

OVERVIEW – UTILITY UPDATE



**TEXAS CITY ATTORNEYS
ASSOCIATION
2021 SUMMER
CONFERENCE
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WATER

S.B. 997 - PUC Jurisdiction over Wholesale Water & Sewer Rates

- **Step 1:** Determine whether amount charged under the contract harms the public interest - such determination is final for the purposes of appeal.
- **Step 2:** If harms public interest, hold hearing on rates

WATER

HB 3689 - Restricting PUC Jurisdiction over In-City Water Rates

- Amends TWC § 13.043(j) to clarify that the PUC's jurisdiction over water and sewer rates is limited to the rate that was actually appealed
- Clarifies that PUC has no jurisdiction under Sections 13.042(f) and 13.043(j) of Water Code over in-city rates charged by a municipally-owned utility

ENERGY – UTILITY SERVICE

HB 1510 – Securitization of Winter Storm Electric Utility Costs (Non-ERCOT)

- Enables electric utilities to recover system-restoration costs including weatherization and storm-hardening costs incurred during extreme weather events or disasters with secured financing
- Creates a new non-profit special purpose public corporation overseen by the PUC to issue bonds and borrow money as authorized by a PUC financing order to help electric utilities recover costs.

ENERGY – UTILITY SERVICE

HB 1520 – Securitization of Winter Storm Gas Utility Costs

- Enables the RRC and Texas Public Finance Authority to issue bonds to pay for extraordinary costs associated with providing services during Winter Storm Uri.
- Bonds secured by mandatory charge on customer bills and are paid over extended period
- Gas utility filings due on July 30, 2021

ENERGY – UTILITY SERVICE

HB 4492 – Debt Financing of up to \$2.1 Billion (Winter Storm Uri)

- Enables ERCOT to finance up to \$2.1 Billion of costs “uplifted” to MOUs, Electric Co-ops, and REPs for energy consumption during Winter Storm Uri
- Requires entities that receive offsets from funding to adjust customers invoices for charges otherwise passed on to customers
- Provides for repayment of the debt over 30 years through assessment of “uplift” charges

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri

- Establishes the Texas Electricity Supply Chain Security and Mapping Committee to map Texas' electricity supply chain and identify critical infrastructure, best practices for extreme weather events, and priority service needs
- Requires the RRC and PUC to designate certain natural gas facilities and providers as critical customers or suppliers during energy emergencies

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Directs RRC to require weatherization of gas supply-chain facilities designated as critical and part of the Texas Electricity Supply Chain.
- Directs PUC to require electric utilities, transmission and distribution utilities, and power generators within ERCOT to implement weatherize facilities to meet PUC adopted reliability standards and authorizes administrative penalties to be enforced by the PUC and RRC
- Requires the RRC and PUC to designate certain natural gas facilities and providers as critical customers or suppliers during energy emergencies

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Establishes the Texas Energy Disaster Reliability Council to help energy and electric industries coordinate and communicate to meet human needs and support critical infrastructure
- Grants the council authority to request disaster-related information from public utilities and gas providers

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Requires the Texas Division of Emergency Management (TDEM) to develop lists of suggestions actions and other education materials to help state agencies and the public prepare for winter storms of varying severity
- Requires the Texas DPS to work with the PUC, TxDOT, the Governor, and TDEM to develop an alert system which can be activated when power resources are at risk of failing to meet demand

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Authorizes landfill operators with methane to fuel electric generation equipment to sell that electricity to other providers without being considered a utility themselves
- Requires PUC to adopt a system to allocate load shedding among various utilities across the state and conduct simulated load shedding exercises

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Requires electric utilities to disclose information about load shedding procedures and critical customer procedures to retail providers and their customers
- Requires disclosures, opt-outs, and price caps for residential and small commercial customers of wholesale indexed products

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Requires retail utilities in all counties to maintain minimum 20 psi during emergencies or other level TCEQ may set
- Requires utilities to submit an emergency preparedness plan to TCEQ for approval, with the plan intended to demonstrate that utilities can meet the minimum psi requirements
- Requires TCEQ to create an emergency preparedness plan template and to provide cities other technical assistance and authorizes TCEQ to confirm compliance
- Prohibits retail utilities from imposing late fees or discontinuing service for nonpayment of bills during an extreme weather emergency

ENERGY – UTILITY SERVICE

SB 3 – General Response to Winter Storm Uri (cont'd)

- Establishes a State Energy Plan Advisory Committee to provide recommendations for removing economic barriers, provide recommendations for improving reliability, stability, and affordability of electric service, and evaluate the electricity market structure

ENERGY – UTILITY SERVICE

SB 398 – Restrictions on Jurisdiction to Prohibit Solar Panels

- Prohibits cities from restricting installation of solar energy devices (e.g., solar panels) except to extent an HOA can currently prohibit solar panel installation
- Requires sellers and lessors of solar energy devices to disclose costs, fees, rates, warranties, identities of the seller and installer, and operational and financial performance representations
- HEB provision

TELECOMMUNICATIONS

HB 2667 – Telecommunications Services in Rural Areas

- Vetoed by Governor Abbot over concerns that new fees will be passed down to Texas customers of Voice over Internet Protocol (VoIP)
- Would have required VoIP service providers to also contribute an existing statewide uniform charge to the fund

TELECOMMUNICATIONS

HB 2911 – Next-Gen 9-1-1 Services

- Amends the Health and Safety Code to enable the statewide deployment of next generation 9-1-1 services by September 1, 2025.
- Creates the NG9-1-1 service fund using federal and state funding and increases 9-1-1 emergency service fee from 50 cents to 75 cents a month to pay for the program.

TELECOMMUNICATIONS

2017 Legislative Sessions: Deployment of Small-Cell Nodes (SB 1004)

- Created new Chapter 284 of Loc. Govt. Code to apply to “small-cell node” facilities and capped ROW fees cities may charge
- Coalition of cities sued the State arguing bill violates Texas Constitution’s prohibition against grant of public money for private gain
- FCC rules in large measure preempted field
- 9th Circuit ruling rejected cities’ challenge to FCC rules but preserved some city aesthetic-based requirements

