

BILL ANALYSIS

Senate Research Center
87R982 JXC-F

H.B. 837
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Water, Agriculture & Rural Affairs
5/5/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Water Code requires that just and adequate compensation be made to a water utility as a condition of property being removed from its service area (decertifying the certificate of convenience and necessity, or CCN), which ultimately must be approved by the Public Utility Commission of Texas (PUC). The decertification statutes, however, lack reporting requirements ensuring the PUC is notified after the required compensation has been made to the utility.

This bill is intended to "close the loop" on the process ensuring that water utilities receive the compensation that they are entitled to when their CCNs are decertified by the PUC. To accomplish this, the bill amends the Water Code to require those entities being removed from a water utility's service area to submit a report to the PUC verifying that all required compensation has been paid to the certificate holder (utility).

H.B. 837 amends current law relating to the procedure for amending or revoking certificates of public convenience and necessity issued to certain retail public utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 3 (Section 13.255, Water Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13.254(a-3), Water Code, to require the Public Utility Commission of Texas (PUC), if the PUC requires an award of compensation, to require the petitioner for expedited release of the area from a certificate of public convenience and necessity to submit a report to the PUC verifying for the purposes of Subsection (d) (relating to prohibiting a retail public utility from rendering service in a decertified area unless compensation has been paid) that the compensation has been paid to the decertified retail public utility.

SECTION 2. Amends Section 13.2541(f), Water Code, to require the PUC, if the PUC requires an award of compensation, to require the petitioner for streamlined expedited release of the area from a certificate of public convenience and necessity to submit a report to the PUC verifying for the purposes of Subsection (j) (relating to requiring that compensation be determined and paid before certain dates) that the compensation has been paid to the certificate holder.

SECTION 3. Amends Section 13.255, Water Code, by amending Subsection (c) and adding Subsections (c-1) and (c-2), as follows:

(c) Makes no changes to the text of Subsection (c).

(c-1) Requires the PUC by rule to require the municipality or franchised utility to submit a report to the PUC verifying that the municipality or franchised utility has paid all required adequate and just compensation to the retail public utility as provided by Subsection (c) (relating to determining adequate and just compensation for property rendered useless and valueless by the single certification requested a municipality).

(c-2) Creates this subsection from a portion of the existing text of Subsection (c) and makes no further changes.

SECTION 4. Effective date: September 1, 2021.