

**Implementation Status**  
**Texas Commission on Environmental Quality**  
**H.B. 2694 Smith (Huffman)**

<b>Bill Reference</b>	<b>Bill Provision</b>	<b>Implementation Status</b>
Page 1, Lines 9–17	Continues the Texas Commission on Environmental Quality for 12 years. Makes conforming changes to change “Texas Natural Resource Conservation Commission” to “Texas Commission on Environmental Quality.”	No action required.
Page 1, Line 20 to Page 2, Line 2	Requires appointed officials serving as a member of the Texas Commission on Environmental Quality to resign from office before accepting any campaign contributions if running for elected office.	Information addressing this prohibition is included in the packet of material provided to each new Commissioner and is discussed during the statutorily required training session.
Page 2, Lines 5–26	Adds standard Sunset language requiring the Commission to develop a policy that encourages the use of negotiated rulemaking and alternative dispute resolution (ADR).	Prior to adoption of the TCEQ Sunset legislation, the agency had in place rules governing both negotiated rule making and ADR.
Page 3, Line 2 to Page 4, Line 16	Allows TCEQ to enter into direct award contracts for petroleum storage tank remediation projects, under certain circumstances, that transition from the responsible party reimbursement remediation program to the state-lead program, as the reimbursement program winds down.	By August 2011, the agency had finalized a new template for direct award contracts. Twenty-three contracts were signed, representing 83% of sites eligible for direct contracts. Those sites under direct award, as well as the State Lead Program were merged to develop a ranking and priority listing to determine which sites would be remediated each fiscal year. The number of sites remediated (State Lead & Direct Award) is based on the appropriation made to the agency for the PST program.
Page 4, Lines 23–25	Provides that in implementing its dam safety regulations, TCEQ focus its efforts on the most hazardous dams in the state.	On August 30, 2011, the agency posted on its web page a revised Dam Safety Guidance document. The revised document addresses the provisions in the Sunset legislation.

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<b>Bill Reference</b>	<b>Bill Provision</b>	<b>Implementation Status</b>
Page 4, Line 26 to Page 5, Line 3	<p>Authorizes TCEQ to enter into a compliance agreement with a dam owner who is required to reevaluate the adequacy of an existing dam because of a hazard reclassification by TCEQ. Allows the compliance agreement to include timeframes to bring the dam into compliance with the hydrologic and hydraulic criteria and could include compliance deferral, if the Commission determines that it is appropriate to defer compliance with TCEQ's criteria.</p>	<p>To date, TCEQ has not received a request for a compliance agreement; however, the agency has a process in place to do so if requested.</p>
Page 5, Lines 4–18	<p>Exempts dams on private property, not located within a municipality, that have a maximum capacity of less than 500 acre feet, are classified as low or significant hazard, and are in a county with population of less than 215,000, from meeting requirements related to dam safety. Provides that dam owners still have to comply with maintenance and operation requirements, and provides that these provisions expire in four years.</p>	<p>The revised Dam Safety Guidance document addresses these specific statutory requirements.</p>

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Page 5, Line 22 to Page 8, Line 26	<p>Transfers the authority for making groundwater protection recommendations regarding oil and gas activities from TCEQ to the Railroad Commission, relating to three types of wells: oil and gas wells, injection wells for oil and gas waste, and injection wells for geologic storage of anthropogenic carbon dioxide. Authorizes the Railroad Commission to charge a fee for groundwater protection determinations for oil and gas wells. Transfers the authorization to charge a fee for an expedited determination letter for oil and gas wells from TCEQ to the Railroad Commission. Makes the Railroad Commission responsible for digitizing well drilling maps, to be funded by revenue from expedited process fees.</p> <p>Repeals § 5.701(r), Water Code, which authorizes TCEQ to charge a fee for expedited letters. This language is recreated in the Natural Resources Code for the Railroad Commission.</p> <p>Provides instructional provisions providing for the transfer of these functions to the Railroad Commission and requiring the Railroad Commission to adopt rules by March 1, 2012.</p> <p>Provides that all of the groundwater protection determinations that TCEQ currently performs for activities under the jurisdiction of the Railroad Commission are transferred to the Railroad Commission.</p>	<p>TCEQ and Railroad Commission (RRC) staff began meeting during the summer of 2011, to discuss the transfer of staff and resources associated with TCEQ's Surface Casing program. The transfer of staff to RRC's office in the Travis Building was completed during the last week of August 2011. By September 1, 2011, changes were made to all relevant RRC and TCEQ web pages to inform the public and regulated community of the program transfer.</p> <p>On August 8, 2012, the Commissions approved for publication &amp; comment a rule package revising the Memorandum of Understanding (MOU) between TCEQ &amp; RRC. The Commissioners adopted the revised MOU at the December 5, 2012 Agenda. The revised MOU amends 30 TAC §7.117 to reflect the transfer of the programs from TCEQ to RRC.</p> <p>The TCEQ proposal to repeal the agency's surface casing rules in 30 TAC Chapter 339 is on hold pending adoption by RRC of its own rules governing the Surface Casing program.</p>

