

By: Lucio III

H.B. No. 3650

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the transfer of functions relating to the economic
3 regulation of water and sewer service from the Public Utility
4 Commission of Texas to the Texas Commission on Environmental
5 Quality.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. (a) Notwithstanding any other law, on September
8 1, 2022, the following are transferred from the Public Utility
9 Commission of Texas to the Texas Commission on Environmental
10 Quality:

11 (1) the powers, duties, functions, programs, and
12 activities of the Public Utility Commission of Texas relating to
13 the economic regulation of water and sewer service, including the
14 issuance and transfer of certificates of convenience and necessity,
15 the determination of rates, and the administration of hearings and
16 proceedings involving those matters, under Chapters 11, 12, and 13,
17 Water Code;

18 (2) any obligations and contracts of the Public
19 Utility Commission of Texas that are directly related to
20 implementing a power, duty, function, program, or activity
21 transferred under this Act; and

22 (3) all property and records in the custody of the
23 Public Utility Commission of Texas that are related to a power,
24 duty, function, program, or activity transferred under this Act and

1 all funds appropriated by the legislature for that power, duty,
2 function, program, or activity.

3 (b) The Texas Commission on Environmental Quality and the
4 Public Utility Commission of Texas shall enter into a memorandum of
5 understanding that:

6 (1) identifies in detail the applicable powers and
7 duties that are transferred by this Act;

8 (2) establishes a plan for the identification and
9 transfer of the records, personnel, property, and unspent
10 appropriations of the Public Utility Commission of Texas that are
11 used for purposes of the commission's powers and duties directly
12 related to the economic regulation of water and sewer service under
13 Chapters 11, 12, and 13, Water Code; and

14 (3) establishes a plan for the transfer of all pending
15 applications, hearings, rulemaking proceedings, and orders
16 relating to the economic regulation of water and sewer service
17 under Chapters 11, 12, and 13, Water Code, from the Public Utility
18 Commission of Texas to the Texas Commission on Environmental
19 Quality.

20 (c) The memorandum of understanding under this section is
21 not required to be adopted by rule under Section 5.104, Water Code.

22 (d) The executive directors of the Texas Commission on
23 Environmental Quality and the Public Utility Commission of Texas
24 may agree in the memorandum of understanding under this section to
25 transfer to the Texas Commission on Environmental Quality any
26 personnel of the Public Utility Commission of Texas whose functions
27 predominantly involve powers, duties, obligations, functions, and

1 activities related to the economic regulation of water and sewer
2 service under Chapters 11, 12, and 13, Water Code.

3 (e) The Texas Commission on Environmental Quality and the
4 Public Utility Commission of Texas shall periodically update the
5 Office of Public Utility Counsel on the anticipated contents of the
6 memorandum of understanding under this section during the
7 development of the memorandum.

8 (f) The Texas Commission on Environmental Quality and the
9 Public Utility Commission of Texas shall appoint a transition team
10 to accomplish the purposes of this section. The transition team may
11 consult with the Office of Public Utility Counsel to accomplish the
12 purposes of this section.

13 (g) A rule, form, policy, procedure, or decision of the
14 Public Utility Commission of Texas related to a power, duty,
15 function, program, or activity transferred under this Act continues
16 in effect as a rule, form, policy, procedure, or decision of the
17 Texas Commission on Environmental Quality and remains in effect
18 until amended or replaced by that agency.

19 (h) The memorandum required by this section must be
20 completed by August 1, 2022.

21 (i) The Public Utility Commission of Texas and the Texas
22 Commission on Environmental Quality shall adopt rules to implement
23 the transfer of powers, duties, functions, programs, and activities
24 as described by this Act not later than September 1, 2023.

25 SECTION 2. This Act takes effect September 1, 2021.