



Nitsch & Son, Inc. Proposed Water and Sewer Rate Increase

September 1, 2016

The City of Houston exercises regulatory authority over the rates and services of Nitsch & Son for customers within the city limits.

The City's goal is to ensure: 1) Houston utility customers receive fair and equitable rates for utility service; 2) utilities have an opportunity to receive a reasonable return on their investment necessary to maintain the financial integrity of the utility and health of their infrastructure.

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Public Meeting Regarding Nitsch & Son's Proposed Water and Sewer Rate Change

A public meeting regarding the Nitsch & Son, Inc. (Nitsch or Company) proposed water and sewer rate change is scheduled for **Tuesday, September 27 at 6:30PM. The meeting will be held at the Melrose Community Center, 1001 Canino Road, Houston, Texas 77076.**

The purpose of the public meeting is to provide Houston Nitsch customers with an opportunity to comment on the Company's water and sewer customer service and proposed rate change.

If you are unable to attend the meeting, you may submit comments to: Alisa Talley, Division Manager, Administration and Regulatory Affairs Department, 611 Walker, 13th Floor, Houston, Texas 77002 or to alisa.talley@houstontx.gov.

About Nitsch & Son's Request to Change Water and Sewer Rates

On June 20, 2016 Nitsch & Son, Inc. (Nitsch) filed an application to change rates with the City of Houston for customers within the city limits. Nitsch also filed a similar application with the Public Utility Commission of Texas (PUC) for customers in unincorporated areas.

The proposed rate change will impact approximately 600 (sewer) and 700 (water) customers, including approximately 139 (water) and 53 (sewer) Houston customers.

What this means to you — the customer. According to the utility's initial application, Nitsch seeks a total revenue increase of approximately \$63,000 (sewer) and \$67,000 (water) for retail customers. Based on the information in the

Company's Rate/Tariff Change Application, Nitsch seeks an approximate 42% increase (5/8 x 3/4" meter) and a 44% increase (1" meter) in existing water rates, and a 40% increase in sewer rates (all meters) based on 5,000 gallon usage. The specific rate impact to Houston customers will vary by service, meter size and gallons used.

Important Dates. The proposed rates were scheduled to go into effect on July 25, 2016 — 35 days after Nitsch filed its application with the City of Houston. However, the City of Houston adopted an ordinance suspending the proposed effective date of the rate change for 90 days (from July 25 to October 23, 2016). During

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the suspension period, the City's experts will review Nitsch's requested rate change, and the City will take public comments on the proposed rates and Nitsch customer service issues. The City of Houston City Council must adopt an ordinance prior to October 23, 2016, either denying, approving or changing the proposed rates. If the City does not adopt an ordinance, Nitsch's proposed rates will automatically go into effect.

The City's Role in the Rate Case Process.

Nitsch is an investor owned water/wastewater utility (IOU) with exclusive authority to provide water and sewer services to customers within its certifi-

Important Dates

September 27, 2016 – Public Meeting regarding Nitsch's application to change rates

October 5, 2016 – Public Hearing before Houston City Council

October 23, 2016 – Deadline for Council to act on proposed rate change

cated service areas as granted under Certificate of Convenience (CCN) No. 11124 (water) and No. 20446 (sewer). CCNs are issued by the PUC and are granted for an indefinite period of time.

Under State law, the City of Houston has regulatory authority over Nitsch's rates and services for customers within city limits. The City, as regulatory authority, is tasked with balancing the interests of the customers and utilities. The City is committed to ensuring Houston utility customers receive fair and equitable rates; and balancing the financial integrity of the utility with the integrity of the infrastructure. In order to carry out this function, the City takes a strong, proactive role in the rate case process.

In this rate case, the City engaged a rate expert to review Nitsch's application to change water and sewer rates in order to determine just and reasonable rates and to prepare a final recommendation.

Your role as customer. The City of Houston strongly encourages public participation in rate

Public Participation Encouraged

To participate in the current Nitsch rate case proceeding:

- Attend the September 27, 2016 Public Meeting; and/or
- Submit written comments

case proceedings. These proceedings, such as the current Nitsch Rate Case, often have a direct impact on City residents and businesses. Public comments help inform regulatory agencies, such as the City of Houston, of public concerns and issues to be explored. The City encourages Nitsch customers to attend the September 27, 2016 Public Meeting or submit written comments by September 26, 2016.