

Texas PUC to Submit Proposed Rules for Adoption

In September 2014, responsibility for regulation of water and wastewater utilities was transferred from the Texas Commission on Environmental Quality (TCEQ) to the Public Utility Commission (PUC). The transfer allows TCEQ to focus on its core environmental mission while taking advantage of PUC's historic ratemaking expertise.¹ The PUC originally regulated water and sewer rates, and the agency historically has regulated rates and services of electric and telecommunications companies in areas where competition was weak or nonexistent.² According to Darryl Tietjen, director of Rate Regulation for the PUC, one of the basic objectives of the move is to make water regulation more consistent with the way electric utilities are regulated.

The PUC's proposed new rules include dividing public utilities into Class A, B or C, depending on the number of taps or connections. Placement in a certain class will affect utilities' applications for rate changes, hearing procedures, length of time rates may be suspended, and time to appeal a decision, among other differences. The classes are divided as follows:

- Class A utility means a public utility that provides retail water or sewer utility service through 10,000 or more taps or connections;
- Class B utility means a public utility that provides retail water or sewer utility service through 500 or more taps or connections but fewer than 10,000 taps or connections;
- Class C utility means a public utility that provides retail water or sewer utility service through fewer than 500 taps or connections.

The PUC held a Water Utility Rules and Forms workshop on January 27, 2015, to discuss the proposed new rules and to obtain comments on the record from interested parties. The new rules will be submitted for proposal on March 6, 2015. Utilities and other interested parties will submit further informal written comments over the next few weeks to assist PUC staff in drafting the proposed rules for submission. After submission, the PUC will try to maintain a 180 day timeline for adoption of the form. The final rules are expected to be adopted in July or August 2015.

If you would like to learn more about this issue, please contact the Energy, Environmental and Utility Practice Group at Cozen O'Connor.



Julia Gandara Simonet

Member

jsimonet@cozen.com
Phone: (832) 214-3941
Fax: (832) 214-3905

Related Practice Areas

- Utility & Energy

¹ Sunset Advisory Commission Report to Legislature on HB 1600.

² House Research Organization Bill Analysis of HB 1600.