

## **BILL ANALYSIS**

H.B. 3689  
By: Cortez  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Public Utility Commission of Texas (PUC) recently asserted that when its jurisdiction is triggered with regard to the rates of a municipally owned utility's customers who reside outside the municipality, the PUC also gains jurisdiction over rates of customers residing within the municipality. In a recent appeal of water and sewer rates charged by the Town of Woodloch, the PUC found that once jurisdiction is triggered, the PUC gains jurisdiction over every rate set by the utility, not just the rate that was specifically appealed. However, neither the PUC nor the Texas Commission on Environmental Quality has ever asserted jurisdiction over the water or sewer rates of a municipally owned utility within the municipality's corporate limits. Given that the applicable law has never been interpreted to grant the PUC authority over customers within the corporate limits of a municipality, this recent decision of the PUC represents a fundamental change in the application of state law that has been in place for many years. H.B. 3689 seeks to remedy this situation by clarifying that the PUC has no jurisdiction over municipal rates charged to customers within the corporate limits of the municipality.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 3689 amends Water Code to replace the requirement for the Public Utility Commission of Texas (PUC) to ensure that every rate that is made, demanded, or received in an appeal of water, drainage, or sewer rates charged by certain retail public utilities is just and reasonable with a requirement for the PUC to ensure that every appealed rate is just and reasonable.

### **EFFECTIVE DATE**

September 1, 2021.