

A BILL TO BE ENTITLED

AN ACT

relating to the appeal of rates for water or sewer service charged to certain customers in the extraterritorial jurisdiction of a municipality.

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

SECTION 1. Subchapter C, Chapter 13, Water Code, is amended by adding Section 13.0442 to read as follows:

Sec. 13.0442. RATES CHARGED IN EXTRATERRITORIAL JURISDICTION BY NEW PROVIDER. (a) A ratepayer paying for water or sewer service in the extraterritorial jurisdiction of a municipality may appeal the rates for that service to the utility commission in the manner provided by this section if:

(1) the rates for the service increase when a new service provider takes over the provision of the service; and

(2) the retail public utility that is the new service provider is:

(A) subject to the appellate jurisdiction of the utility commission under Section 13.043(b) for the service area; or

(B) a utility permitted under Section 13.242(c).

(b) The ratepayer may appeal the increased rates by filing a petition for review with the utility commission and the service provider not later than the 90th day after the effective date of the increased rates.

(c) The petition must be signed by the lesser of 10,000 or 10

1 percent of the ratepayers whose rates have been increased due to the
2 takeover by the new service provider. Each person receiving a
3 separate bill is considered a ratepayer, but one person may not be
4 considered more than one ratepayer regardless of the number of
5 bills the person receives. The petition for review is considered
6 properly signed if signed by a person, or the spouse of a person, in
7 whose name utility service is carried.

8 (d) The utility commission shall hear the appeal de novo and
9 shall fix in its final order the rates the governing body of the
10 provider should have fixed. The utility commission may establish
11 the effective date for the utility commission's rates at the
12 original effective date as proposed by the service provider, may
13 order refunds or allow a surcharge to recover lost revenues, and may
14 allow recovery of reasonable expenses incurred by the service
15 provider in the appeal proceedings. The utility commission may
16 consider only:

17 (1) the information that was available to the
18 governing body that approved the increased rates at the time the
19 governing body approved the rates; and

20 (2) evidence of reasonable expenses incurred by the
21 service provider in the appeal proceedings.

22 (e) The rates established by the utility commission remain
23 in effect until the first anniversary of the effective date
24 proposed by the service provider for the rates being appealed or
25 until changed by the service provider, whichever date is later,
26 unless the utility commission determines that a financial hardship
27 exists.

1 (f) The utility commission may, on a motion by the utility
2 commission or by the appellant, establish interim rates to be in
3 effect until a final decision is made under this section.

4 (g) In an appeal under this section, the utility commission
5 shall ensure that every rate made, demanded, or received by the
6 service provider is just and reasonable. Rates may not be
7 unreasonably preferential, prejudicial, or discriminatory but must
8 be sufficient, equitable, and consistent in application to each
9 class of customers. The utility commission shall use a methodology
10 that preserves the financial integrity of the service provider.

11 SECTION 2. Section 13.1325, Water Code, is amended to read
12 as follows:

13 Sec. 13.1325. ELECTRONIC COPIES OF RATE INFORMATION. On
14 request, the utility commission shall provide, at a reasonable
15 cost, electronic copies of or Internet access to all information
16 provided to the utility commission under Sections 13.016, ~~[and]~~
17 13.043, 13.0442 and Subchapter F to the extent that the information
18 is available and is not confidential. Copies of all information
19 provided to the utility commission shall be provided to the Office
20 of Public Utility Counsel, on request, at no cost to the office.

21 SECTION 3. (a) Notwithstanding Section 13.0442(b), Water
22 Code, as added by this Act, a ratepayer described by Section
23 13.0442(a), Water Code, as added by this Act, may use the appeal
24 process in Section 13.0442, Water Code, as added by this Act, to
25 appeal increased rates charged to the ratepayer by a new service
26 provider by filing a petition for review with the Public Utility
27 Commission of Texas and the service provider not later than

1 December 1, 2021, if the new service provider began providing
2 service to the ratepayer on or after September 1, 2016.

3 (b) Subsection (a) of this section applies only to rates
4 that the service provider has not changed since the service
5 provider began providing service to the ratepayer.

6 SECTION 4. This Act takes effect September 1, 2021.