

BILL ANALYSIS

S.B. 387
By: Schwertner
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Concerns have been raised that while municipally owned utility ratepayers in a municipality's extraterritorial jurisdiction may appeal water or sewer service rates with the Public Utility Commission of Texas, no similar appeal process exists for residents in the extraterritorial jurisdiction who are transferred to a municipally owned utility from another retail public utility. The city council members who determine such a transfer are not elected by these residents who may be subject to a rate increase due to the transfer, which could be considered as taxation without representation. S.B. 387 seeks to address this issue by providing for the appeal of a decision that results in an increase in rates when a municipally owned utility takes over the provision of service to ratepayers who reside outside a municipality's corporate limits and who were previously served by another retail public utility.

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

S.B. 387 amends the Water Code to specify that the decisions of a governing body of a municipally owned utility affecting the water, drainage, or sewer rates of a ratepayer residing outside the municipality's corporate limits that the ratepayer is authorized to appeal to the Public Utility Commission of Texas (PUC) includes a decision that results in an increase in rates when the utility takes over the provision of service to ratepayers previously served by another retail public utility. The bill exempts from this ratepayer appeal authority a municipally owned utility that takes over the provision of service to ratepayers previously served by another retail public utility in the following circumstances:

- if the municipally owned utility takes over the service at the ratepayer's request;
- if the municipally owned utility takes over the service in the manner provided by statutory provisions relating to the sale of property and mergers; or
- if the municipally owned utility is required to take over the service by state law, a Texas Commission on Environmental Quality order, or a PUC order.

S.B. 387 authorizes a ratepayer to use the appeal process to appeal increased rates charged to the ratepayer by a municipally owned utility by filing a petition for review with the PUC and the utility not later than December 1, 2021, if the utility began providing service to the ratepayer on or after September 1, 2016. This authority applies only to rates that the utility has not changed since the utility began providing service to the ratepayer.

EFFECTIVE DATE

September 1, 2021.