

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1064  
By: Staples  
Natural Resources  
4/20/2005  
Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Rate increases for water or sewer utilities are usually effective before a final decision is issued. Customers may pay increases which are later determined to be unfair.

Currently, rate increases for water and sewer utilities are effective after the utilities fulfill certain notice requirements described in Chapter 13, Water Code. The appropriate regulatory authority is authorized to suspend or impose an interim rate until final rates are determined.

C.S.S.B. 1064 delays implementation of a rate increase until a final decision is issued by the appropriate regulatory authority.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 13.182, Water Code, by adding Subsection (e) to prohibit a water or sewer utility, except as provided by Section 13.4133 (Emergency Rate Increase in Certain Circumstances), from implementing a rate change concerning which a hearing is set under Section 13.187 (Statement of Intent to Change Rates; Hearing; Determination of Rate Level) until the date on which the regulatory authority (either the Texas Commission on Environmental Quality or the governing body of a municipality) issues a final decision on the change.

SECTION 2. Amends Sections 13.187, Water Code, by amending Subsections (a), (d), (e), (f), (k), and (l) and adding Subsection (e-1), as follows:

(a) Provides that a water or sewer utility may not make changes in its rates except by delivering a statement of intent to each taxpayer and with the regulatory authority having original jurisdiction at least 120, rather than 60, days before the proposed effective date of the proposed change, rather than before the effective date of the proposed change. Requires the statement of intent to include a billing comparison regarding the existing water rate and the new water rate computed for the use of 3,000 gallons of water, and a billing comparison regarding the existing sewer rate and the new sewer rate computed for the use of 3,000 gallons, unless the utility proposes a flat rate for sewer services. Makes conforming and nonsubstantive changes.

(d) Makes conforming changes.

(e) Requires the regulatory authority to set a hearing on the proposed rate increase if, before the 91st day after the date the statement of intent was provided to the authority and each ratepayer under Subsection (a), rather than before the 91st day after the effective date of the rate change, the regulatory authority receives a certain complaint. Requires a hearing under this subsection to be set not later than the 120th day after the date the statement of intent was provided. Makes conforming and nonsubstantive changes.

(e-1) Requires the regulatory authority, if it receives a complaint from any affected municipality, or from the lesser of 1,000 or 10 percent of the ratepayers of the utility over whose rates the regulatory authority has original jurisdiction, not later than the 120th day

after the date the utility files with the regulatory authority an application to change rates and delivers a statement of intent to each ratepayer, to hold a public meeting to receive public comments on the proposed rate increase. Authorizes the regulatory authority to hold the public meeting in any location it determines is appropriate. Requires the regulatory authority to require the utility to publish notice of the public meeting at least once in the newspaper of largest circulation in each county in which affected ratepayers are located. Sets forth the information the notice is required to contain.

(f) Makes conforming changes.

(k) Requires the regulatory authority, if the regulatory authority sets the matter for hearing, to suspend the date the rate change would otherwise be effective until the date the regulatory authority issues a final decision, and to fix interim rates as provided by Subsection (l). Deletes the provision that the regulatory authority is authorized to suspend the date of the rate change provided it receives a certain number of complaints. Deletes the limitations on how long the proposed rate may be suspended.

(l) Requires the regulatory authority, if the regulatory authority sets the matter for a hearing, not later than the 120th day after the date the statement of intent is filed, to fix interim rates to remain in effect until a final determination is made on the proposed rate.

SECTION 3. Repealer: Sections 13.187(i), (j), (n), and (o) (Statement of Intent to Change Rates; Hearing; Determination of Rate Level), Water Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2005.