

**ORDINANCE NO. 2013-06**

**AN ORDINANCE OF THE CITY OF BEACH CITY, TEXAS, DENYING THE REQUEST OF AQUA TEXAS, INC., A TEXAS CORPORATION, FOR A RATE INCREASE IN THIS MUNICIPALITY, AND ESTABLISHING NEW WATER RATES FOR SUCH SERVICES AS ARE PROVIDED TO THE CITIZENS OF BEACH CITY BY AQUA TEXAS, INC.; MAKING FINDINGS AS TO REASONS THAT SUCH RATE INCREASE IS BEING DENIED; MAKING FINDINGS AS TO THE IMPOSITION OF NEW WATER RATES AT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WHICH WAS OPEN TO THE PUBLIC; AND PROVIDING FOR NOTICE OF THIS ORDINANCE TO AQUA TEXAS, INC., AND THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY.**

**WHEREAS**, the City of Beach City, Texas (“City”) is a statutory regulatory authority with an interest in the rates and charges of Aqua Texas, Inc. (“the Company”); and

**WHEREAS**, Aqua Texas, Inc. filed with the City a Water Rate/Tariff and Application for Authority to Change Rates (“New Rates”) and the Texas Commission On Environmental Quality (“TCEQ”) on or about September 9, 2013, proposing to implement rate adjustments, pursuant to the Texas Water Code, on all customers served by the Company, effective October 1, 2013; and

**WHEREAS**, Texas Water Code, Section 13.187 (d-1) provides that a local regulatory authority may suspend the operation of the New Rates for ninety days beyond the date the New Rates would otherwise be effective (the “Suspension Period”);

**WHEREAS**, the City, as the local regulatory authority, suspended the effective date to review, analyze and investigate Aqua Texas, Inc.’s rate increase request and make a determination that such filing was in compliance with the Texas Water Code; and

**WHEREAS**, the Steering Committee appointed by the City Council has reviewed the Company’s rate tariff application and has issued a final report finding that the Company’s filing has several problems including using incorrect and inadequate information and allocation factors and attempting to recover expenses that are inconsistent with the Texas Water Code and not related to ensuring the safety and reliability of the system within the corporate limits of Beach City;

**WHEREAS**, the tariff application as filed is based upon a company-wide increase and includes costs not associated with the customers of the Company in Beach City. This inclusion of costs does not reflect the cost to operate the Company’s system within Beach City;

**WHEREAS**, Beach City has received various comments during the public hearing regarding complaints including low water pressure, and excessive chlorine in the water;

**WHEREAS**, the water rates of Aqua Texas, Inc. is currently charging its rate payers within Beach City are adequate and comparable to than that of other private utilities in and near Beach City;

**WHEREAS**, the Steering Committee, upon review of the Company's filing, recommends finding that the Company's proposal is unjustified and unreasonable; and

**WHEREAS**, ratepayers of Aqua Texas, Inc., within the City will be adversely impacted by the proposed rate increases;

**WHEREAS**, the City of Beach City has reviewed the proposal set forth by Aqua Texas, Inc. and has determined that new water rates should be increased;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEACH CITY, TEXAS:**

**SECTION 1.** That the Company's rate increase request is found to be unreasonable and inconsistent with the Texas Water Code and is therefore denied in all respects.

**SECTION 2.** That the Company's rate increase request is found to be unreasonable and inconsistent with the Texas Water Code; however, the City has determined that the water rates should be increased as follows:

Base Rate: \$31.00

Volume Rate: \$2.50 per 1000 gallons

**SECTION 3.** That the Company's request for Miscellaneous Expenses is found to be reasonable and is approved as proposed.

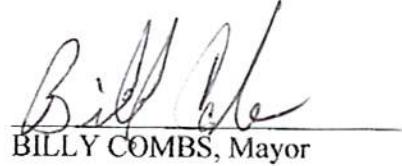
**SECTION 4.** This Ordinance shall become effective immediately from and after its passage, as the law in such cases provide.

**SECTION 5.** That it is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

**SECTION 6.** A copy of this Ordinance, constituting final action on the Company's application, be forwarded to the following:

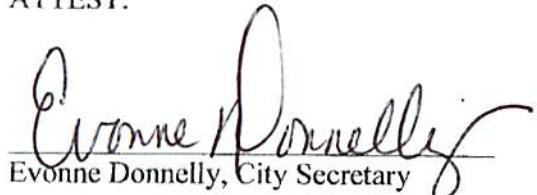
Mr. Robert Laughman, President  
Aqua Texas, Inc.  
1106 Clayton Lane, Suite 400W  
Austin, Texas 78723

**DULY PASSED** and approved by the City Council of the City of Beach City, Texas, on this the 17th day of December, 2013.



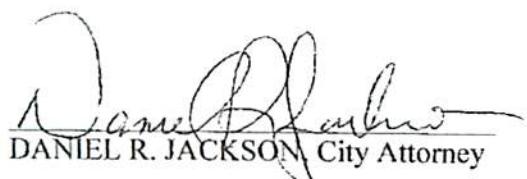
BILLY COMBS, Mayor

ATTEST:



Evonne Donnelly, City Secretary

APPROVED AS TO FORM:



DANIEL R. JACKSON, City Attorney