

Statutory References

Texas Constitution

Article XI, Sec. 5. CITIES OF MORE THAN 5,000 POPULATION: ADOPTION OR AMENDMENT OF CHARTERS; TAXES; DEBT RESTRICTIONS. (a) Cities having more than five thousand (5000) inhabitants may, by a majority vote of the qualified voters of said city, at an election held for that purpose, adopt or amend their charters. If the number of inhabitants of cities that have adopted or amended their charters under this section is reduced to five thousand (5000) or fewer, the cities still may amend their charters by a majority vote of the qualified voters of said city at an election held for that purpose. The adoption or amendment of charters is subject to such limitations as may be prescribed by the Legislature, and no charter or any ordinance passed under said charter shall contain any provision inconsistent with the Constitution of the State, or of the general laws enacted by the Legislature of this State. Said cities may levy, assess and collect such taxes as may be authorized by law or by their charters; but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half per cent. of the taxable property of such city, and no debt shall ever be created by any city, unless at the same time provision be made to assess and collect annually a sufficient sum to pay the interest thereon and creating a sinking fund of at least two per cent. thereon, except as provided by Subsection (b). Furthermore, no city charter shall be altered, amended or repealed oftener than every two years. (b) AATo increase efficiency and effectiveness to the greatest extent possible, the legislature may by general law authorize cities to enter into interlocal contracts with other cities or counties without meeting the assessment and sinking fund requirements under Subsection (a).

Texas Local Government Code

Sec. 552.001. MUNICIPAL UTILITY SYSTEMS; GENERAL POWERS. (a) In this section, "utility system" means a water, sewer, gas, or electricity system.

(b) A municipality may purchase, construct, or operate a utility system inside or outside the municipal boundaries and may regulate the system in a manner that protects the interests of the municipality. The municipality may own land inside or outside its boundaries for these purposes.

(c) A municipality may extend the lines of its utility systems outside the municipal boundaries and may sell water, sewer, gas, or electric service to any person outside its boundaries. The municipality may contract with persons outside its boundaries to permit them to connect with those utility systems on terms the municipality considers to be in its best interest. This subsection does not authorize the extension of electric lines into the corporate limits of another municipality.

(d) A municipality that owns or operates a utility system may prescribe the kind of water or gas mains, sewer pipes, and electric appliances that may be used inside or outside the municipality. The municipality may inspect those facilities and appliances, require that they be kept in good condition at all times, and prescribe the necessary rules, which may include penalties, concerning them.

Sec. 552.002. CERTAIN PUBLIC SERVICES AND UTILITY SYSTEMS IN HOME-RULE MUNICIPALITY.

(a) In this section, "public service" includes a public telephone system, street railway system, fertilizing plant, slaughterhouse, municipal railway terminal, dock, wharf, ferry, ferry landing, or shipping facility, including loading and unloading devices.

(b) A home-rule municipality may buy, own, construct inside or outside the municipal limits, and maintain and operate a gas system, electric lighting plant, sewage plant, or other public service or public utility and may require and receive compensation for services furnished for private purposes or otherwise. The municipality may use eminent domain authority to appropriate real property, rights-of-way, or other property as necessary to efficiently carry out those objects. The municipality may condemn the property of any person that conducts such a business or utility service for the purpose of operating and maintaining the public service or public utility and distributing the utility services in the municipality. In its charter, the municipality may adopt rules it considers advisable for the acquisition or operation of the public service or public utility.

(c) The municipality may manufacture its own electricity, gas, or anything else needed or used by the public. It may purchase, and make contracts for the purchase of, gas, electricity, oil, or any other commodity or article used by the public and may sell it to the public on terms as provided by the municipal charter, ordinance, or resolution of the governing body of the municipally owned utility.

(d) The municipality may require water works corporations, gas companies, street car companies, telephone companies, telegraph companies, electric companies, or other persons who hold a franchise from the municipality to extend their services to territory as required by the municipal charter.