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Page 9, Line 3–21	Charges the Executive Director with ensuring the agency is responsive to environmental and citizen concerns, and creating a program to provide assistance and education to the public on environmental matters under the agency's jurisdiction.	In the summer of 2011, the executive director worked with the Commissioners to establish the Public Education Program (PEP) within the executive director's Small Business & Environmental Assistance (SBEA) division.
Page 9, Lines 22–23	Focuses the Office of Public Interest Counsel's (OPIC) efforts on representing the public interest in matters before the Commission.	OPIC worked with staff for the TCEQ executive director to revise the letters and notifications sent to inform the public and regulated community which office, OPIC or the newly established Public Education Program (PEP), should be contacted for assistance. Enforcement-related letters continue to include OPIC's contact information, but PEP contact information was added to respond to general enforcement-related questions.
Page 9, Line 26 to Page 10, Line14	Requires OPIC to annually report to the Commission on the Office's performance, budget needs, and legislative and regulatory recommendations, for inclusion in relevant Commission reports.	At the August 17, 2012 Commission Work Session (CWS), the OPIC director presented the annual report on OPIC activities, which included information on the newly established performance measures and budget needs. TCEQ's 2012 Biennial Report to the Legislature includes a copy of the Annual Report.
Page 10, Lines 17–27	Requires the Commission to generally define, by rule, factors OPIC will consider in representing the public interest and establish OPIC's priorities in case involvement.	At the December 7, 2011 Agenda, the Commissioners approved for publication and comment the proposed rule language to define "public interest factors" to be used to determine which cases OPIC would be involved in. A public hearing on the proposal was held on January 24, 2012, and the public comment period closed on January 30, 2012. On May 16, 2012, the Commissioners adopted the rule revising 30 TAC § 80.110.

