

AN ORDINANCE OF THE CITY OF LEANDER, TEXAS

ORDINANCE NO. 25-039-00

AN ORDINANCE OF THE CITY OF LEANDER, TEXAS, AMENDING ARTICLE A7.000, APPENDIX A, LEANDER CODE OF ORDINANCES TO ADOPT A MONTHLY SURCHARGE APPLICABLE TO OUTSIDE CITY LIMITS RETAIL WATER CUSTOMERS FOR THE RECOVERY OF RATE-CASE EXPENSES AUTHORIZED BY THE PUBLIC UTILITY COMMISSION; PROVIDING THE METHOD OF CALCULATING THE SURCHARGE; ESTABLISHING A MAXIMUM SURCHARGE OF \$5.00 PER MONTH; PROVIDING FOR SEVERABILITY AND PROVIDING AN OPEN MEETING CLAUSE AND EFFECTIVE DATE; AND PROVIDING FOR OTHER RELATED MATTERS.

WHEREAS, the City of Leander, Texas (the “City”) is a municipality that owns and operates facilities for providing water services to customers within and outside its corporate limits;

WHEREAS, On October 12, 2021, Leander's city council approved City Ordinance No. 21-092-00 that enacted new volumetric water rates for all residential customers;

WHEREAS, on January 7, 2022, 348 petitioners signed and filed a petition with the Public Utilities Commission (the “PUC”) for review of the new rates, and a corrected petition was filed on January 31, 2022;

WHEREAS, the original and corrected petition contained at least 251 valid signatures;

WHEREAS, the City defended its rates through proceedings at the PUC and the State Office of Administrative Hearings (“SOAH”) over a three-year period;

WHEREAS, on March 5, 2024, the SOAH Administrative Law Judge issued a proposal of decision finding that Leander’s appealed rates are just and reasonable, recommending that the PUC affirm Leander's decision affecting rates, and authorizing Leander to recover expenses incurred in defending its rates;

WHEREAS, on January 31, 2025, the PUC issued a final order (the “PUC Order”) finding that Leander’s appealed rates are just and reasonable, affirming Leander's decision affecting rates , and authorizing Leander to recover \$630,635.60 in expenses incurred in defending its rates through a 36-month surcharge charged to all outside city limits water customers; and

WHEREAS, the City finds that it is reasonable and necessary to establish the surcharge herein for the purpose of recovering the cost and expense of defending the City’s water rates consistent with the PUC Order;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEANDER, TEXAS, THAT:

Section 1. Findings of Fact. The findings and recitations set out in the preamble of this Ordinance are found to be true and correct, and that they are hereby adopted by the City Council and made a part hereof for all purposes.

Section. 2. Rate Expense Surcharge Established. Appendix A, Article A7.000, Utility Rates and Charges, Section A7.002 is hereby amended to add subsection (h) to read as follows:

(h) Outside city limits surcharge:

- (i) A monthly surcharge shall be applied to all active out-of-city connections receiving retail water service from the City. The surcharge is enacted to collect rate case expenses in the amount of \$630,635.60 (the “Rate Case Expense Amount”) authorized by Public Utilities Commission Order dated January 31, 2025, in PUC Docket No. 53063; SOAH Document No. 473-22-2236.WS (the “PUC Order”).
- (ii) The surcharge shall be calculated by dividing the balance of the Rate Case Expense Amount by the number of active out-of-city retail water connections, recovered over a thirty-six month period, provided that the surcharge shall not exceed \$5.00 per month.
- (iii) The Utility Department shall recalculate the surcharge from time to time in a manner consistent with this subsection. The City reserves the right to make adjustments to the surcharge calculation as necessary to ensure compliance with the PUC Order and applicable law.
- (iv) The surcharge shall take effect and begin with the first billing cycle in June 2025 and shall continue until the earlier to occur of 36 months following the date of the first billing cycle in June 2025 or until the City has collected \$630,635.60.
- (v) A customer may elect to pay the full amount of the surcharge attributable to their connection..

Section 3. Amendment and Repeal of Conflicting Ordinances. All parts of ordinances in conflict herewith are hereby amended and repealed to the extent of such conflict only.

Section 4. Effective Period of Surcharge. The surcharge adopted herein shall take effect and begin with the first billing cycle in June 2025 and shall continue until the earlier to occur of 36 months following the date of the first billing cycle in June 2025 or until the City has collected \$630,635.60.

Section 5. Effective Date of Ordinance. This Ordinance shall be in full force and effect immediately upon its final passage and publication in the manner required by the Texas Local

Government Code and the Charter.

Section 6. Severability. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any section, paragraph, sentence, clause or phrase of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining sections, paragraphs, sentences, clauses and phrases of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such invalid section, paragraph, sentence, clause or phrase. If any provision of this Ordinance shall be adjudged by a court of competent jurisdiction to be invalid, the invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision, and to this end the provisions of this Ordinance are declared to be severable.

Section 7. Open Meetings. It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public as required, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED AND APPROVED on this the 1ST day of May, 2025.

ATTEST:

THE CITY OF LEANDER, TEXAS

Dara Crabtree, City Secretary

Christine DeLisle, Mayor