

Austin Water has conducted three previous Cost of Service rate studies with the assistance of rate consultants. Each of these studies had extensive analysis of costs and public involvement programs to develop the specific cost of service methodologies to be used in developing rates of utility services.

In 1992, the Utility completed a Cost of Service rate study with the assistance of its rate Consultant, CH2M Hill, as a condition of a rate settlement with the City's wholesale customers.

In 1999, the Utility enlisted the services of Black and Veatch to perform a detailed Cost of Service Rate Study to develop a multi class rate structure that equitably distributed costs to each customer class.

In 2007, the Utility enlisted the services of Red Oak Consulting to perform a detailed Cost of Service Rate Study to develop cost of service methodologies that would determine equitable allocation of costs.

While the cost of service methodology principles remain unchanged, Austin Water believes the methodology used to determine equitable and defensible rates should be strengthened to ensure all customer classes pay for their cost of providing service.

In 2013, members of the wholesale customer class challenged the cost allocation and rate design methodology with the Public Utility Commission of Texas (PUCT). The PUCT ordered Austin Water to lower the water and wastewater rates in order to offset costs the commission deemed unfair and unreasonable to the petitioners. The PUCT also ruled that future changes to water and wastewater service rates would need to be submitted for review and approval prior to implementation. Austin Water looks forward to working with the wholesale customer class to agree upon a method to equitably allocate the utility's costs.