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Page 11, Lines 6–12 Page 12, Line 1 to Page 15, Line 1 Page 15, Line 9 to Page 17, Line 21 Page 21, Line 19 to Page 22, Line 18 Page 26, Line 18 to Page 28, Line 2 Page 28, Line 27 to Page 30, Line 26 Page 32, Line 23 to Page 33, Line 16	<ul style="list-style-type: none"> <li>• Changes the factors that TCEQ may consider, and how TCEQ may use compliance history. <b>(1)</b></li> <li>• Amends required components of compliance history and adds other factors including positive and negative factors, size, complexity, and regulatory requirements. <b>(2)</b></li> <li>• Allows TCEQ to use Notices of Violation in determining compliance history, but for only one year after issuance. Prohibits TCEQ from including self-reported Title V violations as NOV <i>unless the agency issues its own NOV.</i> <b>(3)</b></li> <li>• Changes the classification categories from “low” and “average” to “unsatisfactory” and “satisfactory.” Allows TCEQ to establish a category of unclassified performers or regulated entities in compliance history, for entities that the Commission does not have adequate compliance information about. <b>(4)</b></li> <li>• Changes how a repeat violator will be determined for the purposes of compliance history. <b>(5)</b></li> <li>• Allows TCEQ to use compliance history in enhancing penalties, but caps the enhancement at 100 percent of the base penalty provided by TCEQ’s penalty policy. <b>(6)</b></li> <li>• Allows entities to review and comment on compliance performance information before it becomes public. <b>(7)</b></li> <li>• Makes changes to the Regulatory Flexibility program. <b>(8)</b></li> <li>• Expands the applicability of compliance history to two additional regulatory programs. <b>(9)</b></li> </ul>	<p>Two separate rule packages have been adopted to implement provisions addressing the Compliance History Program (CH) and the Regulatory Flexibility Program (Incentives). An initial stakeholder meeting was held on September 22, 2011. The CH and Incentives rule packages were approved for publication and comment at the January 25, 2012 Agenda. A public hearing was held on the CH rule on March 6, 2012. The public comment period for the Incentives rule closed on March 12, 2012. A request to extend the comment period for the CH rule to March 23, 2012, was granted. During the public comment period, in addition to the proposed rule language, the agency also posted test compliance history scores. Both rule packages were adopted by the Commissioners at the June 27, 2012 Agenda.</p> <p>The specific issues listed to the left are addressed in the following sections of the adopted rule:</p> <p class="list-item-l1">(1) 30 TAC §§ 60.3, 60.2(c) &amp; (h)</p> <p class="list-item-l1">(2) 30 TAC §§ 60.2(e) &amp; (g)(1)</p> <p class="list-item-l1">(3) 30 TAC §60.1(b); § 60.1(c)(7) &amp; attached Enforcement Initiative Criteria (page 5)</p> <p class="list-item-l1">(4) 30 TAC §§ 60.2(a) &amp; (b) and §60.2(g)(2)</p> <p class="list-item-l1">(5) 30 TAC § 60.1(b) &amp; § 60.2(f)</p> <p class="list-item-l1">(6) addressed on in attachment of page 15 of the agency’s penalty policy document</p> <p class="list-item-l1">(7) 30 TAC § 60.2(i)</p> <p class="list-item-l1">(8) Adopted 30 TAC new chapter 90</p> <p class="list-item-l1">(9) 30 TAC § 60.1(a)</p>

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<b>Bill Reference</b>	<b>Bill Provision</b>	<b>Implementation Status</b>
Page 11, Lines 16–26 Page 34, Lines 21–26	<p>Removes the requirement for a uniform standard from statute, and specifies that TCEQ will develop standards for evaluating and using compliance history.</p> <p>Provides instructional language that requires TCEQ to adopt new compliance history rules by September 1, 2012 and provides that until the new method is adopted, the Commission will use its current standard.</p>	<p>30 TAC §§60.2(c) &amp; (e) of CH rule addresses this issue.</p> <p>The final rule managing the CH program was adopted on June 27, 2012.</p> <p>30 TAC §§ 60.1(a)(6) &amp; (7) of CH rule addresses timing issue.</p>
Page 15, Lines 2–5	Removes the requirement to assess the compliance history of entities for which TCEQ does not have adequate compliance information, but continues to authorize TCEQ to require a compliance inspection.	30 TAC § 60.2(b) of CH rule addresses this issue.
Page 18, Lines 6–15	Requires the Commission to structure its general enforcement approach in rule, and to regularly assess, update, adopt, and make public its specific enforcement policies, including its policy on the calculation of penalties, and deterrence to prevent the economic benefit of noncompliance.	On August 2, 2011, staff conducted a stakeholder meeting to discuss the development of a rule addressing TCEQ's general approach to enforcement. Agency staff presented information to the Commissioners at the September 28, 2011 Commission Work Session (CWS) and to receive guidance in developing the rule language. The Commissioners requested a second stakeholder meeting, which was held on December 6, 2011. On March 28, 2012, the Commissioners approved for publication and comment the proposed rule language revising 30 TAC §§ 70.1, 70.3 & 70.6, repealing § 70.11 and adding new §§ 70.11 and 70.12. A public hearing on the proposed rule was held on May 8, 2012, and the public comment period closed on May 14, 2012. The Commissioners adopted the rule on August 8, 2012.
Page 18, Lines 20–24 Page 20, Line 25 Page 34, Line 27 to Page 35, Line 7	<p>Increases TCEQ's administrative penalty caps for 20 categories of violations to match civil penalty ranges already in law.</p> <p>Provides instructional language that provides that the changes in administrative penalty levels only apply to violations that occur after the effective date of the Act.</p>	At the July 5, 2011 CWS, staff discussed with Commissioners revisions to the agency's Penalty Policy. At the August 25, 2011 CWS, the Commissioners provided direction to address the proposed changes to the document. At the September 28, 2011 CWS, the Commissioners adopted the revised Penalty Policy document.

