

AN ACT

relating to the authority of certain municipalities to provide sewer service to areas within the municipal boundaries without obtaining a certificate of public convenience and necessity.

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

SECTION 1. Section 13.247(a), Water Code, is amended to read as follows:

(a) If an area is within the boundaries of a municipality, all retail public utilities certified or entitled to certification under this chapter to provide service or operate facilities in that area may continue and extend service in its area of public convenience and necessity within the area pursuant to the rights granted by its certificate and this chapter, unless the municipality exercises its power of eminent domain to acquire the property of the retail public utility under Subsection (d). Except as provided by Section 13.2475 or 13.255, a municipally owned or operated utility may not provide retail water and sewer utility service within the area certificated to another retail public utility without first having obtained from the utility commission a certificate of public convenience and necessity that includes the areas to be served.

SECTION 2. Subchapter G, Chapter 13, Water Code, is amended by adding Section 13.2475 to read as follows:

Sec. 13.2475. CERTIFICATES OF PUBLIC CONVENIENCE AND

1 NECESSITY TO PROVIDE SEWER SERVICE IN CERTAIN MUNICIPALITIES.

2 (a) This section applies only to a municipality:

3 (1) with a population of more than 95,000;

4 (2) located in a county that:

5 (A) borders Lake Palestine; and

6 (B) has a population of more than 200,000;

7 (3) that owns and operates a utility that provides
8 sewer service; and

9 (4) that has an area within the boundaries of the
10 municipality that is certificated to another retail public utility
11 that provides sewer service.

12 (b) A municipality may provide sewer service to an area
13 entirely within the municipality's boundaries without first having
14 to obtain from the utility commission a certificate of public
15 convenience and necessity that includes the area to be served,
16 regardless of whether the area to be served is certificated to
17 another retail public utility.

18 (c) Not less than 30 days before the municipality begins
19 providing sewer service to an area certificated to another retail
20 public utility, the municipality shall provide notice to the retail
21 public utility and the utility commission of its intention to
22 provide service to the area.

23 (d) On receipt of the notice required by Subsection (c), a
24 retail public utility may:

25 (1) petition the utility commission to decertify its
26 certificate for the area to be served by the municipality; or

27 (2) discontinue service to the area to be served by the

1 municipality, provided that there is no interruption of service to
2 any customer.

3 (e) This section may not be construed to limit the right of a
4 retail public utility to provide service in an area certificated to
5 the retail public utility.

6 (f) This section does not expand a municipality's power of
7 eminent domain under Chapter 21, Property Code.

8 SECTION 3. As soon as practicable after the effective date
9 of this Act, the Public Utility Commission of Texas shall adopt
10 rules and establish procedures relating to the notice required
11 under Section 13.2475, Water Code, as added by this Act.

12 SECTION 4. This Act takes effect September 1, 2015.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 789 passed the Senate on April 30, 2015, by the following vote: Yeas 30, Nays 1; and that the Senate concurred in House amendment on May 26, 2015, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 789 passed the House, with amendment, on May 21, 2015, by the following vote: Yeas 133, Nays 10, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor