

AN ACT

relating to rates charged for water or sewer services by an entity that takes over a nonfunctioning water or sewer system.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 13, Water Code, is amended by adding Section 13.046 to read as follows:

Sec. 13.046. TEMPORARY RATES FOR SERVICES PROVIDED FOR NONFUNCTIONING SYSTEM; SANCTIONS FOR NONCOMPLIANCE. (a) The commission by rule shall establish a procedure that allows a retail public utility that takes over the provision of services for a nonfunctioning retail water or sewer utility service provider to charge a reasonable rate for the services provided to the customers of the nonfunctioning system and to bill the customers for the services at that rate immediately to recover service costs.

(b) The rules must provide a streamlined process that the retail public utility that takes over the nonfunctioning system may use to apply to the commission for a ruling on the reasonableness of the rates the utility is charging under Subsection (a). The process must allow for adequate consideration of costs for interconnection or other costs incurred in making services available and of the costs that may necessarily be incurred to bring the nonfunctioning system into compliance with commission rules.

(c) The commission shall provide a reasonable period for the retail public utility that takes over the nonfunctioning system to

1 bring the nonfunctioning system into compliance with commission  
2 rules during which the commission may not impose a penalty for any  
3 deficiency in the system that is present at the time the utility  
4 takes over the nonfunctioning system. The commission must consult  
5 with the utility before determining the period and may grant an  
6 extension of the period for good cause.

7 SECTION 2. This Act takes effect September 1, 2007.

---

President of the Senate

---

Speaker of the House

I certify that H.B. No. 149 was passed by the House on May 2, 2007, by the following vote: Yeas 147, Nays 0, 2 present, not voting.

---

Chief Clerk of the House

I certify that H.B. No. 149 was passed by the Senate on May 22, 2007, by the following vote: Yeas 31, Nays 0.

---

Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

---

Governor