

**CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS.**

**Subchapter J. ENFORCEMENT, SUPERVISION, AND RECEIVERSHIP.**

**§24.141. Supervision of Certain Utilities.**

- (a) The commission may place a utility under supervision where:
  - (1) the utility has exhibited gross or continuing mismanagement; or
  - (2) the utility has exhibited gross or continuing noncompliance with Chapter 13 of the TWC or commission rules; or
  - (3) the utility has exhibited noncompliance with commission orders; and
  - (4) notice has been provided to the utility advising the utility of the proposed commission action, the reasons for the action and giving the utility an opportunity to request a hearing.
  
- (b) The commission may require the utility to abide by conditions and requirements, including but not limited to:
  - (1) management requirements;
  - (2) additional reporting requirements;
  - (3) restrictions on hiring, salary or benefit increases, capital investment, borrowing, stock issuance or dividend declarations, and liquidation of assets;
  - (4) a requirement that the utility place all or part of the utility's funds and revenues into an account in a financial institution approved by the commission and restricting use of funds in that account to reasonable and necessary expenses;
  - (5) operational requirements;
  - (6) priority order of payments or obligations; and,
  - (7) limitation of payment for owner's or owner's family member's expenses or salaries or payments to affiliates.
  
- (c) Any utility under supervision may be required to obtain the approval of the commission before taking any action that may be restricted under subsection (b) of this section. If the commission in its order has required prior approval, any action or transaction which occurs without that approval may be voided.