

BILL ANALYSIS

Senate Research Center

H.B. 4168
By: Bonnen, Dennis et al. (Kolkhorst)
Administration
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since the creation of the former Galveston County Water Authority some five decades ago, the district has seen its capacity and customer base grow significantly, and today the rechristened Gulf Coast Water Authority no longer supplies water just to Galveston County. Interested parties note that, until recently, the district was managed by a board of directors appointed by the Commissioners Court of Galveston County but that directors have since been added to represent Brazoria County and Fort Bend County. Because the water needs of the region served by the district have continued to increase and diversify, interested parties report a need to expand the district's authority and revise the composition of the district's board of directors to most effectively represent the district's customer base. H.B. 4168 seeks to address these issues.

H.B. 4168 amends Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, to authorize the Gulf Coast Water Authority, in connection with the acquisition of water or the treatment, storage, or transportation of water, to enter into retail service agreements within the Electric Reliability Council of Texas (ERCOT) for the purchase of electricity for the district's own use and to sell electricity in a sale or resale only by way of a registered power marketer or power generation company in accordance with applicable Public Utility Commission rules and ERCOT requirements. The bill authorizes such an agreement to provide for a term of years and include provisions that the district's board of directors determines are in the best interest of the district, including provisions for the posting of collateral or payment of an early termination amount in the event of early termination.

H.B. 4168 revises the composition of the district's board of directors. The bill decreases from seven to four the number of directors appointed by the Galveston County Commissioners Court; removes the requirements that such directors represent the geographic and ethnic diversity of the county and that certain of those directors be registered professional engineers; and removes provisions requiring certain appointments to be made on recommendations of the City Council of the City of Galveston and certain advisory committees and for the appointment of certain directors at-large. The bill instead requires one of the directors appointed by the Galveston County Commissioners Court to represent municipal interests, two of the directors to represent industrial interests, and the other director to represent the county at large. The bill increases from one to two the number of directors appointed by the Fort Bend County Commissioners Court; removes the requirements that such a director represent district customers in that county, be recommended by one or more of those customers, and reside in that county; and instead requires one of the directors to represent municipal interests and one to represent the county at large. The bill increases from one to three the number of directors appointed by the Brazoria County Commissioners Court; removes the requirements that such a director represent district customers in that county, be recommended by one or more of those customers, and reside in that county; and instead requires one of the directors to represent agricultural interests, one director to represent municipal interests, and one to represent industrial interests. The bill removes language providing for the composition of the Industrial Advisory Committee and the Mainland Municipal Advisory Committee.

H.B. 4168 sets the terms of the district directors serving on the bill's effective date to expire September 1, 2015, requires appointments for the succeeding directors to be made not later than that date, and requires the succeeding directors to draw lots to determine which four directors serve a one-year term and which five directors serve a two-year term.

H.B. 4168 amends current law relating to the composition of the board of directors and the powers of the Gulf Coast Water Authority.

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 712, Acts of the 59th Legislature, Regular Session, 1965, by adding Section 3A, as follows:

Sec. 3A. Authorizes the Gulf Coast Water Authority (district), in connection with the acquisition of water, or the treatment, storage, or transportation of water, to enter into retail service agreements within the Electric Reliability Council of Texas (ERCOT) for the purchase of electricity for the district's own use and to sell electricity in a sale or resale only by way of a registered power marketer or power generation company in accordance with applicable public utility commission rules and requirements of ERCOT. Provides that an agreement entered into under this section may provide for a term of years and include provisions that the Board of Directors determines are in the best interest of the district, including provisions for the posting of collateral or payment of an early termination amount in the event of early termination.

SECTION 2. Amends Sections 5 and 5(a), Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, as follows:

Sec. 5. Deletes existing text requiring the seven directors appointed by the Commissioners Court of Galveston County to represent the geographic and ethnic diversity of the county. Deletes existing text requiring three (3) of the members appointed by the Commissioners Court of Galveston County to be registered professional engineers under the laws of Texas. Makes no further change.

Sec. 5(a). Requires the directors of the district to be appointed as follows:

(1) four directors appointed by the Galveston County Commissioners Court, one of whom represents municipal interests, two of whom represent industrial interests, and one of whom represents the county at large;

(2) two directors appointed by the Fort Bend County Commissioners Court, one of whom represents municipal interests, and one of whom represents the county at large; and

(3) three directors appointed by the Brazoria County Commissioners Court, one of whom represents agricultural interests, one of whom represents municipal interests, and one of whom represents industrial interests.

Deletes existing text requiring one (1) director of the District to be appointed by the Commissioners Court of Galveston County upon the recommendation of the City Council of the City of Galveston. Deletes existing text requiring six of the remaining directors to be appointed by the Commissioners Court of Galveston County with two directors appointed at-large and the remaining four of those directors appointed on the written recommendation of advisory committees appointed by the Board of Directors of the Gulf Coast Water Authority. Deletes existing text requiring two of those directors to be recommended by the Mainland Municipal Advisory Committee and two of those directors to be recommended by the Industrial Advisory Committee. Deletes existing text entitling the Commissioners Court of Galveston County to accept or reject the recommendations made to the court by the advisory committees. Deletes existing text requiring the advisory committee, if a recommendation made by an advisory committee is rejected, to submit additional recommendations to the court.

Deletes existing text providing that the Industrial Advisory Committee is composed of one representative of each industrial customer of the Gulf Coast Water Authority. Deletes existing text providing that the Mainland Municipal Advisory Committee is composed of one representative of each municipal or water district customer of the Gulf Coast Water Authority that contracts for not less than 2 million gallons of water a day. Deletes existing text requiring the names of the representatives of each of the committees to be submitted to the Board of Directors of the Gulf Coast Water Authority by the respective industrial and municipal or water district customers. Deletes existing text requiring the directors of the Gulf Coast Water Authority to submit the names of the advisory committee members to the Commissioners Court of Galveston County, which shall record the names in the minutes of the court.

Deletes existing text requiring one director to be appointed by the Commissioners Court of Fort Bend County to represent District customers in that county. Deletes existing text requiring the director to be recommended by one or more of those customers and reside in that county.

Deletes existing text requiring one director to be appointed by the Commissioners Court of Brazoria County to represent District customers in that county. Deletes existing text requiring the director to be recommended by one or more of those customers and reside in that county.

SECTION 3. Amends Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, by adding Section 5(b), to require a director appointed under Section 5(a) to represent municipal or industrial interests to be a customer of or represent an entity that is a customer of the district.

SECTION 4. (a) Provides that the terms of the members of the board of directors of the Gulf Coast Water Authority serving on the effective date of this Act expire September 1, 2015.

(b) Requires the entities described by Section 5(a), Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, as amended by this Act, to make appointments required by that section not later than September 1, 2015.

(c) Requires the members of the board appointed under Subsection (b) of this section to draw lots to determine which four board members shall serve a one-year term and which five members shall serve a two-year term.

SECTION 5. Provides that all requirements of the constitution and the laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 6. Effective date: upon passage or September 1, 2015.