



News Release

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PUC Rules in Favor of Motion to Dismiss

ROWLETT, TEXAS— Today, the Public Utilities Commission (PUC) unanimously approved the North Texas Municipal Water District's (NTMWD) motion to dismiss the petition filed in December, 2016 by the member cities of Plano, Garland, Mesquite and Richardson seeking relief from the Take or Pay contract provision.

On November 3, the cities of Rowlett, Fate and Lucas, filed a motion to object to dismissing this case to ensure that non-member customer cities and special utility districts have the ability to participate in the new rate methodology under the same terms and conditions as the 13 member cities. Today, our motion to object to dismissing this case was denied by the PUC.

“While we are disappointed the PUC did not rule favorably on our objection, we look forward to continuing our vigorous advocacy on behalf of Rowlett citizens,” said Mayor Tammy Dana-Bashian. “We will now begin the next phase and work with the North Texas Municipal Water District to ensure our community participates in the benefits arising from the revised wholesale water rate terms afforded the member cities.”

Under the settlement with NTMWD member cities, the implementation of a more equitable Take or Pay methodology would be phased-in over a 13-year time period. Ultimately, it will include a five-year rolling average, which is viewed more favorably for the Rowlett community as it removes certain peak years that could penalize a city in perpetuity. After the objection filing by Rowlett, Fate and Lucas, the NTMWD Board voted on November 11, 2020 to offer the same terms and conditions to non-member wholesale customer cities such as Rowlett. However, due to the uncertainty of how the City of Rowlett might participate in any potential contract revisions, the City of Rowlett did not remove its objection filed with the PUC to dismiss the case.

History

For many years, the NTMWD and its 13 member cities have been in a dispute over the methodology used to calculate minimum payments from each entity, referred to as “Take or Pay.” Under the Take or Pay contract provision, all member and customer cities purchasing wholesale water from the NTMWD are required to pay annually for the highest amount of water ever used. Rowlett is currently required to purchase a minimum of 3.2 billion gallons per year. As a result of the Take or Pay contract provision, in the past 19 years, Rowlett citizens have paid over \$21 million to the NTMWD for over 11 billion gallons of water that was not received or used by Rowlett residents and businesses.

The member cities of Plano, Garland, Mesquite and Richardson filed a petition with the PUC on December 14, 2016 to seek relief from the Take or Pay contract provision.

In February 2020, the PUC agreed to initiate a cost-of-service hearing after concluding that NTMWD rates were adverse to the public interest.

The City of Rowlett, along with the cities of Fate and Lucas, filed a motion to intervene in the PUC proceedings on April 2, 2020.

Instead of issuing the expected order for the cost-of-service review at their meeting on Friday, April 17, the PUC ordered the parties into mediation.

On October 29, 2020, the NTMWD and its 13 member cities announced they had agreed to a settlement on the Take or Pay dispute and would file to dismiss the PUC petition. The City of Rowlett, along with the cities of Fate and Lucas, were not included in the settlement negotiations. As a result, on November 3, 2020 these cities together filed a motion objecting to the motion to dismiss the PUC proceedings filed by NTMWD and its 13 member cities to settle.

The North Texas Municipal Water District is a wholesale water provider serving more than 1.8 million people in nearly 90 communities across 10 North Texas counties. There are 13 member cities and over 30 customer cities and Special Utility Districts. A wholesale customer for 54 years, Rowlett is the largest customer city, with a population of over 66,000 residents and over 20,000 water accounts. Based on the current Take or Pay wholesale water pricing methodology in place, Rowlett will continue to be charged every year for hundreds of millions of unused gallons of water. Due to limited resources and the high cost of water infrastructure, communities such as Rowlett have no ability to mitigate the negative impact of the take-or-pay structure and there is no feasible option to transition to an alternate wholesale water provider.

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