

## **BILL ANALYSIS**

Senate Research Center  
83R1060 DDT-D

S.B. 1163  
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Natural Resources  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Section 13.145(a), Water Code, allows a utility to consolidate multiple systems under a single tariff if the systems under the tariff are substantially similar in terms of facilities, quality of service, and cost of service; and the tariff provides for rates that promote water conservation for single-family residences and landscape irrigation.

In 2005, the legislature enacted Section 13.145(b) to create an exemption from this requirement for a public utility that provided utility service in only 24 counties on January 1, 2003. As written, the exception was put in place for the benefit of only one utility, Texas-based TECON Water Company, LP, that no longer exists today. Since 2001, TECON's name has been changed to Monarch Utilities I, LP, and it has been acquired by the California-based SouthWest Water Company, an entity that has since been purchased by an investment fund managed by JP Morgan.

In 2011, Monarch Utilities I, LP, filed a an application for a rate increase and a single tariff citing Section 13.145(b). The application proposed a rate increase affecting customers throughout the state, and there was much concern about whether the application of Section 13.145(b) was permissible and fair to customers.

S.B. 1163 repeals Section 13.145(b) and requires Monarch Utilities I, LP, to meet the requirements of Section 13.145(a) in order to request a single tariff across multiple utility systems.

As proposed, S.B. 1163 amends current law relating to requirements for consolidating water and sewer utilities.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Repealer: Section 13.145(b) (relating to providing that this section does not apply to a public utility that provided utility services in only 24 counties on January 1, 2003), Water Code.

SECTION 2. Effective date: September 1, 2013.