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Student Symposium - Public Utility Regulation in Texas - Introduction.

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INTRODUCTION

JOHN HILL*

In January of 1975 when Southwestern Bell Telephone Company announced publicly that it intended to put into effect increased intrastate telephone rates in Texas which would produce additional annual revenues in the amount of \$45 million and in an area where there existed no established statutory regulation of those rates, it reinforced my belief that need for some overall statewide regulatory body was indeed great.

We entered into the *Southwestern Bell* case knowing that there was scant Texas case law precedent for the exact procedural course which we charted. However, there was overwhelming precedent for the common law proposition that utility rates must be reasonable and that excessively high rates could be enjoined. We, and the people of the State of Texas, were fortunate that the Supreme Court saw fit to uphold the right of the court to require utility rates to be reasonable and the right of the Attorney General to represent the people in bringing a suit for that purpose.¹

Since the decision in *Southwestern Bell*, however, our office has literally been swamped with complaints by consumers of all types of utilities, complaining of rates charged them for gas, electricity, water, etc. Our office lacks the personnel and the expertise to investigate all of these complaints. Some of them, of course, were in areas already subject to regulation by the Railroad Commission or by the utility, and in those cases we referred the consumers to the proper agency. But in many others there was no one to whom we could refer the consumer for immediate help.

For these reasons we actively supported the adoption of a meaningful public utility regulatory act in the 64th Legislature and we were most happy to see the adoption of House Bill 819 and the creation of the Texas Public Utility Commission.² Our office has worked with the commission in its organizational stages and we intend to continue to work with it as it assumes the responsibility of regulating otherwise unregulated utilities in the State of Texas.

We have always been interested in the problems of consumers, and in this day of ever-increasing prices there does not appear to be any area more

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1. *State v. Southwestern Bell Tel. Co.*, 526 S.W.2d 526 (Tex. 1975).

2. Tex. Laws 1975, ch. 721, at 2327.

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important to the consumer than the proper, fair, and reasonable regulation of utilities. This concern for the consuming public must, of course, be tempered by a reasonable concern for a fair profit for the public utility companies of this State. There is no question but that the utility companies must be allowed a fair and reasonable rate of return so they might be able to generate the revenues necessary to continue providing the services to which we are accustomed.

For these reasons, I feel that this Symposium of the St. Mary's Law Journal is extremely timely and should be of great help not only to the practicing lawyers but also to non-lawyers and the citizens of this State who are interested in and involved in energy consumption, utility services, and utility regulation.