

Megan Navarro on August 21, 2024

Aqua Texas looks to raise water, wastewater rates for customers

HAYS COUNTY — Aqua Texas is proposing an increase to water and wastewater rates for all customers across the state, including those who use its services in Hays County.

The water utility company filed for a System Improvement Charge (SIC) increase with the Public Utility Commission of Texas (PUC) in October 2023. The application would cover all of Aqua Texas' customers in Texas, but the increase is different for the three regions — Central, Southeast and North Texas — depending on the capital spent on infrastructure improvements in that area. For Central Texas customers, which includes Hays County, the base rate for water would be \$20.81 and the base rate for wastewater would be \$32.48; paired with a previous rate hike, customers' bills would go up an average of more than \$50 per month.

"Prior to 2023, Aqua Texas customers had not had a rate increase in nearly 20 years. Last year, we applied for our first [SIC] that recouped infrastructure improvements occurring between January 2020 and December 2021," said Jennifer Tuminelli, regional communications specialist for Aqua Texas. "The current SIC application would cover infrastructure improvements between January 2022 and July 2023. Over these four years, Aqua Texas has invested nearly \$300 million into our systems."

"Continually improving our infrastructure is critical to ensuring our customers have clean and reliable water at their homes and businesses," Tuminelli added. "We work with the Public Utility Commission of Texas to ensure our rates are fair to our customers and allow us to continue proactively improving water and wastewater systems across the state."

A hearing conducted by the State Office of Administrative Hearings to consider Aqua Texas' proposal began on Wednesday, Aug. 7 and concluded on Thursday, Aug. 8.

"The hearings allow both community members and the regulating entities to ask questions about the application or supporting documentation to ensure everyone has the information needed to make a ruling," Tuminelli said.

While there was no decision or ruling made, the hearing was not left without statements and testimony.

The Wimberley Valley Watershed Association, the Woodcreek Property Owners Association and the Trinity Edwards Springs Protection Association (TESPA) filed a joint testimony and motion to intervene in the proceeding, protesting Aqua Texas' proposed implementation of the SIC.

Lauren Ice, an attorney who represented the above three parties, said in her opening statement that Aqua has not met its burden of proof to show it is entitled to this rate increase. She also explained that SICs are relatively new in Texas and they allow utility providers to recover for capital investments made during certain periods of time between their general rate cases.

"If approved, Aqua's SIC will show up as a separate flat rate fee, similar to a base rate, on each of Aqua's customers' monthly bills, regardless of how much water they use ... This is an amendment application. Aqua customers are already seeing a separate SIC charge on their water and wastewater bills now in addition to their base rate," Ice explained. "The prior SIC is relevant not only because of what customers can expect to pay, but also because it resulted in an order from the Public Utility Commission that directed Aqua in any future SIC such as this one to organize its listed assets for which it seeks recovery by project and by public water or sewer system. The order also instructed Aqua to link data to its model."

Ice continued by stating that the evidence shows that Aqua did not list its assets by project or link crucial supporting data to the individual assets it is now claiming.

"Based on a review of the little information that is available, [it has been] concluded that Aqua has wrongly capitalized expenditures that are not eligible. [Aqua] asserts that this rate setting is technical, complicated and that the SIC process is supposed to be streamlined. Though there are certain elements of any rate setting matter that are complicated and technical, the issues in dispute here are not. They are common sense," she stated. "To the extent that this is not streamlined as Aqua would like, they have no one to blame but themselves. SICs are meant to encourage investments and utility infrastructure that actually improves their services for customers."

During the hearing, those representing Aqua Texas claimed that the utility provider's request to increase the rates is justified.

"Aqua Texas filed this System Improvement Charge amendment application trying to follow the same format it did the first time when it filed its initial System Improvement Charge application in 2022," said Geoff Kirshbaum, Aqua Texas' attorney. "We think we followed the rule as it was intended to be followed. It's an expedited proceeding. It's a bit streamlined ... We stand by our application and all of the schedules we provided in the application, in the testimonies as the application was supplemented."

"Everything related to that Austin water system is an eligible plan if its expenditure is a capital project," said Aqua Texas Rates and Planning Manager Rasool Ahmadibeni.

One ratepayer, Karen Ricks, said during the hearing that she feels that the rate increases are never-ending.

"If this is going to be done yearly, which it appears might be in the case with Aqua, these will just keep adding up," Ricks said. "And when will they ever stop? I don't find where there is a stop date on any of it."

The proposal and hearing comes on the heels of several complaints, fines and allegations against Aqua Texas, including a \$450,000 fine issued by the Hays Trinity Groundwater Conservation District for pumping 89.4 million gallons of water in 2022 — twice the amount allotted by the permit. There were also claims that Aqua violated "public trust, placed local residents' water service in jeopardy and caused Jacob's Well to go dry", as stated in a formal complaint with the PUC on May 1 by TESP.

According to a coalition called The People vs. Aqua Texas, which is committed to safeguarding water in the community, Aqua's rate increase request is being made under the premise that the utility provider needs to recover costs from capital improvements; however, it has failed to provide proof to justify this.

"The reality is a vast amount of work Aqua has completed is, in fact, not capital infrastructure work, but repairs and upgrades that are needed as a result of Aqua's years of neglect and lack of maintenance. The proposed rate increase is excessive, lacks justification from Aqua and would impose further hardship on customers who are already struggling from the impact of Aqua's high rates," the coalition stated on its website. "Aqua's attempt to charge hardworking Texans even higher rates than they already do is simply another tactic in their pattern of taking Texas water — and Texas money — solely in the interest of raising out-of-state shareholder profits."

An official decision has not been made yet from the SOAH hearing held on Aug. 7-8. According to the briefing schedule provided through PUC's Interchange Filing Search, the parties have agreed that initial briefs will be given on Sept. 13, reply briefs will be given on Sept. 20 and the SOAH administrative law judge (ALJ) will give the proposal for decision on Nov. 19.

While the hearing was conducted by the SOAH, the PUC will make the final decision on the rate increase request.

"We expect the ruling to come later this year," said Tuminelli.

To learn more about the case and the associated parties, visit the following links:

- PUC's Interchange Filing Search for Aqua Texas' application: bit.ly/4dqyPbl
- Wimberley Valley Watershed Association: www.watershedassociation.org
- Woodcreek Property Owners Association: www.woodcreekpoa.org
- Trinity Edwards Springs Protection Association: www.tespatexas.org
- The People vs. Aqua Texas: www.ourwaterourtexas.com
- State Office of Administrative Hearings: www.soah.texas.gov
- Aqua Texas: www.aquawater.com

