

**House Bill 1391**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter C, Chapter 341, Health and Safety Code, is amended by adding Section 341.0357 to read as follows:

Sec. 341.0357. PUBLIC SAFETY STANDARDS. (a)

In this section:

(1) "Public utility" has the meaning assigned by Section 13.002, Water Code.

(2) "Regulatory authority" has the meaning assigned by Section 13.002, Water Code.

(3) "Residential area" means:

(A) an area designated as a residential zoning district by a governing ordinance or code or an area in which the principal land use is for private residences;

(B) a subdivision for which a plat is recorded in the real property records of the county and that contains or is bounded by public streets or parts of public streets that are abutted by residential property occupying at least 75 percent of the front footage along the block face; or

(C) a subdivision a majority of the lots of which are subject to deed restrictions limiting the lots to residential use.

(b) The regulatory authority for a public utility shall by rule or ordinance adopt standards for maintaining sufficient water pressure for service to fire hydrants adequate to protect public safety in residential areas in a municipality with a population of 655,000 or more.

(c) The commission shall assess residential areas in a municipality with a population of 655,000 or more to ensure that:

(1) the regulatory authority for the area has adopted the

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(3) "Residential area" means:

(A) an area designated as a residential zoning district by a governing ordinance or code or an area in which the principal land use is for private residences;

(B) a subdivision for which a plat is recorded in the real property records of the county and that contains or is bounded by public streets or parts of public streets that are abutted by residential property occupying at least 75 percent of the front footage along the block face; or

(C) a subdivision a majority of the lots of which are subject to deed restrictions limiting the lots to residential use.

(b) The regulatory authority for a public utility shall by rule or ordinance adopt standards for maintaining sufficient water pressure for service to fire hydrants adequate to protect public safety in residential areas in a municipality with a population of 1,000,000 or more.

(c) The commission shall assess residential areas in a municipality with a population of 1,000,000 or more to ensure that:

(1) the regulatory authority for the area has adopted the

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standards required by this section; and  
(2) all public utilities serving the residential area are complying with the standards required by this section.  
(d) The commission shall require a municipality with a population of 655,000 or more and acting as a regulatory authority to make appropriate revisions to standards the commission considers to be inadequate within a reasonable time established by the commission.  
(e) The commission shall require a public utility in violation of a standard required under this section and established by the commission or by a municipality with a population of 655,000 or more and acting as a regulatory authority to comply with the standard within a reasonable time established by the commission.  
(f) This section does not limit the authority of a municipality with a population of 655,000 or more and acting as a regulatory authority to prohibit a public utility in violation of a standard established by the municipality from recovering through the public utility's rates a penalty or fine incurred for a violation of a standard.

SECTION 2. Section 341.040, Health and Safety Code, is amended to read as follows:  
Sec. 341.040. DEFINITION. In this subchapter, "commission" means the Texas ~~[Natural Resource Conservation]~~ Commission on Environmental Quality.

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standards required by this section; and  
(2) all public utilities serving the residential area are complying with the standards required by this section.  
(d) The commission shall require a municipality with a population of 1,000,000 or more and acting as a regulatory authority to make appropriate revisions to standards the commission considers to be inadequate within a reasonable time established by the commission.  
(e) The commission shall require a public utility in violation of a standard required under this section and established by the commission or by a municipality with a population of 1,000,000 or more and acting as a regulatory authority to comply with the standard within a reasonable time established by the commission.  
(f) This section does not limit the authority of a municipality with a population of 1,000,000 or more and acting as a regulatory authority to prohibit a public utility in violation of a standard established by the municipality from recovering through the public utility's rates a penalty or fine incurred for a violation of a standard.

Same as House version.

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SECTION 3. 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 bring the nonfunctioning system into compliance with commission rules during which the commission may not impose a penalty for any deficiency in the system that is present at the time the utility takes over the nonfunctioning system. The commission must consult with the utility before

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determining the period and may grant an extension of the period for good cause.

SECTION 4. This Act takes effect September 1, 2007.

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SECTION 3. Same as House version.

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