



TCEQ Jurisdiction over Utility Rates and Service Policies

The tables in this publication summarize the Texas Commission on Environmental Quality’s (TCEQ) jurisdiction over the rates charged, areas served, and customer service policies followed by retail public utilities owned by cities, counties, districts, water supply or sewer service corporations, and investors. For definitions of the terms and abbreviations used in this publication, look below the table on page 2.

What jurisdiction does TCEQ have over retail rates charged by a water or sewer utility?

If the utility is owned by a(n) ...		What type of jurisdiction does the TCEQ have over its retail rates? (Note: the TCEQ has appellate jurisdiction over wholesale rates charged by one utility to another.)		Is customer notice of a retail rate change required?
		Original	Appellate	
City	with customers inside city limits	No	No	No
	with customers outside city limits	No	Yes, if 10% of customers outside the city limits protest	Yes*
County (other than an “affected county”)		No	No	No
Affected County (within 50 miles of the US-Mexico border)		No	Yes, if 10% of customers protest	Yes*
District	with customers inside district	No	Yes, if 10% of customers protest	No
	with customers outside district	No	Yes, if 10% of customers protest	Yes*
Water Supply Corporation (WSC) (if not exempt)		No	Yes, if 10% of customers protest	No
Exempt WSC		No	No	No
Investor-Owned Utility (IOU) (if not exempt)	Inside a city	No, <i>unless</i> the city surrenders its jurisdiction to the TCEQ	Yes, if 10% of customers protest <i>or</i> if a party to a rate case before the city files an appeal to the city’s ruling	Yes
	Outside a city	Yes	Not applicable.	Yes
Exempt IOU		No	Yes, if 50% of customers protest	No

* This notice must tell the old rates, the new rates, and the date the new rates take effect. The TCEQ recommends that customers be told of their right to appeal.

On page 2, find information on these topics:

- When must utilities obtain a CCN and observe TCEQ tariff and service policies?
- Terms used in this publication
- How to learn more

When must utilities obtain a CCN and observe TCEQ tariff and service policies?

If the utility is owned by a(n) ...		Is a CCN Required?	Do TCEQ Tariff and Customer Service Policies Apply?
City		No*	No
County	within 50 miles of the US-Mexico border	Yes	Yes
	elsewhere in Texas	No*	No
District		No*	No
WSC (if not exempt)		Yes	No, but must file tariff with TCEQ
Exempt WSC		Water, No*; Sewer, Yes	No, but must file tariff with TCEQ
IOU (if not exempt)	Inside a city	Yes	Yes, if city does not adopt its own
	Outside a city	Yes	Yes
Exempt IOU		Water, No*; Sewer, Yes	Yes

* Yes, if retail service is provided within another retail public utility's lawful service area.

Terms used in this publication:

Affected County. Counties within 50 miles of the US-Mexico border. Chapter 13 of the Texas Water Code gives these counties specific authority to provide water or sewer utility service.

Appellate Jurisdiction. Circumstances where the TCEQ has the authority to review and either approve or modify the decision of another authority after receiving an appeal from affected customers or parties.

CCN—Certificate of Convenience and Necessity. Issued by the TCEQ, authorizes a utility to provide water or sewer utility service to a specific area and obligates the utility to provide continuous and adequate service to every customer who requests service in that area.

District. A “district” created by the Legislature or under the Texas Water Code. There are various types, such as MUD (municipal utility district), FWSD (fresh water supply district), WCID (water control and improvement district), or SUD (special utility district).

Exempt IOU or Exempt WSC. A water utility or water supply corporation with fewer than 15 potential service connections. The exemption (from the requirement to obtain a CCN) does not apply to sewer utilities.

IOU, Investor-Owned Utility. A retail public utility owned by an individual, partnership, corporation or homeowners association.

Original Jurisdiction. Circumstances where the TCEQ has the authority to review and approve or modify the rates charged by an individual or corporation for water or sewer services.

Potable Water. Water that meets state standards for drinking water, whether consumed or not.

Retail Public Utility. Any person, corporation, public utility, water supply or sewer service corporation, municipality, political subdivision, or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation.

Retail water or sewer utility service. Potable water service or sewer service, or both, provided by a retail public utility to the ultimate consumer for compensation.

Tariff. A document listing the rates charged by and related service policies practiced by a utility providing retail service.

WSC—Water Supply Corporation. A nonprofit water supply or sewer service corporation owned and controlled by its members.

Wholesale Utility. A utility that sells potable water service or sewer service to a retail public utility that is not the ultimate consumer of the service.

How to learn more:

- See Chapter 13 of the Texas Water Code, titled *Water Rates and Services*
- Call our Utilities & Districts Section at 512/239-4691
- Send us a fax at 512/239-6972
- Or visit our Web site at www.tceq.state.tx.us