Texas Government Code

Sec. 1502.057. CHARGES FOR SERVICES. (a) A municipality shall impose and collect charges for services provided by a utility system in amounts at least sufficient to pay:

(1) all operating, maintenance, depreciation, replacement, improvement, and interest charges in connection with the utility system;

(2) for an interest and sinking fund sufficient to pay any public securities issued or obligations incurred for any purpose described by Section [1502.002](#) relating to the utility system; and
(3) any outstanding debt against the system.

(b) The rates charged for services provided by a utility system must be equal and uniform. A municipality may not allow any free service except for:

- (1) municipal public schools; or
- (2) buildings and institutions operated by the municipality.

(c) The board of trustees having management and control of a utility system located in a county contiguous to the Gulf of Mexico and bordering the United Mexican States may impose and collect the charges authorized under this section for services provided by the utility system.

Texas Utilities Code

SUBCHAPTER D. PROVISIONS APPLICABLE TO APPEAL BY RATEPAYERS OUTSIDE MUNICIPALITY

Sec. 33.101. APPEAL BY RATEPAYERS OUTSIDE MUNICIPALITY. (a) The ratepayers of a municipally owned utility who are outside the municipality may appeal to the commission an action of the governing body of the municipality affecting the municipally owned utility's rates by filing with the commission a petition for review signed by a number of ratepayers served by the utility outside the municipality equal to at least the lesser of 10,000 or five percent of those ratepayers.

(b) A petition for review is properly signed if signed by a person or the spouse of a person in whose name residential utility service is carried.

(c) For purposes of this section, each person who receives a separate bill is a ratepayer. A person who receives more than one bill may not be counted as more than one ratepayer.

Sec. 33.102. IDENTIFICATION OF RATEPAYERS OUTSIDE MUNICIPALITY. (a) A municipality that owns a utility shall:

- (1) disclose to any person, on request, the number of ratepayers who reside outside the municipality; and
- (2) provide to any person, on request, a list of the names and addresses of the ratepayers who reside outside the municipality.

(b) The municipality may not charge a fee for disclosing the information under Subsection (a)(1). The municipality may charge a reasonable fee for providing information under Subsection (a)(2).

(c) The municipality shall provide information requested under Subsection (a)(1) by telephone or in writing, as preferred by the person making the request.

Sec. 33.103. FILING OF APPEAL. (a) Not later than the 14th day after the date a governing body of a municipality makes a final decision, the municipality shall issue a written report stating the effect of the decision on each class of ratepayer.

(b) An appeal under this subchapter is initiated by filing a petition for review with the commission and serving a copy of the petition on each party to the original rate proceeding.

(c) The appeal must be initiated not later than the 45th day after the date the municipality issues the written report required by Subsection (a).

Sec. 33.104. RATE APPLICATION. Not later than the 90th day after the date a petition for review is filed that complies with Section [33.103](#), the municipality shall file with the commission a rate application that complies in all material respects with the rules and forms prescribed by the commission. The commission may, for good cause shown, extend the period for filing a rate application.

Sec. 36.003. JUST AND REASONABLE RATES. (a) The regulatory authority shall ensure that each rate an electric utility or two or more electric utilities jointly make, demand, or receive is just and reasonable.

(b) A rate may not be unreasonably preferential, prejudicial, or discriminatory but must be sufficient, equitable, and consistent in application to each class of consumer.

(c) An electric utility may not:

(1) grant an unreasonable preference or advantage concerning rates to a person in a classification;

(2) subject a person in a classification to an unreasonable prejudice or disadvantage concerning rates; or

(3) establish or maintain an unreasonable difference concerning rates between localities or between classes of service.

(d) In establishing an electric utility's rates, the commission may treat as a single class two or more municipalities that an electric utility serves if the commission considers that treatment to be appropriate.

(e) A charge to an individual customer for retail or wholesale electric service that is less than the rate approved by the regulatory authority does not constitute an impermissible difference, preference, or advantage.