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Page 19, Line 14 to Page 20, Line 13	<p>Authorizes TCEQ to consider Supplemental Environmental Projects for local governments that would improve the environment, including bringing the respondent into compliance or remediate harm. Requires TCEQ to adopt rules to prevent entities from avoiding compliance, including an assessment of the respondent's ability to pay penalties, ability to remediate harm or come into compliance, and the need for corrective action. Defines local government for this section.</p>	<p>At the September 28, 2011 CWS, Commissioners discussed the proposed guidance document drafted by staff to implement the Compliance SEP program. Staff made the Commissioners' requested changes to the document and the final version was posted on the agency's web page on November 5, 2011.</p> <p>As of October 1, 2012: one Compliance SEP has been approved by the Commissioners; five have been declined by the staff; eight have been reviewed by legal staff and are now being reviewed by the enforcement coordinator; and nine are at the initial inquiry stage.</p>
Page 22, Line 23 to Page 23, Line 16  Page 35, Lines 8–11	<p>Prohibits delivery of certain petroleum products to uncertified tanks and authorizes TCEQ to assess administrative penalties for violations. Creates an affirmative defense if the person delivering the fuel relied on a valid, paper certificate shown or displayed by the owner/operator; a temporary delivery authorization; or information obtained from TCEQ's website not more than 30 days before the delivery. Provides instructional language that specifies that this language only applies to a delivery to a storage tank made on or after the effective date of the Act.</p>	<p>At the November 2, 2011 Agenda, the Commissioners approved for publication and comment proposed changes to 30 TAC § 334, sub-chapters A &amp; D. A public hearing was held on December 14, 2011, and the comment period closed on the December 19, 2011. The Commissioners adopted the rule at the March 28, 2012 Agenda.</p> <p>These provisions were addressed in the rule by amending 30 TAC subchapter A, § 334.5.</p>
Page 23, Line 19 to Page 25, Line 4	<p>Expands the use of the remediation fee to allow TCEQ to remove non-compliant petroleum storage tanks that pose a contamination risk, that are out of service, and are owned or operated by a person who is financially unable to remove the tank. Requires the Commission to adopt rules relating to this provision, including determining financial ability to pay and potential contamination risk.</p>	<p>This provision is addressed in the rule discussed above in the amendments to 30 TAC subchapter D, § 334.84.</p>

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Page 25, Line 13 to Page 26, Line 11  Page 35, Lines 12–17	Reauthorizes the petroleum storage tank remediation fee by eliminating the expiration date, changes the current fee levels to caps, and authorizes the Commission to set fees in rule. Provides that the Commission's rules must set the amount of the fee in an amount not to exceed the amount necessary to cover the cost of the program, as appropriated to the agency by the Legislature. Adds instructional language to provide that the maximum fees that are currently set out in law relating to delivery of petroleum products, will remain in effect until TCEQ adopts rules as required under the bill.	The new fee structure is in 30 TAC § 334.19.
Page 28, Lines 18–19  Page 35, Lines 18–23	Changes from \$100,000 to \$250,000 the threshold for the amount of gross receipts collected by a water district for it to file an annual financial report with TCEQ instead of a full audit. Provides instructional language that the higher gross receipts amount threshold applies to district that file annual financial reports after the effective date of the bill.	Implementation of this provision was included in a rule package addressing several other provisions in the TCEQ Sunset bill. That proposed rule package was approved by the Commissioners for publication and comment at the February 8, 2012 Agenda. A public hearing was held on March 20, 2012, and the public comment period ended on March 26, 2012. The Commissioners adopted the rule at the August 8, 2012 Agenda. This provision required changes to 30 TAC § 293.94.

