

CCNs vs. Annexation in Texas

A briefing for municipal leaders, planners and utility stakeholders

Annexation changes municipal jurisdiction; a CCN concerns retail water/sewer service authority.

Texas Water Code Chapter 13 • Local Government Code Chapter 43 • PUCT Chapter 24

1. They answer two different questions

ANNEXATION — “Who governs this land?”

Annexation brings territory into a municipality's corporate boundaries under Texas annexation law. It affects municipal jurisdiction, ordinances, taxes, elections and municipal services, subject to applicable procedures.

CCN — “Who may provide retail water/sewer service?”

A Certificate of Convenience and Necessity defines a certificated service area for qualifying retail water or sewer utilities. The PUCT administers the CCN program; municipalities are treated differently from private utilities.

2. Annexation does not automatically equal a CCN transfer

Texas municipal annexation is governed primarily by Local Government Code Chapter 43.

An area can be inside a city's corporate limits while remaining within another utility's CCN/service arrangement.

Municipalities are not required to hold a CCN in the same manner as qualifying private retail utilities.

PUC §24.239 expressly says a municipality, district or political subdivision may, but is not required to, comply with that CCN transaction rule.

Municipal utility authority, annexation authority and PUCT certification are related—but legally distinct—concepts.

Bottom Line for a Texas Municipality

ANNEXATION

Expands the municipality's corporate boundary and municipal jurisdiction.

CCN

Concerns regulated retail water/sewer service areas and the rights/processes associated with those areas.

COORDINATE THEM

Before annexation or development commitments, map city limits, ETJ, CCNs, existing providers and planned municipal utility service.

Planning rule of thumb: jurisdictional decision ≠ utility-service decision.

Sources & current-rule notes

Texas Local Government Code, Chapter 43 — Municipal Annexation.

Texas Water Code, Chapter 13 — Water and Sewer Utility Regulation.

16 TAC §24.229 — Certificate of Convenience and Necessity Not Required; includes the municipal §13.255 pathway.

16 TAC §24.239 — Sale, Transfer, Merger, Consolidation, Acquisition, Lease or Rental; states municipalities may, but are not required to, comply with the rule.