

## **BILL ANALYSIS**

C.S.H.B. 2301  
By: Turner  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Private investor-owned water and sewer utilities in Texas operate within specified service areas under authority granted by the Texas Commission on Environmental Quality (TCEQ). These grants of authority are called Certificates of Convenience & Necessity (CCN). Although the TCEQ grants the CCN, for those customers receiving service via CCN inside the boundaries of a municipality, the governing body of the municipality functions as the first level regulator of rates and services.

### **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:** Amends Section 13.187, Water Code, by amending subsections (c), (d), and (k) and adding subsection (d-1)

Subsection (c) is changed to include costs with the expenses that are disallowed if a utility fails to provide documentation or other evidence that supports the costs and expenses within a reasonable time.

Subsections (d) and (k) are changed to include the (d-1) exception.

Subsection (d-1) is added to provide that, after written notice to the utility, a municipal regulatory authority may suspend the effective date of a rate change for not more than 90 days from the proposed effective date, except that the suspension shall be extended by two days for each day a hearing exceeds 15 days.

If the municipal regulatory authority does not make a final determination on the proposed rate before the expiration of the applicable suspension period, the proposed rate shall be considered approved. The approval, however, is subject to the municipal regulatory authority's continuation of a hearing in progress.

**SECTION 2:** Provides for an effective date of September 1, 2005.

### **EFFECTIVE DATE**

September 1, 2005.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The Committee Substitute makes the bill only applicable to municipal regulatory authorities by adding the word "local" on pg. 2, line 5, pg. 2, line 9 and pg. 2, line 12.