

## **BILL ANALYSIS**

C.S.H.B. 2585  
By: Hilderbran  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Water Code, Chapter 13 relates to water rates and services. Currently water and sewer utilities can increase their rates once in a twelve-month period. Many providers raise their rates each year for multiple years. This situation causes great economic hardships for customers.

C.S.H.B. 2585 would allow water utilities to seek rate changes once every three years unless the TCEQ determines that a financial hardship exists.

C.S.H.B. 2585 would not allow a water and sewer utility to adopt or use a billing cycle that is less than 30 days.

Additionally, the Commission must rule in a rate case within 180 days in an uncontested case, or 545 days in contested case procedure.

### **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 E, Chapter 13, Water Code, is amended by adding new section 13.146 which states: A water and sewer utility may not adopt or use a billing cycle for retail service that is less than 30 days.

SECTION 2. Section 13.187 (p), Water Code is amended to state that a utility or two or more utilities under common control and ownership may not file a statement of intent to increase its rates more than once in a three-year period, unless the regulatory authority determines that a financial hardship exists. This section also amends Section 13.187 by adding new Section (q) that states notwithstanding any other provision of this section, the commission is considered to have approved a rate change if the commission not made a final determination on the rate change on or before:

- (1) the 180th day after the effective date of the rate change, if the commission does not set the matter for a hearing; or
- (2) the 545th day after the effective date of the rare change, if the commission does set the matter for a hearing, regardless of whether the hearing has been completed on that date.

SECTION 3. Section 13.187(p) , Water Code, as amended by this Act and Section 13.187(q), as added by this Act, apply only to a statement of intent to increase rates filed on or after the effective date of this act.

SECTION 4. Effective date, September 1, 2005

### **EFFECTIVE DATE**

September 1, 2005

C.S.H.B. 2585 79(R)

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

- CSHB 2585 would allow water utilities to seek rate changes only once every three years unless the TCEQ determines that a financial hardship exists. The bill as filed would only allow rate changes every five years.
- Additionally, the TCEQ will need to make a final determination on a rate change request on or before the 180th day for an uncontested hearing; or within a year and a half for a contested case hearing.
- HB 2585, as originally filed stated that a utility could only request a rate increase every five years and it was silent as to the time frame for TCEQ to rule on a rate change request.