

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2161
By: Flores
Water, Agriculture and Rural Affairs
4/14/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In December of 2020, the residents of the Hamilton Creek Ranchettes, located outside the city limits of Marble Falls, were hit with a 50 percent rate increase on water and sewer services provided to them by the city. Shocked by the sudden increase, the residents looked for whatever recourse was available to appeal this decision. They found that cities maintain original jurisdiction for water and sewer rates outside the incorporated limits of the municipality, despite Water Code 13.042(e) suggesting original jurisdiction should be placed with the Public Utility Commission of Texas (PUC). The only method for recourse available to them was an unbalanced appeals process that only awards expenses incurred during the process to the municipality, no matter the outcome.

The current appeals process under Water Code 13.043 allows recovery of reasonable expenses incurred during the appeal only by the retail public utility, win or lose. In practice, this disincentivizes rate payers from pursuing an appeal further than the mediation process. Using the example of the Hamilton Creek Ranchettes residents, they felt it was in their best interest to settle for a smaller rate increase during the mediation process instead of pursuing the appeal further. The threat of being liable for the reasonable expenses incurred by the municipality was the sole reason cited for settling in mediation.

S.B. 2161 balances the appeals process for both parties by allowing the recovery of reasonable expenses for both parties. Specifically, a party who alleges existing rates are excessive and is the prevailing party may recover reasonable expenses. If the PUC finds that an action brought under Water Code 13.043 was groundless, the PUC may allow recovery of reasonable expenses by the retail public utility.

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

C.S.S.B. 2161 amends current law relating to expenses incurred in the appeal of rates for water or sewer service charged to certain customers.

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 13.043, Water Code, by adding Subsection (e-1), as follows:

(e-1) Authorizes a ratepayer of a municipally owned utility who resides outside the corporate limits of the municipality and is represented by an attorney to allege that rates prescribed by the municipally owned utility are excessive and, if the ratepayer is a prevailing party in a proceeding for review of the municipally owned utility's rates, and the regulatory authority finds that a rate increase by the municipally owned utility had no basis in fact or law, in the same action the ratepayer is authorized to recover reasonable fees for attorneys and expert witnesses and other costs incurred for the proceeding by the ratepayer. Requires that the amount of the attorney's fees be fixed by the Public Utility Commission of Texas.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.