

BILL ANALYSIS

C.S.H.B. 1358
By: Flores
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, the Texas Commission on Environmental Quality (the commission) has regulatory jurisdiction over investor-owned water and sewer utilities, but only appellate jurisdiction over water supply and sewer service corporations.

In order to provide more consistent regulatory guidelines for water and sewer providers and to ensure the best quality service for all water and sewer customers, C.S.H.B. 1358 amends Subchapter A, Chapter 13, Water Code, to give the commission the same jurisdiction over non-profit water supply and sewer service corporations that it already has over investor-owned water and sewer utilities under Chapter 13, if the commission finds that the non-profit water supply or sewer service corporation is failing to operate pursuant to certain statutory requirements.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Subchapter A, Chapter 13, Water Code, is amended by adding Section 13.004 as follows:

Sec. 13.004 Subsection (a) provides that the commission has the same jurisdiction over a water supply or sewer service corporation that the commission has under Chapter 13 over a water supply and sewer utility if the commission finds that the water supply or sewer service corporation is: (1) failing to conduct annual or special meetings in compliance with Sec. 67.007, Water Code, or (2) is operating in a manner that does not comply with the requirements for classifications as a nonprofit water supply or sewer service corporation prescribed in Sec. 13.002(11) and Sec. 13.002(24), Water Code.

Subsection (b) provides that if the water supply or sewer service corporation voluntarily converts to a special utility district operating under Chapter 65, the commission's jurisdiction provided by this section ends.

SECTION 2. This act will take effect immediately upon a two-thirds vote in each house, or September 1, 2005.

EFFECTIVE DATE

On passage; or if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The original bill provided that the commission had the same jurisdiction over a water supply or sewer service corporation that the commission has under Chapter 13, Water Code over a water and sewer utility if the commission found that the water supply or sewer service corporation charges rates that are not fair, just or reasonable, or provides services that are not adequate or efficient. The substitute provides that such jurisdiction is exercised only if the commission finds

that the water supply or sewer service corporation is failing to operate pursuant to certain statutory requirements.

The original bill also provided that the commission would exercise jurisdiction under proposed Section 13.004, Water Code, only after conducting an investigation and a hearing based on the receipt of a verified complaint from a municipality receiving service from the water supply or sewer service corporation or a customer or other person affected by the rates or services of the corporation. The substitute does not contain similar specific provisions regarding investigation and hearing.