

1-1 By: Staples S.B. No. 1064  
1-2 (In the Senate - Filed March 7, 2005; March 21, 2005, read  
1-3 first time and referred to Committee on Natural Resources;  
1-4 April 20, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 7, Nays 0; April 20, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1064 By: Staples

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to rate changes by a water and sewer utility.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 13.182, Water Code, is amended by adding  
1-13 Subsection (e) to read as follows:

1-14 (e) Except as provided by Section 13.4133, a utility may not  
1-15 implement a rate change concerning which a hearing is set under  
1-16 Section 13.187 until the date on which the regulatory authority  
1-17 issues a final decision on the change.

1-18 SECTION 2. Section 13.187, Water Code, is amended by  
1-19 amending Subsections (a), (d), (e), (f), (k), and (l) and adding  
1-20 Subsection (e-1) to read as follows:

1-21 (a) A utility may not make changes in its rates except by  
1-22 delivering a statement of intent to each ratepayer and with the  
1-23 regulatory authority having original jurisdiction at least 120 ~~60~~  
1-24 days before the proposed effective date of the proposed change. The  
1-25 proposed effective date of the new rates must be the first day of a  
1-26 billing period, and the new rates may not apply to service received  
1-27 before the proposed effective date of the new rates. The statement  
1-28 of intent must include:

1-29 (1) the information required by the regulatory  
1-30 authority's rules;

1-31 (2) a billing comparison regarding the existing water  
1-32 rate and the new water rate computed for the use of:

1-33 (A) 3,000 gallons of water;

1-34 (B) 10,000 gallons of water; and

1-35 (C) ~~(B)~~ 30,000 gallons of water; and

1-36 (3) a billing comparison regarding the existing sewer  
1-37 rate and the new sewer rate computed for the use of 3,000 gallons  
1-38 and 10,000 gallons, unless the utility proposes a flat rate for  
1-39 sewer services.

1-40 (d) If the application or the statement of intent is not  
1-41 substantially complete or does not comply with the regulatory  
1-42 authority's rules, it may be rejected and the proposed effective  
1-43 date of the rate change may be suspended until a properly completed  
1-44 application is accepted by the regulatory authority and a proper  
1-45 statement of intent is provided. The commission may also suspend  
1-46 the proposed effective date of any rate change if the utility does  
1-47 not have a certificate of public convenience and necessity or a  
1-48 completed application for a certificate or to transfer a  
1-49 certificate pending before the commission or if the utility is  
1-50 delinquent in paying the assessment and any applicable penalties or  
1-51 interest required by Section 5.701(n) ~~[of this code]~~.

1-52 (e) The regulatory authority shall set a hearing on the  
1-53 proposed rate increase if, [If,] before the 91st day after the  
1-54 [effective] date the statement of intent was provided to the  
1-55 authority and each ratepayer under Subsection (a) [of the rate  
1-56 change], the regulatory authority receives a complaint from any  
1-57 affected municipality, or from the lesser of 1,000 or 10 percent of  
1-58 the ratepayers of the utility over whose rates the regulatory  
1-59 authority has original jurisdiction. A hearing under this  
1-60 subsection must be set not later than the 120th day after the date  
1-61 the statement of intent was provided[ , the regulatory authority  
1-62 shall set the matter for hearing].

1-63 (e-1) If the regulatory authority receives a complaint from

2-1 any affected municipality, or from the lesser of 1,000 or 10 percent  
2-2 of the ratepayers of the utility over whose rates the regulatory  
2-3 authority has original jurisdiction, the regulatory authority  
2-4 shall, not later than the 120th day after the date the utility files  
2-5 with the regulatory authority an application to change rates and  
2-6 delivers a statement of intent to each ratepayer, hold a public  
2-7 meeting to receive public comments on the proposed rate increase.  
2-8 The regulatory authority may hold the public meeting in any  
2-9 location the regulatory authority determines is appropriate. The  
2-10 regulatory authority shall require the utility to publish notice of  
2-11 the public meeting at least once in the newspaper of largest  
2-12 circulation in each county in which affected ratepayers are  
2-13 located. The notice must state:

2-14 (1) the time, location, and nature of the public  
2-15 meeting; and

2-16 (2) a description, including a telephone number, of  
2-17 the manner in which a person may contact the regulatory authority  
2-18 for further information.

2-19 (f) The regulatory authority may set the matter for hearing  
2-20 on its own motion at any time within 120 days after the [effective]  
2-21 date the statement of intent was provided to the authority and each  
2-22 ratepayer under Subsection (a) [of the rate change]. If more than  
2-23 half of the ratepayers of the utility receive service in a county  
2-24 with a population of more than 2.5 million, the hearing must be held  
2-25 at a location in that county.

2-26 (k) If the regulatory authority sets the matter for  
2-27 [receives at least the number of complaints from ratepayers  
2-28 required for the regulatory authority to set] a hearing under  
2-29 Subsection (e), the regulatory authority shall:

2-30 (1) [may,] pending the hearing and a decision, suspend  
2-31 the date the rate change would otherwise be effective until the date  
2-32 the regulatory authority issues a final decision on the matter; and

2-33 (2) fix interim rates as provided by Subsection (l).

2-34 [The proposed rate may not be suspended for longer than:

2-35 [(1) 90 days by a local regulatory authority; or

2-36 [(2) 150 days by the commission.]

2-37 (l) If the regulatory authority sets the matter for a  
2-38 hearing, the regulatory authority shall, not later than the 120th  
2-39 day after the date the statement of intent is filed, [At any time  
2-40 during the pendency of the rate proceeding the regulatory authority  
2-41 may] fix interim rates to remain in effect until a final  
2-42 determination is made on the proposed rate.

2-43 SECTION 3. Subsections (i), (j), (n), and (o), Section  
2-44 13.187, Water Code, are repealed.

2-45 SECTION 4. This Act applies only to a statement of intent  
2-46 filed on or after the effective date of this Act. A rate change to  
2-47 which a statement of intent filed before the effective date of this  
2-48 Act applies is governed by the law in effect on the date the  
2-49 statement was filed, and that law is continued in effect for that  
2-50 purpose.

2-51 SECTION 5. This Act takes effect September 1, 2005.

2-52 \* \* \* \* \*