86R4652 GRM-F

By:  Nichols, Watson S.B. No. 700

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain classes of retail public water utilities.

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

SECTION 1.  Section 13.002, Water Code, is amended by amending Subdivisions (4-b) and (4-c) and adding Subdivision (4-d) to read as follows:

(4-b)  "Class B utility" means a public utility that provides retail water or sewer utility service through 2,300 [~~500~~] or more taps or connections but fewer than 10,000 taps or connections.

(4-c)  "Class C utility" means a public utility that provides retail water or sewer utility service through 500 or more taps or connections but fewer than 2,300 [~~500~~] taps or connections.

(4-d)  "Class D utility" means a public utility that provides retail water or sewer utility service through fewer than 500 taps or connections.

SECTION 2.  Section 13.046, Water Code, is amended by adding Subsection (d) to read as follows:

(d)  At the time the utility commission approves the acquisition of a nonfunctioning retail water or sewer utility service provider under Section 13.301, the utility commission shall:

(1)  determine the duration of the temporary rates for the retail public utility, which must be for a reasonable period; and

(2)  rule on the reasonableness of the temporary rates under Subsection (b) if the utility commission did not make a ruling before the application was filed under Section 13.301.

SECTION 3.  Section 13.183(c), Water Code, is amended to read as follows:

(c)  To ensure that retail customers receive a higher quality, more affordable, or more reliable water or sewer service, to encourage regionalization, or to maintain financially stable and technically sound utilities, the regulatory authority, by rule or ordinance, as appropriate, may adopt specific alternative ratemaking methodologies for water or sewer rates [~~based on factors other than rate of return and those specified in Section 13.185~~]. Overall revenues determined according to an alternative ratemaking methodology adopted under this section must provide revenues to the utility that satisfy the requirements of Subsection (a). The regulatory authority may not approve rates under an alternative ratemaking methodology unless the regulatory authority adopts the methodology before the date the rate application was administratively complete.

SECTION 4.  Section 13.187(a-1), Water Code, is amended to read as follows:

(a-1)  A utility may not make changes in its rates except by sending by mail or e-mail a statement of intent to each ratepayer and to the regulatory authority having original jurisdiction at least 35 days before the effective date of the proposed change. The utility may send the statement of intent to a ratepayer by e-mail only if the ratepayer has agreed to receive communications electronically. The effective date of the new rates must be the first day of a billing period, and the new rates may not apply to service received before the effective date of the new rates. The statement of intent must include:

(1)  the information required by the regulatory authority's rules;

(2)  a billing comparison regarding the existing water rate and the new water rate computed for the use of:

(A)  5,000 [~~10,000~~] gallons of water; and

(B)  10,000 [~~30,000~~] gallons of water;

(3)  a billing comparison regarding the existing sewer rate and the new sewer rate computed for the use of 5,000 [~~10,000~~] gallons, unless the utility proposes a flat rate for sewer services; and

(4)  a description of the process by which a ratepayer may intervene in the ratemaking proceeding.

SECTION 5.  Sections 13.1871(a), (b), and (d), Water Code, are amended to read as follows:

(a)  Except as provided by Sections 13.18715 and [~~Section~~] 13.1872, this section applies only to a Class B utility.

(b)  A utility may not make changes in its rates except by sending by mail or e-mail a statement of intent to each ratepayer and to the regulatory authority having original jurisdiction at least 35 days before the effective date of the proposed change. The utility may send the statement of intent to a ratepayer by e-mail only if the ratepayer has agreed to receive communications electronically. The effective date of the new rates must be the first day of a billing period, and the new rates may not apply to service received before the effective date of the new rates. The statement of intent must include:

(1)  the information required by the regulatory authority's rules;

(2)  a billing comparison regarding the existing water rate and the new water rate computed for the use of:

(A)  5,000 [~~10,000~~] gallons of water; and

(B)  10,000 [~~30,000~~] gallons of water;

(3)  a billing comparison regarding the existing sewer rate and the new sewer rate computed for the use of 5,000 [~~10,000~~] gallons, unless the utility proposes a flat rate for sewer services; and

(4)  a description of the process by which a ratepayer may file a complaint under Subsection (i).

(d)  When the statement of intent is delivered, the utility shall file with the regulatory authority an application to change rates. The application must include information the regulatory authority requires by rule and any appropriate cost and rate schedules supporting the requested rate increase. [~~In adopting rules relating to the information required in the application, the utility commission shall ensure that a utility can file a less burdensome and complex application than is required of a Class A utility.~~] If the utility fails to provide within a reasonable time after the application is filed the necessary documentation or other evidence that supports the costs and expenses that are shown in the application, the regulatory authority may disallow the nonsupported costs or expenses.

SECTION 6.  Subchapter F, Chapter 13, Water Code, is amended by adding Section 13.18715 to read as follows:

Sec. 13.18715.  CLASS C UTILITIES: STATEMENT OF INTENT TO CHANGE RATES; HEARING; DETERMINATION OF RATE LEVEL. (a) This section applies only to a Class C utility.

(b)  A utility may not make changes in its rates except by complying with the procedures to change rates described by Section 13.1871.

(c)  Notwithstanding Section 13.1871(n), the utility may send the notice required by that subsection by mail or e-mail or may deliver a copy of the notice to the ratepayers.

SECTION 7.  The heading to Section 13.1872, Water Code, is amended to read as follows:

Sec. 13.1872.  CLASS D [~~C~~] UTILITIES: RATE ADJUSTMENT.

SECTION 8.  Section 13.1872, Water Code, is amended by amending Subsection (a) and adding Subsection (c-1) to read as follows:

(a)  This section applies only to a Class D [~~C~~] utility.

(c-1)  A utility that chooses to comply with Section 13.1871 as authorized under Subsection (c)(2) of this section may send the notice required by Section 13.1871(n) by mail or e-mail or may deliver a copy of the notice to the ratepayers.

SECTION 9.  Subchapter F, Chapter 13, Water Code, is amended by adding Section 13.1873 to read as follows:

Sec. 13.1873.  APPLICATION RULES. In adopting rules relating to the information required in an application for a Class B, Class C, or Class D utility to change rates, the utility commission shall ensure that a:

(1)  Class B utility can file a less burdensome and complex application than is required of a Class A utility; and

(2)  Class C or Class D utility can file a less burdensome and complex application than is required of a Class A or Class B utility.

SECTION 10.  Section 13.258(a), Water Code, is amended to read as follows:

(a)  Notwithstanding any other provision of this chapter, a Class A utility may apply to the utility commission for an amendment of a certificate of convenience and necessity held by a municipal utility district to allow the utility to have the same rights and powers under the certificate as the municipal utility district.

SECTION 11.  The change in law made by this Act applies only to an application for an amendment of a certificate of public convenience and necessity filed on or after the effective date of this Act. An application filed before the effective date of this Act is governed by the law in effect on the date the application is filed, and the former law is continued in effect for that purpose.

SECTION 12.  This Act takes effect September 1, 2019.