

1-1 By: Alvarado S.B. No. 1965
 1-2 (In the Senate - Filed March 8, 2023; March 21, 2023, read
 1-3 first time and referred to Committee on Water, Agriculture & Rural
 1-4 Affairs; April 4, 2023, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
 1-6 April 4, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1965 By: Perry

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to requirements for the purchase or acquisition of certain
 1-22 water and sewer systems.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 13.301, Water Code, is amended by
 1-25 amending Subsection (h) and adding Subsections (l), (m), and (n) to
 1-26 read as follows:

1-27 (h) A sale, acquisition, lease, or rental of any water or
 1-28 sewer system owned by an entity required by law to possess a
 1-29 certificate of public convenience and necessity, or a sale or
 1-30 acquisition of or merger or consolidation with such an entity, that
 1-31 is not completed in accordance with the provisions of this section
 1-32 is void. The utility commission shall approve a transaction to
 1-33 which this section applies without an owner's signature required by
 1-34 other law if the owner has abandoned operation of the facilities
 1-35 that are the subject of the transaction and cannot be located or
 1-36 does not respond to an application filed under Subsection (l).

1-37 (l) Notwithstanding any other provision of this section,
 1-38 the utility commission by rule shall adopt an expedited process
 1-39 that allows a person appointed by the utility commission or
 1-40 commission under Section 13.4132 as a temporary manager of a
 1-41 utility, utility in receivership, or utility in supervision, who is
 1-42 also an operator of a Class A or Class B utility to apply for utility
 1-43 commission approval of the person's acquisition of the stock,
 1-44 ownership interest, or assets of the temporarily managed and
 1-45 operated utility, utility in receivership, or utility in
 1-46 supervision, its facilities, and, if applicable, its certificated
 1-47 service area. The expedited process must:

1-48 (1) waive public notice requirements regardless of
 1-49 whether the person elects to charge initial rates in accordance
 1-50 with Section 13.3011 or use a voluntary valuation determined under
 1-51 Section 13.305;

1-52 (2) require approval of the acquisition transaction if
 1-53 the transaction is considered to be in the public interest; and

1-54 (3) provide that:

1-55 (A) the person's appointment is considered
 1-56 sufficient to demonstrate adequate financial, managerial, and
 1-57 technical capability for providing continuous and adequate service
 1-58 to the service area to be acquired and any areas currently
 1-59 certificated to the person; and

1-60 (B) all used and useful invested capital and just

2-1 and reasonable operations and maintenance costs incurred by the
2-2 person during the person's appointment as temporary manager and
2-3 operator of the utility, utility in receivership, or utility in
2-4 supervision to be acquired are considered to be a regulatory asset
2-5 for the person and are recoverable in the person's next
2-6 comprehensive rate proceeding or system improvement charge
2-7 application.

2-8 (m) If a temporary rate under Section 13.046 is adopted
2-9 during the period described by Subsection (1)(3)(B), all used and
2-10 useful invested capital and just and reasonable operations and
2-11 maintenance costs incurred by the person in excess of costs covered
2-12 by the temporary rate are considered to be a regulatory asset for
2-13 the person and are recoverable in the person's next comprehensive
2-14 rate proceeding or system improvement charge application.

2-15 (n) The utility commission and commission shall provide a
2-16 reasonable period for a person acquiring a utility under Subsection
2-17 (1) to bring the acquired utility into compliance with utility
2-18 commission and commission rules before imposing a penalty for any
2-19 violation committed by the acquired utility for which no
2-20 enforcement action has been completed at the time of acquisition.

2-21 SECTION 2. This Act takes effect September 1, 2023.

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