

## **BILL ANALYSIS**

S.B. 997  
By: Nichols  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been reported that the Public Utility Commission of Texas (PUC) has recently struggled to establish a consistent standard and process for handling appeals of rates charged for raw water sales or wholesale water and sewer service. S.B. 997 seeks to address this issue by establishing procedures for the PUC's review of a contractual rate charged for the furnishing of raw or treated water or water or sewer service, including procedures for an interlocutory appeal of a determination of the public interest by the PUC.

### **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. 997 amends the Water Code to prohibit the Public Utility Commission of Texas (PUC), in an applicable proceeding to review a water rate charged under a written contract or in an applicable appeal by a retail public utility on the amount paid for water or sewer service under a written contract, from holding a hearing on or otherwise prescribing just and reasonable amounts to be charged under the contract unless the PUC determines that the amount charged under the contract harms the public interest. The determination becomes final for purposes of appeal in the manner provided by the Administrative Procedure Act. The bill authorizes a party adversely affected by the determination to seek judicial review of the determination, which is required to be by trial de novo. The bill requires the PUC to abate proceedings on the contract in the event of such an appeal until the entry of a final judicial determination that a rate charged under the contract harms the public interest. The Administrative Procedure Act applies to the appeal.

S.B. 997 requires the PUC, before holding a hearing on or otherwise prescribing a just and reasonable rate to be charged under the contract, to allow the contracting parties to amend the amount charged under the contract until at least 60 days after the following:

- the date of a final judicial determination in an appeal that a rate charged under the contract harms the public interest; or
- the date the determination became final if a motion for rehearing was not filed on time.

If the parties amend their contract, a party may challenge before the PUC the rate paid under the amended contract only after the fifth anniversary of the date of the contract amendment or during a period agreed to by the parties that begins after that anniversary and ends on or before the 25th anniversary of that date.

**EFFECTIVE DATE**

September 1, 2021.