

Bond Case Briefs

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PUBLIC UTILITIES - TEXAS

North Collin Special Utility District v. City of Princeton, Texas

United States District Court, E.D. Texas, Sherman Division - September 29, 2023 - F.Supp.3d - 2023 WL 6387368

Special utility district brought action against city, under § 1983 and provision of Consolidated Farm and Rural Development Act protecting utilities from curtailment and encroachment by municipalities and other public bodies, alleging that city was unlawfully providing water service to customers in competition with district and within district's service area.

City moved to dismiss, to transfer, and for a more definite statement.

The District Court adopted report and recommendation of United States Magistrate Judge, and held that:

- City's argument on motion to dismiss for lack of subject matter jurisdiction was properly considered on a motion to dismiss for failure to state a claim;
- First-to-file rule did not apply based on case district filed in another court;
- Stay pending resolution of district's case filed in another court was warranted;
- District could not state a § 1983 claim;
- District's allegations were insufficient to state claim for protection under provision protecting utilities from encroachment by municipalities with regard to district's entire certificate of convenience and necessity (CCN);
- District's request for declaration of rights concerning effect of city's annexation of land within district's territory, actual and threatened water service by city, and city's interference with potential district water customers failed to state a claim for declaratory judgment; and
- Claim that provision protecting utilities from curtailment and encroachment by municipalities preempted applicable state laws was insufficient to establish federal question jurisdiction.