

PUC Update

2016 Texas Water Law Institute
November 2-4, 2016



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Transfer to PUC

- 2011 - 82nd Legislature, the Sunset Advisory Commission:
 - “the state could benefit from transferring regulatory functions related to water and wastewater utilities to PUC.”



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Transfer to PUC

- 2013 - 83rd Legislature:
 - the Sunset Advisory Commission **reaffirmed the recommendation** that water and wastewater utility ratemaking functions be transferred to PUC.
 - Subcommittees of the Senate Natural Resources Committee and Business and Commerce Committee held hearings that established support for **ending the one-size-fits-all treatment for IOU rate setting.**



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Proponents Stated Benefits*

- Ensure fairness by:
 - “Modernizing” the rate setting process;
 - Giving Office of Public Utility Counsel standing to intervene and represent residential and small commercial consumers in water rate cases;
 - ending the current practice of allowing the utilities to charge proposed rates while the case proceeds through the hearing process;

*Per House Research Organization



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Proponents Stated Benefits*

- establishing three classes of IOUs and provide time lines to guide the ratemaking process;
- giving utilities more certainty on the time line for obtaining a final rate determination; and
- giving the smallest IOUs a mechanism to keep up with rising costs without going through a costly rate proceeding.

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Proponents Stated Benefits*

- Compare what is spent now on a case that can drag on indefinitely to a case that may require more paperwork but would be resolved in 150 days (Class A) and ~~185 days~~ **NOW 265 days (Class B)**
- The intent ... can certainly not be to raise costs.
- If ... bill resulted in higher costs for rate cases, those issues could be addressed in the future with the addition of streamlined mechanisms for all utility classes.

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