

## **BILL ANALYSIS**

Senate Research Center  
87R1979 JXC-F

H.B. 1484  
By: Metcalf (Springer)  
Water, Agriculture & Rural Affairs  
5/7/2021  
Engrossed

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

When specific water or wastewater utility companies are acquired, the acquiring utility is required to use the acquired utility's rates. If the acquiring utility wishes to use its current filed rate instead, the utility must file a rate increase case with the Public Utility Commission of Texas (PUC).

Acquiring utilities would like to extend their previously approved existing rates to the customers transferred from the seller utility without filing a new rate change application. This will better enable the acquiring utility to more quickly upgrade, improve, and modernize the seller utility system and encourage the consolidation of substandard water and wastewater utilities. This benefits the consumer with:

- more reliable water and wastewater service and fewer service disruptions over time;
- more consistent and equitable rates across the utility's service area;
- reduced operation and maintenance costs, which means fewer rate increases over time; and
- improved water quality and increased water capacity

Therefore the bill seeks to address this issue by authorizing acquiring utilities to use previously approved rates immediately after acquiring another utility.

The bill amends the Water Code to authorize a person who files an applicable application with the PUC for the purchase or acquisition of certain water or sewer systems to request that the regulatory authority with original jurisdiction over the rates for water or sewer service provided by the person to such a system's customers authorize the person to charge initial rates for the service that are as follows:

- shown in a tariff filed with a regulatory authority by the person for another water or sewer system; and
- in force for the other system on the date they apply.

The regulatory authority may not require a person who makes such a request to initiate a new rate proceeding to establish the initial rates for service the person will provide to the customers of the purchased or acquired system.

H.B. 1484 amends current law relating to rates applied to certain water or sewer systems after a sale or purchase of the system.

### **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 Subchapter H, Chapter 13, Water Code, by adding Section 13.3011, as follows:

Sec. 13.3011. INITIAL RATES FOR CERTAIN WATER OR SEWER SYSTEMS AFTER PURCHASE OR ACQUISITION. (a) Authorizes a person who files an application described by Section 13.301(a) (relating to the required possession of a certificate of public convenience and necessity) for the purchase or acquisition of a water or sewer system to request that the regulatory authority with original jurisdiction over the rates for water or sewer service provided by the person to the customers of the system authorize the person to charge initial rates for the service that are:

(1) shown in a tariff filed with a regulatory authority by the person for another water or sewer system; and

(2) in force for the other water or sewer system on the date the application described by Section 13.301(a) is filed.

(b) Prohibits the regulatory authority from requiring a person who makes a request under Subsection (a) to initiate a new rate proceeding to establish the initial rates for service the person will provide to the customers of the purchased or acquired system.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2021.