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Page 31, Line 4 to Page 32, Line 16  Page 34, Lines 17–20	Requires TCEQ to provide an opportunity for public hearing and comment, in accordance with current law for federal operating permits, for permit amendment applications to allow electric generating facilities to comply with Maximum Achievable Control Technology (MACT) standards. Requires TCEQ to issue a draft permit within 45 days of receiving the application; requires submission of requests for a contested case hearing within 30 days of the draft permit's issuance; and provides that if a hearing is requested, TCEQ must issue or deny a permit within 120 days of the draft permit's issuance. Provides for notice, motions for rehearing, and judicial review in accordance with current law. Provides that these provisions expire on the sixth anniversary of the date the Environmental Protection Agency approves MACT standards. Includes an instructional provision that requires TCEQ to adopt rules within 180 days of the effective date of the Act.	At the October 5, 2011 Agenda, the Commissioners approved for publication and comment proposed new 30 TAC § 116.128. A public hearing was held on November 17, 2011, and the comment period closed on November 21, 2011. The Commissioners adopted the rule on February 8, 2012.  EPA's rule, adopted on February 16, 2012, provides electric generating facilities three years to comply with the requirements, with one, 1-year extension.  To date, TCEQ has not received an application under this new expedited permitting process.
Page 36, Lines 12–18	For regulation of water rights, extends the definition of agriculture to include aquaculture.	Implementation of this provision was included in a rule package addressing several other provisions in the TCEQ Sunset bill. That proposed rule package was approved by the Commissioners for publication and comment at the February 8, 2012 Agenda. A public hearing was held on March 20, 2012, and the public comment period ended on March 26, 2012. The Commissioners adopted the rule at the August 8, 2012 Agenda. This provision required changes to 30 TAC § 297.1.

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<b>Bill Reference</b>	<b>Bill Provision</b>	<b>Implementation Status</b>
.Page 36, Line 21 to Page 37, Line 5	Requires water rights holders to maintain monthly water-use information in the months they use water, and allows the Commission to access that information upon request. Provides that the Commission may request such information only during a drought or other emergency shortage of water, or upon complaint. Provides that the provisions do not apply to the authority of watermasters, who have reporting authority elsewhere in statute.	In January 2012 a notice was sent to all water right holders informing them of the change in statute that allows the executive director, under certain circumstances, to request water-use information on a monthly basis.

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Page 37, Line 8 to Page 38, Line 16	<p>Authorizes the Executive Director to temporarily suspend a water right holder's water use or otherwise temporarily adjust the diversion of water to water rights holders, during a water shortage or other emergency. Specifies that a suspension or adjustment will be in accordance with the first in time, first in right doctrine for surface water that is in current law. Provides that in suspending or adjusting water rights, the Executive Director will ensure that the action taken will minimize the impact on water rights holders; maximize the beneficial use of water; prevent waste; consider the use, by a rights holder, of water conservation and drought contingency plans required by law; conform with preferences of uses of surface water in current law; and not require the release of water that has already been diverted and stored according to a water rights permit. Requires TCEQ to adopt rules, including defining a drought or other emergency shortage of water; and specifying the conditions under which the Executive Director may issue an order, the terms of the order including the maximum duration, and procedures for appealing an order.</p>	<p>TCEQ staff conducted a stakeholder meeting on August 11, 2011, to discuss the agency's efforts to develop a rule to implement these provisions. On October 18, 2011, the Commissioners approved for publication and comment 30 TAC §§ 36.1 thru 36.8.</p> <ul style="list-style-type: none"> <li>• 36.1 – applicability;</li> <li>• 36.2 - definitions;</li> <li>• 36.3 - executive director action in accordance with priority doctrine;</li> <li>• 36.4 – executive director issuance of an Order for suspension/curtailment decision;</li> <li>• 36.5 – conditions for issuance of Order;</li> <li>• 36.6 – Order layout including duration;</li> <li>• 36.7 –requirements associated with Water Conservation and Drought Contingency Plans; and</li> <li>• 36.8 – provides opportunity for hearing on executive director's decision.</li> </ul> <p>A public hearing on the proposed rule was held on December 1, 2011, and the comment period closed on December 5, 2011. The Commissioners adopted the rule on April 11, 2012.</p> <p>Also, the TCEQ staff was instructed by Commissioners to conduct stakeholder meetings to discuss implementation of the new rule. The first meeting was held on July 10, 2012, and a second meeting will be scheduled for late fall 2012. A FAQ (Frequently Asked Questions) document is being developed for posting on the agency's web page.</p>

