

BILL ANALYSIS

C.S.H.B. 3862
By: McClendon
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In certain circumstances, many customers receive water supply from one provider and they receive their sewer services from a different provider, often a municipality. In such cases, the water supplier is not required by law to furnish the sewer service provider with any information regarding a customer's water use. When this information is not available, the sewer service provider must develop a system of billing based off of assumptions and estimations, often resulting in flat fees. Flat sewer service fees, although they may be necessary in certain circumstances, tend to inflate charges to customers with lower than average usage and deflate charges to customers with higher than average usage. Additionally, if a customer fails to pay for its sewer service, the sewer service provider is not able to discontinue service to the non-paying customer, as is the water service provider. C.S.H.B. 3862 requires that certain water service providers cooperate with a municipality who provides sewer service by sharing relevant customer information and by disconnecting water service to customers who fail to pay their sewer service bills for a period of time.

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 Z, Chapter 402, Local Government Code, is amended by adding Section 402.911 as follows:

Sec. 402.911. DUTIES OF WATER SERVICE PROVIDER TO AN AREA SERVED BY SEWER SERVICE OF CERTAIN POLITICAL SUBDIVISIONS.

(a) This section applies only to an area:

(1) that is located in a county that has a population of more than one million and in which more than 80 percent of the population resides in a single municipality; and

(2) in which:

(A) sewer service is provided by a municipality or conservation and reclamation district that also provides water service to other areas; and

(B) an entity other than the municipality or district described by Paragraph (A) provides water service to the area.

(b) Authorizes a municipality or conservation and reclamation district to provide written notice to a person to whom the municipality's or district's sewer service system provides service if the person has failed to pay for the service for more than 90 days. Provides that the notice state the past due amount owed and the deadline by which the past due amount must be paid or the person will lose water service. The notice may be sent by mail or hand-delivered to the location at which the sewer service is provided.

(c) Authorizes the municipality or district to notify the water service provider of a person who fails to make timely payment after the person receives notice under Subsection (b). Provides that

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the notice indicate the number of days the person has failed to pay for sewer service and the total amount past due. On receipt of the notice, the water service provider is required to discontinue water service to the person.

(d) For each person the water service provider serves in an area to which this section applies, the water service provider is required to provide the municipality or district with any relevant any relevant customer information so that the municipality or district may bill users of the sewer service directly and verify the water consumption of users. Relevant customer information provided under this section includes the name, address, telephone number of the customer of the water service provider, the monthly meter readings of the customer, monthly consumption information, including any billing adjustments, and certain meter information, such as brand, model, age and location.

(e) Requires that the municipality or district reimburse the water service provider for its reasonable and actual incremental costs for providing services to the municipality or district under this section. Incremental costs are limited to only those costs that are in addition to the water service provider's costs in providing its services to its customers, and those costs must be consistent with the costs incurred by other water utility providers. Provides that the water service provider provide the municipality or district with documentation certified by a certified public accountant of the reasonable and actual incremental costs for providing services to the municipality or district under this section.

SECTION 2. Effective Date: September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 3862 differs from the original bill in that it narrows the area to one served by sewer service of certain political subdivisions located in a county with a population of more than one million and in which more than 80% of the population resides in a single municipality.

CSHB 3862 also adds conservation and reclamation districts as an entity to which this bill applies in certain instances.