

By: Laubenberg

H.B. No. 3538

A BILL TO BE ENTITLED

AN ACT

relating to appraisals acquired by municipalities from rural water supply corporations.

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

SECTION 1. Section 13.255, Local Government Code, as amended by Chapter 1375, Acts of the 76th Legislature, Regular Session, 1999, is amended to read as follows:

Section 13.255. SINGLE CERTIFICATION IN INCORPORATED OR ANNEXED AREAS

(m) The valuation of the retail public utility's certificate of convenience and necessity area being acquired shall not exceed a value per unit (acre or other definable unit of measure) that if applied (multiplied by the entire retail public utility's certificate of convenience and necessity area) to the entirety of the retail public utility's certificate of convenience and necessity area, would exceed the net book value of the retail public utility as of the date determined by application of Subsection (b). In addition, if the retail public utility's certificate of convenience and necessity area being acquired includes customers that will be lost to it, the valuation of the certificate of convenience and necessity area being acquired shall be increased to include the amount of debt per customer located in the area being lost.

(n) If the retail public utility's certificate of

1 convenience and necessity area being acquired includes
2 infrastructure used to deliver water service to other portions of
3 its service area, the acquiring retail public utility shall be
4 required to provide a replacement connection to the portion of the
5 system which would otherwise be severed.

6 (o) If the retail public utility's certificate of
7 convenience and necessity area being acquired includes water
8 service infrastructure that will be lost to it, such value shall be
9 deemed to have been included in the valuation made pursuant to
10 Subsection (g) above, and no additional compensation shall be
11 required.

12 ~~(m)~~ (p) The commission shall deny an application for single
13 certification by a municipality that fails to demonstrate
14 compliance with the commission's minimum requirements for public
15 drinking water systems.

16 SECTION 2. This Act takes effect September 1, 2003.