

By: Walle

H.B. No. 294

A BILL TO BE ENTITLED

AN ACT

relating to the revocation of certain water utilities' certificate of public convenience and necessity for major rules violations.

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

SECTION 1. Subchapter G, Chapter 13, Water Code, is amended by adding Section 13.2541 to read as follows:

Sec. 13.2541. APPOINTMENT OF TEMPORARY MANAGER. (a)

Utility commission staff shall file a petition to appoint a temporary manager of an investor-owned water utility if the staff has reason to believe:

(1) the utility has repeated or continuous violations of commission rules or of the commission's predecessor agency rules regarding well capacity, storage tank capacity, service pump capacity, or pressure tank capacity for at least six years before the petition is filed;

(2) neither an owner of the utility nor the utility has borrowed money from a federally insured lending institution to remedy a violation of a rule described by Subdivision (1);

(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 2.7 million.

1 (b) If, after notice and an opportunity for a hearing, the
2 utility commission finds that the facts alleged in the petition are
3 true, the utility commission may appoint a temporary manager and
4 may also refer the investor-owned utility to the attorney general
5 for the appointment of a receiver under Section 13.412. The utility
6 commission shall issue its final order not more than 180 days after
7 the date the petition is filed.

8 (c) If the utility commission appoints a temporary manager,
9 the manager shall have all the power and authority provided by
10 Section 13.4132(c). Not more than 120 days after the appointment of
11 the manager, the manager shall recommend to the utility commission
12 whether or not the utility's certificate should be revoked. If the
13 manager recommends revocation, the manager shall recommend one or
14 more retail public utilities that could provide service to the
15 certificated area.

16 (d) If a court appoints a receiver for the utility, the
17 temporary manager's appointment ends when the receiver executes the
18 bond required by Section 13.412. The temporary manager is eligible
19 to be appointed as the receiver.

20 (e) Not more than 90 days after the appointment of a
21 receiver by the court, the receiver shall recommend to the utility
22 commission whether or not the utility's certificate of convenience
23 and necessity should be revoked. If the receiver recommends
24 revocation, the receiver shall recommend one or more retail public
25 utilities that could provide service to the certificated area. The
26 receiver may recommend any other remedy authorized by this chapter.

27 (f) If the receiver recommends revocation, the utility

1 commission staff shall file a petition to revoke the certificate of
2 convenience and necessity under Section [13.254](#).

3 SECTION 2. This Act takes effect September 1, 2017.