

BILL ANALYSIS

Senate Research Center

C.S.H.B. 3476
By: Schofield (Bettencourt)
Water, Agriculture & Rural Affairs
5/19/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A municipality may require that all water and sewer facilities for a service area within the extraterritorial jurisdiction of the municipality use the municipality's standards for design and construction in accordance with the municipality's standards for facilities rather than in accordance with the more appropriate Public Utility Commission of Texas (PUC) standards. It has been suggested that, as a result, a retail public utility design and construction process in areas within the extraterritorial jurisdiction of a municipality, specifically fast-growing areas, can get delayed for long periods of time. H.B. 3476 seeks to address this issue by amending the Water Code to require the PUC to include, as a condition of a certificate of public convenience and necessity for a service area within the extraterritorial jurisdiction of certain municipalities, that all water and sewer facilities be designed and constructed in accordance with Texas Commission on Environmental Quality standards for those facilities.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 3476 amends current law relating to certificates of public convenience and necessity issued to water utilities inside the boundaries or extraterritorial jurisdiction of certain municipalities.

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. Amends Section 13.245, Water Code, by amending Subsections (b), (c-3), (c-4), and (c-5) and adding Subsection (c-6), as follows:

(b) Prohibits the Public Utility Commission (PUC), except as provided by certain subsections, from granting to a retail public utility a certificate of public convenience and necessity for a service area within the boundaries or extraterritorial jurisdiction of a municipality without the consent of the municipality. Prohibits the municipality from unreasonably withholding the consent. Deletes existing text authorizing a municipality, as a condition of the consent, to require that all water and sewer facilities be designed and constructed in accordance with the municipality's standards for facilities.

(c-3) Requires the PUC to include, as a condition of a certificate of public convenience and necessity granted under Subsection (c-1) (relating to authorizing the PUC to grant the certificate of public convenience and necessity without consent of the municipality under certain conditions) or (c-2) (relating to authorizing the PUC to grant the certificate of public convenience and necessity to the retail public utility at a certain time) for a service area within the boundaries of a municipality, that all water and sewer facilities be designed and constructed in accordance with the municipality's standards for water and sewer facilities.

(c-4) Requires the PUC to include, as a condition of a certificate of public convenience and necessity granted under Section 13.245 (Municipal Boundaries or Extraterritorial

Jurisdiction or Certain Municipalities) for a service area within the extraterritorial jurisdiction of a municipality, that all water and sewer facilities be designed and constructed in accordance with:

(1) the Texas Commission on Environmental Quality's (TCEQ) standards for water and sewer facilities applicable to water systems that serve greater than 250 connections; or

(2) TCEQ's standards for water and sewer facilities applicable to water systems that serve 250 or fewer connections, if the PUC determines that standards for water and sewer facilities applicable to water systems that serve 250 or fewer connections are appropriate for the service area and that regionalization of the retail public utility or consolidation of the retail public utility with another retail public utility is not economically feasible under Section 13.241(d) (relating to requiring an applicant for a certificate of convenience and necessity to demonstrate that regionalization or consolidation with another retail public utility is not economically feasible).

(c-5) Creates this subsection from existing text and makes conforming and nonsubstantive changes.

(c-6) Creates this subsection from existing text and makes conforming and nonsubstantive changes.

SECTION 2. Effective date: September 1, 2021.