

BILL ANALYSIS

Senate Research Center
77R10927 JJT-D

H.B. 1281
By: Counts (Wentworth)
Natural Resources
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Engrossed

DIGEST AND PURPOSE

Currently, a case is pending at the Texas Natural Resource Conservation Commission (TNRCC) involving a private water utility company that has acquired approximately 270 systems. The company has applied to TNRCC for a rate increase that would impose a single water rate and a single sewer rate to its customers. TNRCC and the State Office of Administrative Hearings are investigating the matter and will hold a hearing on the case in September 2001. H.B. 1281 prohibits the consolidation of more than one system under a single rate unless certain conditions apply, and sets forth provisions regarding factors and costs to be considered in setting rates and the proceedings related to complaints of utility rate changes.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission in SECTION 1 (Section 13.137, Water Code) and SECTION 4 (Section 13.182, Water Code); and to the regulatory authority, as defined by Section 13.002, Water Code, in SECTION 5 (Section 13.183, Water Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13.137, Water Code, as follows:

Sec. 13.137. New heading: OFFICE AND OTHER BUSINESS LOCATIONS OF UTILITY; RECORDS; REMOVAL FROM STATE. (a) Requires every utility to carry out certain duties concerning customer payments.

(b) Authorizes the Texas Natural Resource Conservation Commission (commission) by rule to provide for waiving the requirements of Subsection (a)(1) for a utility for which meeting those requirements would cause a rate increase or otherwise harm or inconvenience customers. Requires the rules to provide for an additional 14 days to be given for a customer to pay before a utility that is granted a waiver may disconnect service for late payment.

(c) No changes.

SECTION 2. Amends Section 13.144, Water Code, to add language relating to a disclosure of an affiliated interest between the parties to the contract.

SECTION 3. Amends Chapter 13E, Water Code, by adding Section 13.145, as follows:

Sec. 13.145. MULTIPLE SYSTEMS CONSOLIDATED UNDER TARIFF. Authorizes a utility to consolidate more than one system under a single tariff only under certain conditions.

SECTION 4. Amends Section 13.182, Water Code, to add language requiring the commission by rule to establish a preference that rates under a consolidated tariff be consolidated by region. Requires the

regions under consolidated tariffs to be determined on a case-by-case business.

SECTION 5. Amends Section 13.183, Water Code, to add language to authorize the regulatory authority, by rule or ordinance, as appropriate, to adopt specific alternative ratemaking methodologies for water or sewer rates based on certain factors. Prohibits the regulatory authority from approving rates under an alternative ratemaking methodology unless the regulatory authority adopts the methodology before the date the rate application was administratively complete. Adds language prohibiting a regulatory authority other than the commission from approving an acquisition adjustment for a system purchased before the effective date of an ordinance authorizing acquisition adjustments. Makes conforming changes.

SECTION 6. Amends Section 13.187, Water Code, as follows:

(a) Prohibits a utility from making changes in its rates except by delivering a statement of intent to each ratepayer and with the regulatory authority having original jurisdiction at least 60, rather than 30, days before the effective date of the proposed change. Adds language relating to information required to be included in the statement.

(b)-(d) No changes.

(e) Changes reference from “within 60 days” to “before the 91st day.”

(f)-(j) No changes.

(k) Sets forth provisions relating to complaints from ratepayers.

(l) Makes a nonsubstantive change.

(m) No changes.

(n) Sets forth provisions relating to the utility refunding money collected under a proposed rate.

(o) Changes reference from “within 335 days after” to “not later than the first anniversary of ” and makes a conforming change.

(p) No changes.

SECTION 7. Amends Chapter 13I, Water Code, by adding Section 13.343, as follows:

Sec. 13.343. **WHOLESALE WATER CONTRACTS BETWEEN CERTAIN AFFILIATES.** (a) Prohibits the owner of a utility that supplies retail water service from contracting to purchase from an affiliated supplier wholesale water service for any of that owner’s systems except under certain conditions.

(b) Prohibits the utility from purchasing groundwater from any provider under certain conditions.

SECTION 8. (a) Effective date: upon passage or September 1, 2001.

(b) Provides that the changes in law made by this Act apply to a proceeding in which the Texas Natural Resource Conservation Commission has not issued a final order before the effective date of this Act.

(c) Provides that Section 13.343, Water Code, as added by this Act, does not apply to a contract executed before the effective date of this Act. Provides that a contract executed

before the effective date of this Act is governed by the law in effect on the date it was executed, and that law is continued in effect for that purpose.