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Page 38, Line 19 to Page 39, Line 20	<p>For certain water management plans, requires the executive director to complete a technical review within one year of administrative completion; allows the applicant 30 days to provide additional information to TCEQ and provides for a tolling period; provides for public comment; and requires the Commission to act on a hearing request and act on the application within 60 days.</p>	<p>This provision is self-implementing. The Lower Colorado River Authority (LCRA) is the only entity that meets the statutory criteria. LCRA filed an application to their Water Management Plan (WMP) on March 12, 2012. The application was declared administratively complete on April 19, 2012. TCEQ staff is in the process of completing the technical review. The agency expects to complete the review well in advance of the April 19, 2013, statutory deadline.</p>
Page 39, Line 23 to Page 40, Line 7	<p>Requires TCEQ to evaluate the need for additional watermaster programs at least every five years, and report findings and make recommendations to the Commission. Requires the Commission to determine the factors to be considered in this evaluation, and to include findings and recommendations in its biennial report to the Legislature.</p>	<p>At the September 28, 2011 CWS, the Commissioners discussed and approved the criteria and process staff would utilize in evaluating water basins without a Watermaster Program. They also discussed the schedule for the evaluation and selected the basins to be evaluated in FY '12 and '13. On February 17, 2012, agency staff sent stakeholders in the river basins under evaluation a letter seeking their input, including whether there is a need to establish a Watermaster Program in their area. A second letter was sent to the stakeholders on May 22, 2012, announcing nine public meetings in the areas of the basins under evaluation. Those meeting were held in June. At the September 14, 2012 CWS, agency staff presented information on the evaluations. Included in that discussion was the agency's efforts to respond to drought activities. Based on the September 14, 2012 discussions, staff compiled additional information and developed responses to questions from the Commissioners. The issue was presented and discussed at the October 31, 2012 Agenda.</p> <p>A final report on the agency's evaluation of the water basins is included as an Appendix to the agency's 2012 Biennial Report to the Legislature.</p>

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Page 40, Line 25 to Page 41, Line 21	Clarifies the Compact Commission's funding mechanism, by providing that the portion of the compact waste disposal fee allocated to the Compact Commission be deposited in a new General Revenue Account, to only be appropriated to support the operations of the Compact Commission.	TCEQ worked with the Comptroller of Public Accounts to create a new dedicated General Revenue Account that would be used to support the Compact Commission. On September 1, 2011, Account 5151 was established.
Page 42, Line 1 to Page 44, Line 3  Page 44, Lines 6–12	<p>Repeals Subchapter L, Chapter 13, Water Code to eliminate three existing water and wastewater utility application fees relating to applications for rate changes, Certificates of Convenience and Necessity (CCN), and the sale, transfer, or merger of a CCN.</p> <p>Clarifies that funds from the water utility regulatory assessment fee, which are statutorily set up to pay for the regulation of water and wastewater utilities, may be appropriated by rider to a state agency with duties relating to water and wastewater utility regulation to provide the Legislature the authority to appropriate funds from this General Revenue Dedicated account to agencies with regulatory oversight or a duty to represent residential and small commercial consumers.</p>	<p>Implementation of this provision was included in a rule package addressing several other provisions in the TCEQ Sunset bill. That proposed rule package was approved by the Commissioners for publication and comment at the February 8, 2012 Agenda. A public hearing was held on March 20, 2012, and the public comment period ended on March 26, 2012. The Commissioners adopted the rule at the August 8, 2012 Agenda. This provision, eliminating three fees, required the repeal of 30 TAC § 291.7. Revenue from the repealed fees amounted to less than \$30,000 annually.</p> <p>No action required.</p>

