

BILL ANALYSIS

H.B. 2132
By: Phillips
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When a retail water or sewer system becomes non-functional, another retail public utility provider can take over the non-functional system in order to avoid disruption of service to the customers of the system. Often, the rates charged by the non-functioning system are inadequate to properly provide the service and the infrastructure of the system is non-compliant with state regulated standards. However, there is not an expedited process by which the price of service may be adjusted to reflect the actual costs to the provider which takes over the non-functional system. In these cases, the provider taking over the system is forced to charge inadequate rates and operate at a loss until the lengthy rate adjustment process is complete through the Texas Commission on Environmental Quality (TCEQ.) Additionally, the provider taking over the system may find its own system immediately out of compliance due to the emergency acquisition of the non-functional system and subject to fines from TCEQ.

HB 2132 would direct TCEQ to adopt rules to provide for an expedited rate adjustment process for retail public utility providers which take over a non-functioning retail water or sewer system. The provider would be allowed to charge a reasonable rate to customers immediately upon takeover of the non-functioning system. The bill would also direct TCEQ to allow a reasonable amount of time for the provider to bring the non-functioning into compliance with commission rules.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 1 of this bill.

ANALYSIS

SECTION 1. Adds §13.046, Water Code to direct the Texas Commission on Environmental Quality (TCEQ) to adopt rules to allow a retail public utility to charge a reasonable rate to customers immediately upon takeover of the provision of services for a non-functioning retail water or sewer utility service to recover service costs. The rules must provide an expedited process by which the retail public utility may apply to TCEQ for a determination of the reasonableness of the rates. The bill would also direct TCEQ to allow a reasonable amount of time for the provider to bring the non-functioning system into compliance with TCEQ rules.

EFFECTIVE DATE

HB 2132 takes effect on September 1, 2005.