

**ORDINANCE NO. 2010-7**

**AN ORDINANCE OF THE CITY OF BEACH CITY, TEXAS, DENYING THE REQUEST OF T & I TAYLOR, INC. A TEXAS CORPORATION, FOR A RATE INCREASE IN THIS MUNICIPALITY, IN WATER AND SEWER RATES FOR SUCH SERVICES AS ARE PROVIDED TO THE CITIZENS OF BEACH CITY BY T & I TAYLOR, INC.; MAKING FINDINGS AS TO REASONS THAT SUCH RATE INCREASE IS BEING DENIED; FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC; AND PROVIDING FOR NOTICE OF THIS ORDINANCE TO T & I TAYLOR, 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 T & I Taylor, Inc. (“the Company”); and

**WHEREAS**, T & I Taylor, 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 July 19, 2010, proposing to implement rate adjustments, pursuant to the Texas Water Code, on all customers served by the Company, effective September 20, 2010; 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 September 20, 2010, the date the New Rates would otherwise be effective (the “Suspension Period”);

**WHEREAS**, the City, as the local regulatory authority, suspended the September 20, 2010, effective date to review, analyze and investigate T & I Taylor, 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;

**WHEREAS**, the tariff application failed to include a City customer, Oaks of Houston Point, and understated the number of sewer connections in an amount of over 90 connections;

**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**, T & I Taylor has refused and continues to refuse to provide the City with required documentation and information to support their tariff application, even after numerous requests and a reduction of information requested;

**WHEREAS**, T & I Taylor failed to attend the public hearing on the rate increase and refused to allow their consultant to attend;

**WHEREAS**, Beach City has received a multitude of letters and many comments during the public hearing regarding complaints including backed up sewer in houses, broken water meters, low water pressure, and low or no chlorine in the water.

**WHEREAS**, T & I Taylor has a history of multiple violations on record with TCEQ.

**WHEREAS**, the water and sewer rates T & I Taylor is currently charging its rate payers within Beach City are substantially higher 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 T & I Taylor, Inc., within the City will be adversely impacted by the proposed rate increases.

**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.

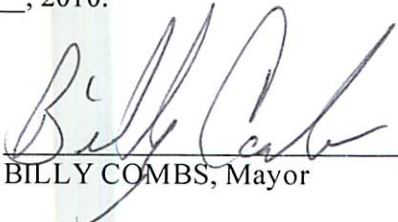
**SECTION 2.** This Ordinance shall become effective immediately from and after its passage, as the law in such cases provide.

**SECTION 3.** 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 4.** A copy of this Ordinance, constituting final action on the Company's application, be forwarded to the following:

T & I TAYLOR, INC.  
27511 S. RONDELET  
SPRING, TX 77386

**DULY PASSED** and approved by the City Council of the City of Beach City, Texas, on this the 21 day of December, 2010.

  
BILLY COMBS, Mayor

ATTEST:

  
MARGARET GAINER, City Secretary

APPROVED AS TO FORM:

  
DANIEL R. JACKSON, City Attorney