

BILL ANALYSIS

Senate Research Center
87R6824 JXC-F

H.B. 3689
By: Cortez (Gutierrez)
Water, Agriculture & Rural Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In a 2017 decision by the Public Utility Commission of Texas (PUC) regarding an appeal of water and sewer rates charged by the Town of Woodloch, the PUC asserted that when jurisdiction is triggered over the rates of the municipally owned utility's outside-the-city customers, the PUC also gains jurisdiction over the rates of customers within the city's corporate limits. Moreover, the PUC found that once jurisdiction is triggered, they gain jurisdiction over every rate charged by the municipally owned utility, not just the rate that was specifically appealed. Given that the statutes in question (Sections 13.042(f) and 13.043(j), Water Code) have never been read to grant the PUC authority over customers in a city's limits, the Woodloch decision represents a fundamental change in interpretation of state law that has been in place for many years.

H.B. 3689 would provide that regarding an appeal of water and sewer rates charged by a municipally owned utility to its outside-the-city limit customers, the PUC's jurisdiction is limited to the specific rate that has been appealed, clarifying that the PUC has no jurisdiction over municipal rates charged to customers within the city's corporate limits.

H.B. 3689 amends current law relating to the appeal of rates charged for water or sewer service by certain retail public 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 13.043(j), Water Code, to require the Public Utility Commission of Texas, in an appeal under Section 13.043 (Appellate Jurisdiction), to ensure that every appealed rate is just and reasonable, rather than to ensure that every rate made, demanded, or received by any retail public utility or by any two or more retail public utilities jointly is required to be just and reasonable.

SECTION 2. Effective date: September 1, 2021.