

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 1413  
By: Nichols  
Water, Agriculture and Rural Affairs  
4/14/2025  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A certificate of convenience and necessity (CCN) grants a utility the exclusive right to provide water and sewer services in a specific area, preventing others from offering service there. Before 2005, obtaining a CCN required minimal paperwork, a small fee, and no proof of service capability. As a result, landowners could find their property encumbered by a CCN without their knowledge, often leading to cases where utility providers failed to deliver adequate service but refused to release the property.

In 2005, H.B. 2876 introduced the first major CCN reform, including an "expedited release" process to help landowners exit inadequate CCNs. However, this process was costly and cumbersome. To address these issues, Senator Robert Nichols and Representative Brandon Creighton passed S.B. 573 in 2011, creating a more effective "streamlined expedited release" process. This allowed landowners in 33 counties to petition for removal from a CCN if their property was at least 25 acres and not receiving service, while ensuring fair compensation for utility providers.

Building on S.B. 573's success, S.B. 1413 seeks to expand these reforms to more counties, reflecting Texas' rapid growth. The bill also protects landowners from being blocked from decertification due to minor federal loan debts held by CCN holders.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1413 amends current law relating to the procedure for amending or revoking certificates of public convenience and necessity issued to certain water utilities.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 13.2541, Water Code, by amending Subsections (b), (b-1), (e), and (f) and adding Subsections (b-2), (b-3), and (e-1), as follows:

(b) Makes a nonsubstantive change to this subsection.

(b-1) Creates this subsection from existing text. Provides that Section 13.2541 (Streamlined Expedited Release Initiated by Landowner) applies only if the landowner's property is located in:

(1)-(3) creates these subdivisions from existing text; or

(4) a county adjacent to a county described by Subdivision (2) (relating to a county adjacent to a county with a population of at least 1.2 million).

Deletes existing text entitling the owner to release if the owner's property is located in a county meeting certain criteria, and not in a county that has a population of more than 50,500 and less than 52,000. Makes nonsubstantive changes.

(b-2) Provides that this subsection applies only to a petition for a tract of land located in a county described by Subsection (b-1)(4). Requires the petitioner to provide written notice, by certified mail and regular mail, to the certificate holder of the petitioner's intent to petition the Public Utility Commission of Texas (PUC) for expedited release of an area from a certificate of public convenience and necessity under this section not later than the 60th day before the date on which the petitioner submits the petition to the PUC. Requires that the notice include contact information for the property owner whose tract or tracts are the subject of the petition. Authorizes the certificate holder to waive the notice required by this subsection.

(b-3) Redesignates existing Subdivision (b-1) as Subdivision (b-3) and makes no further changes.

(e) Prohibits the certificate holder from initiating an application to borrow money under a federal loan program after the date the notice is provided or waived under Subsection (b-2), rather than the date the petition is filed, until the PUC issues a decision on the petition.

(e-1) Authorizes a landowner that submits a petition under this section to agree to pay to the certificate holder that is the subject of the petition under this section an amount equal to the amount necessary to pay or defease a federal loan for a certificate holder that is a borrower under a federal loan program. Requires the certificate holder, on request from the petitioner, to provide the petitioner with the amount necessary to pay or defease the federal loan. Authorizes the Public Utility Commission of Texas to issue an order to require the certificate holder to accept a loan payment or defeasance under this section.

(f) Requires the PUC, if the PUC determines that compensation to the certificate holder is owed under this section and Section 13.254(g) (relating to the factors ensuring that the compensation to a retail public utility is just and adequate), to require an award of compensation to be paid by the petitioner to the certificate holder. Deletes existing text authorizing the PUC to require an award of compensation by the petitioner to the certificate holder in the manner provided by this section.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.