

BILL ANALYSIS

Senate Research Center
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H.B. 2284
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Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Residents living in unincorporated areas of counties often depend on investor-owned water utilities to provide residential water and wastewater services. Interested parties note that some of these residents experience issues with water quality or loss of water service and depend on the utility to address the problems. The parties contend, however, that some utilities do not adequately address these problems and that customers are forced to boil water before consumption or wait hours before they can take a shower. The parties note that sometimes these problems experienced by customers result in administrative sanctions against a utility but that the sanctions may not adequately deter these problems from happening again. H.B. 2284 seeks to address this issue in regard to certain utilities.

H.B. 2284 amends current law relating to the revocation of certain water utilities' certificate of public convenience and necessity for major rules violations.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter G, Chapter 13, Water Code, by adding Section 13.2541, as follows:

Sec. 13.2541. REVOCATION OF CERTIFICATE FOR CERTAIN MAJOR VIOLATORS. (a) Requires the Public Utility Commission of Texas (PUC) staff to file a petition to revoke an investor-owned water utility's certificate of public convenience and necessity if the staff has reason to believe:

- (1) the utility has committed repeated or continuous major violations of one or more PUC rules related to safe drinking water for at least six years before the petition is filed;
- (2) none of the owners of the utility have borrowed money from a federally insured lending institution to use to remedy a violation of one or more PUC rules related to safe drinking water;
- (3) the utility serves more than 1,000 connections but is made up of less than five public water systems;
- (4) the utility does not serve customers who are located in a municipality;
and
- (5) the utility is located in a county with a population of more than four million.

(b) Authorizes PUC, if, after notice and hearing, PUC finds that the facts alleged in the petition are true, to revoke the investor-owned water utility's certificate on or before the 90th day after the date the petition is filed.

(c) Requires PUC, at the time PUC revokes the certificate, to appoint a temporary manager and temporarily transfer the certificate to the temporary manager. Provides that, on accepting the transfer, the temporary manager has all the powers necessary to operate and manage the utility until PUC certifies another retail public utility.

(d) Requires PUC, not more than 12 months after the date PUC appoints a temporary manager under Subsection (c), to offer at auction any property that PUC determines is rendered useless or valueless to the decertified investor-owned water utility as a result of the decertification.

(e) Authorizes any person, including public and private water utilities and the temporary manager appointed under Subsection (c), to apply for approval to bid on the decertified utility's assets and property. Requires PUC to review each application and approve applicants that it determines have the financial, managerial, and technical ability to provide safe, adequate, and continuous water service to the decertified utility's customers. Authorizes only approved applicants to bid in the auction. Requires PUC to request proposals from all approved bidders.

(f) Requires PUC and the temporary manager, before the auction, to:

(1) make the books and records of the decertified utility available to all approved bidders; and

(2) provide an opportunity for all approved bidders to inspect the decertified utility's assets and property.

(g) Requires that each bid:

(1) estimate the rates the bidder would charge for service during the first five years following the date of the sale; and

(2) agree that the bidder, if the bidder purchases the assets and property, will consider making improvements to remedy and prevent damages from previous violations of PUC rules related to safe drinking water before the third anniversary of the purchase date.

(h) Requires PUC to select the bidder that has the best plan to remedy previous violations of PUC rules, as determined by PUC, and, on completion of the sale to the selected bidder and payment to the decertified utility, transfer the certificate of public convenience and necessity from the temporary manager to the selected bidder.

(i) Provides that this section expires December 31, 2019.

SECTION 2. Effective date: September 1, 2015.