

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 1629  
By: Cook (Armbrister)  
Natural Resources  
4/22/2001  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Under current law, the Lower Colorado River Authority (LCRA) is prohibited from selling water outside of its water service area, unless it is specifically authorized to do so by the legislature. The 75th Texas Legislature enacted legislation that established a framework for state water planning based on local input and regional planning efforts. Currently, there are water needs in San Antonio and irrigation needs in the Colorado Basin which would be alleviated through water contracts with the LCRA. C.S.H.B. 1629 authorizes the LCRA to sell water to a municipality located outside of its water service area, pursuant to certain limitations and restrictions and provided that such a sale is consistent with regional water plans.

### **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 Chapter 7, Acts of the 43rd Legislature, 4th Called Session, 1934 (Article 8280-107, V.T.C.S.), by adding Section 28, as follows:

Sec. 28. (a) Defines “municipality” and “water service area.”

(b) Authorizes the LCRA (district), subject to the limitations and restrictions in this section, to enter into a written contract with a municipality located outside the water service area to distribute and sell water to the municipality.

(c) Requires the district, in addition to the district’s applicable water rate, to charge a municipality a surcharge determined by the board of directors according to the terms of the contract to enable the district to develop and manage water resources sufficient to address the projected needs of the district’s water service area and the needs of the municipality to the extent agreed in the contract. Requires the contract to provide that the surcharge be sufficient to allow the district to recover all capital construction costs incurred by the district under this section. Provides that the board of directors’ determination of the surcharge is not subject to review or modification by any regulatory agency or administrative authority.

(d) Authorizes the use or reservation of water under a contract authorized by this section to extend for a base period of not more than 50 years. Authorizes a contract to provide an option to renew for not more than an additional 30 years. Requires an option to renew to require that the municipality progressively reduce the amount of water reserved or used by the municipality during the last 10 years of the renewal term and require that the rate paid by the municipality immediately increase by a factor of five if the municipality does not make the required reduction. Requires a contract to provide that the municipality is not entitled to further reservation, use, or delivery of

water from the district at the conclusion of the contract.

(e) Requires a contract authorized by this section to require that the then current rate paid by the municipality immediately increase by a factor of five in certain instances.

(f) Requires the contract to provide that within the water service area, to own any personal property, fixtures, or appurtenances that are used for making available, diverting, or delivering water to a municipality under a contract authorized by this section.

(g) Prohibits water to be provided under a contract authorized by this section from being diverted from the Colorado River at diversion points located on the reservoirs that, on the effective date of this section, are owned and operated by the district upstream of Mansfield Dam. Authorizes water to be provided under a contract authorized by this section to be diverted only from off-channel reservoirs built downstream of Mansfield Dam after the effective date of this section.

(h) Prohibits the district from providing water to a municipality under a contract authorized by this section unless the district demonstrates, through its water management plan, to the Texas Natural Resource Conservation Commission (commission) that the district will operate its water supply system in conjunction with the water resources management efforts contemplated by the contract to meet certain conditions.

(i) Requires the district, as a requirement of the district's water management plan, to submit annually to the commission data and a report demonstrating that the district has operated its water supply system in accordance with the provisions of this section. Requires such data to include a tabulation that compares actual recorded lake levels with lake levels that would have occurred without the water resources management efforts contemplated by a contract authorized by this section. Requires the commission to review the data and report submitted by the district and to certify, in writing made available to the public, whether the district has complied with the provisions of this section.

(j) Authorizes the district to sell no more than a total of 150,000 acre-feet of water in any year under contracts authorized by this section.

(k) Provides that this section does not authorize certain actions.

(l) Prohibits the district from selling groundwater to a municipality under this section.

(m) Prohibits the district from contracting to distribute or sell water under this section unless the district's board of directors finds, after providing an opportunity for public input, that the contract meets certain criteria.

(n) Prohibits a municipality that buys water from the district under a contract authorized by this section from reselling that water outside the boundaries of the regional water planning area in which the municipality is located, as such boundaries are designated by the Texas Water Development Board as of January 5, 2001.

(o) Requires nothing in this section to exempt the district or any municipality from the permitting requirements of state and federal law.

SECTION 2. Sets forth provisions regarding the authority for a municipality or municipally owned utility to enter into a contract with the district.

SECTION 3. Effective date: upon passage or September 1, 2001.

**SUMMARY OF COMMITTEE CHANGES**

SECTION 1. Amends As Filed H.B. 1629, Chapter 7, Acts of the 43rd Legislature, 4th Called Session, 1934 (Article 8280-107, V.T.C.S.), by amending proposed Section 28, by adding Subsections (h), (i), and (o), redesignating original proposed Subsections (h) through (k) as Subsections (j) through (m), and further amending proposed Subsections (a), (d), (f), (g), (k), and (m).