

BILL ANALYSIS

H.B. 2678
By: Callegari
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The electricity market in Texas is fluid. Currently, water and sewer utilities cannot pass through increases or decreases in these 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

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 1 of this bill.

ANALYSIS

SECTION 1. Adds §13.188, Water Code, requiring that the Texas Commission on Environmental Quality adopt rules for a procedure allowing a utility to file an application to timely adjust the utility's rates to reflect a change in documented energy costs. Authorizes the Commission to adjust a utility's rates without a hearing. Provides that a change in a utility's rates to reflect energy costs is not a rate case, and that a utility seeking such changes is not required to distribute a statement of intent to change rates.

SECTION 2. Transition language applying changes made by the Act to change rates filed on or after September 1, 2007.

SECTION 3. September 1, 2007.

EFFECTIVE DATE

September 1, 2007.