

BILL ANALYSIS

H.B. 1160
By: Geren
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A municipality in Texas can obtain the exclusive right to provide water or sewer service inside newly annexed territory. However, interested parties have observed that outside the boundaries of most cities the only incumbent utilities that may be displaced by a municipality are water and sewer supply corporations, special utility districts, and fresh water supply districts. These parties contend that municipalities may not seek single certification in areas served by investor-owned utilities, which often charge rates significantly higher than other municipally owned water utilities in the same county.

H.B. 1160 seeks to address this issue by allowing the transfer of a certificate of convenience and necessity in certain municipalities in certain counties to provide residents of those municipalities continuous and adequate water and sewer service and equitable rates.

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

H.B. 1160 amends the Local Government Code to require the agency with authority over certificates of convenience and necessity for water and sewer service, on application by a municipality meeting certain criteria, to transfer a certificate of convenience and necessity for water and sewer service from a public utility to the municipality for the public utility's service area located in the municipality's corporate limits if the municipality is willing to provide continuous and adequate water and sewer service to the area and has instituted a condemnation proceeding under the power of eminent domain to acquire the property of the public utility's water and sewer system in the municipality's corporate limits. The bill makes the transfer effective on the date the court in which the condemnation proceeding is pending issues an order that transfers the public utility's property to the municipality and that requires the municipality to ensure continuous and adequate water and sewer service to the citizens of the municipality.

H.B. 1160 makes its provisions applicable to a municipality that has a population of not more than 2,500; is located in a county that has a population of 1.7 million or more and has two municipalities with a population of 300,000 or more; and is served by a public utility that provides service to the entire municipality and charges rates for 5,000 gallons of water for residential customers that are at least 50 percent higher than the rates charged by a municipally owned utility that serves another part of the county in which the municipality is located. The bill's provisions apply only to a condemnation proceeding in which the petition is filed on or after September 1, 2011.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.