
- There are many different Conservation districts throughout the United States utility systems. Their fees for water usage vary widely. Not all United States systems have these pass-through fees.

# REQUESTED 2024 WATER RATES

	OLD	NEW
Base Rate	\$50.93	\$74.21
Usage Rates		
0 – 6,000 gallons	\$2.41	\$3.51
6 – 15,000	\$3.33	\$4.85
15 – 25,000	\$5.64	\$8.22
25 +	\$8.18	\$11.92
Total Bill		
2k gallons	\$55.75	\$81.23
5k	\$62.98	\$91.76
10k	\$78.81	\$114.67
20k	\$123.56	\$180.02

We are asking for a 9.40% overall return on our investment

# REQUESTED 2024 SEWER RATES

## Flat Rates

OLD	NEW
\$110.00	\$148.03

**Commercial customers will be billed at this rate times the equivalent residential customers (ERCs) per AWWA standard.**



# **WATER USAGE AND RATES IN TEXAS**

**Average Residential Usage Across 500 Texas Utilities - 6,000 gallons**

**Systems (including municipal) with 30 to 300 connections:  
Water bills for 5,000 gallons ranges from \$12 to \$137**

**Undine's request for 5,000 gallons is \$91.76**



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*The information contained in this presentation or otherwise presented by Undine's representatives relating Undine's proposed 2024 rate case is intended solely for informational purposes based on current expectations. The information is subject to change and therefore should not be construed as legally binding statements of fact.*