

**BILL ANALYSIS**

H.B. 1318  
By: Guillen  
Natural Resources  
Committee Report (Unamended)

**BACKGROUND AND PURPOSE**

The bill author has informed the committee that, in situations in which a municipality seeks a certificate of convenience and necessity to provide water or sewer service in an incorporated or annexed area served by a retail public utility, disputes may arise regarding compensation for the utility's property that may be rendered useless or valueless by the certification. H.B. 1318 seeks to address this issue by revising the compensation to be paid in such a situation.

**CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

**RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

**ANALYSIS**

H.B. 1318 amends the Water Code to remove applicable useless or valueless property of a retail public utility from the property to be transferred to a municipally owned utility or franchised utility following the single certification of a municipality to provide water or sewer service in an incorporated or annexed area served by the retail public utility. Accordingly, the bill removes the requirement that the Public Utility Commission of Texas (PUC) determine, in its order granting single certification, the monetary amount that is adequate and just to compensate the retail public utility for any of the retail public utility's property the PUC determines is being rendered useless or valueless by the single certification. The bill instead includes compensation for adverse effects on property remaining in the ownership of the retail public utility after single certification among the adequate and just compensation the PUC is required to determine be paid in its order granting single certification to a municipality that requests the transfer of specified property of the retail public utility to the municipality or to a franchised utility.

H.B. 1318 applies only to a proceeding affecting a certificate of public convenience and necessity that commences on or after the bill's effective date. A proceeding affecting a certificate of public convenience and necessity that commenced before the bill's effective date is governed by the law in effect on the date the proceeding is commenced, and that law is continued in effect for that purpose.

**EFFECTIVE DATE**

September 1, 2025.