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Page 44, Line 16–23	<p>Requires the regulatory agency overseeing water and wastewater utility rates to provide, upon request, electronic copies of all water rate case information obtained from the utility at a reasonable cost, to the extent that the information is electronically available and not confidential. The bill also provides that requires copies of all information provided to the regulatory agency to be provided to the Office of Public Utility Counsel, upon request, at no cost.</p>	<p>Only procedural changes were required. Those were made to the agency's web page and to the instructions for the application for changes to water and wastewater utility rates. Since authority for water utility rates were not transferred to the PUC, the OPUC has not requested any rate documents.</p>
Page 45, Line 1 to Page 48, Line 2  Page 44, Lines 4–5	<p>Abolishes the On-site Wastewater Treatment Research Council (TOWTRC) and transfers authority to award grants for on-site sewage research to the Texas Commission on Environmental Quality.</p> <p>Requires TCEQ to seek input from stakeholder experts when choosing research topics, awarding grants, and holding the conference. Moves the Council's fee revenue from undedicated general revenue to the Water Resource Management Account.</p> <p>Repeals § 367.002 – 367.006 and § 367.011, Health and Safety Code related to the creation and duties of the Council. Provides transition language for the transfer of grants to TCEQ.</p>	<p>On August 11, 2011, TCEQ staff made presentations at TOWTRC's final Board meeting to lay out the transition to TCEQ. Changes were made to all appropriate web pages on August 31, 2011, notifying the public and regulated community of the transfer of TOWTRC responsibilities to the TCEQ. On September 27, 2011, TCEQ conducted a stakeholder meeting to discuss the transfer, as well as other changes to the related program.</p> <p>At the February 8, 2012 Agenda, the Commissioners approved for publication and comment a proposed rule amending 30 TAC §§ 285.11(b) &amp; 285.21.</p> <p>This rule package also implemented HB 240, 82<sup>nd</sup> Legislature. A public hearing was held on March 21, 2012, and the comment period closed on March 26, 2012. The Commissioners adopted the rule at the July 25, 2012 Agenda.</p> <p>Since the TCEQ did not receive an appropriation in FY '12/'13 for research grants, a stakeholder group was not assembled to assist the agency in awarding grants. Agency staff is completing a review of the benefits of the research grants awarded since 2003, as stated in the Sunset Management Directive. That review is posted on the web page at:</p> <p style="text-align: right;"><a href="http://www.tceq.texas.gov/licensing/ossf/researchgrants.html">http://www.tceq.texas.gov/licensing/ossf/researchgrants.html</a></p>

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Bill Reference	Bill Provision	Implementation Status
Page 48, Lines 7–20	Extends time for notification of a rate change for municipally owned utility from 30 to 60 days, and allows for notice by email.	Implementation of this provision was included in a rule package addressing several other provisions in the TCEQ Sunset bill. That proposed rule package was approved by the Commissioners for publication and comment at the February 8, 2012 Agenda. A public hearing was held on March 20, 2012, and the public comment period ended on March 26, 2012. The Commissioners adopted the rule at the August 8, 2012 Agenda. This provision required revisions to 30 TAC § 299.22.
Page 49, Line 3 to Page 50, Line 25	Prohibits a state agency from participating in a contested case, but allows submission of comments, and specifies that a river authority is not a state agency. Requires the executive director to participate as a party in a contested case hearing and specifies the executive director's role in a contested case hearing. Repeals § 5.228(e), Water Code relating to the executive director's party status. Requires, in a contested case hearing in front of the State Office of Administrative Hearings, discovery to be completed before the deadline for pre-filed testimony, except for water and sewer rate cases.	<p>At the November 2, 2011 Agenda, the Commissioners approved for publication and comment proposed rules revising 30 TAC sections:</p> <ul style="list-style-type: none"> <li>• 50.139 (Motion to Overturn Executive Director's Decision);</li> <li>• 55.103 (definitions);</li> <li>• 55.201 (reconsiderations);</li> <li>• 55.203 &amp; 55.256 (Determination of Affected Persons);</li> <li>• 80.109 (designation of Parties);</li> <li>• 80.107 &amp; 80.17 (burden of proof);</li> <li>• 80.108 (ED Party Status);</li> <li>• 80.131 (interlocutory appeals &amp; certified questions);</li> <li>• 80.115 &amp; 80.151 (Discovery);</li> <li>• 80.257 (pleadings following PFD); and</li> <li>• 80.261 (Scheduling Commission Meetings).</li> </ul> <p>A public hearing was held on December 12, 2011, and the comment period closed on December 19, 2011. The Commissioners adopted the rule on April 11, 2012.</p>

**Implementation Status**  
**Texas Commission on Environmental Quality**  
**H.B. 2694 Smith (Huffman)**

<b>Bill Reference</b>	<b>Bill Provision</b>	<b>Implementation Status</b>
Page 50, Line 27	Establishes the effective date of the Act as September 1, 2011.	No action required.