

BILL ANALYSIS

Senate Research Center
80R7687 TAD-F

H.B. 2678
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The electricity market in Texas is fluid. Currently, water and sewer utilities cannot pass through increases or decreases in their electricity costs without proceeding through a time consuming and costly rate case. Utilities' inability to amend their rates to reflect these costs precludes their recapture of the actual costs of service provision.

H.B. 2678 provides a mechanism for water and sewer utilities to change their rates to reflect changes in documented energy costs. This change would allow for the rates charged by utilities to reflect the actual costs of service.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission [Texas Commission on Environmental Quality] in SECTION 1 (Section 13.188, Water Code) of this bill.

SECTION BY SECTION ANALYSIS

[While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

SECTION 1. Amends Subchapter F, Chapter 13, Water Code, by adding Section 13.188, as follows:

Sec. 13.188. ADJUSTMENT FOR CHANGE IN ENERGY COSTS. (a) Requires the Texas Natural Resource Conservation Commission (TNRCC) by rule to adopt a procedure allowing a utility to file with TNRCC an application to timely adjust the utility's rates to reflect an increase or decrease in documented energy costs, notwithstanding any other provision of this chapter.

(b) Authorizes TNRCC to adjust a utility's rates under this section without a hearing if TNRCC determines a hearing is not necessary.

(c) Provides that a proceeding under this section is not a rate case and Section 13.187 (Statement of Intent to Change Rates; Hearing; Determination of Rate Level) does not apply.

SECTION 2. Makes application of Section 13.188, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2007.