

By: Puente

H.B. No. 3367

A BILL TO BE ENTITLED

AN ACT

1
2 relating to requiring water utilities to adopt water rates that
3 encourage conservation and dedicating revenue for conservation
4 programs.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS

6 SECTION 1. Chapter 430 Local Government Code, is amended by
7 adding Section 430.003 to read as follows:

8 430.003 Water Rates for Municipal and County Utilities a)
9 When setting rates for all classes of customers, no volume credit
10 shall be included in the minimum charge for water or sewer. All
11 connections shall be metered and water rates shall include a
12 gallorage charge.

13 b) For municipally and county owned water utilities with
14 3300 or more connections, water rates for residential customers
15 shall include at least three rate blocks based on the amount of
16 water used. The rate blocks shall increase in cost per gallon or
17 cubic feet of water consumed as the total volume of consumption
18 increases. Blocks shall be set so that average indoor water use is
19 included in the first block, or the first and second blocks if there
20 is a lifeline rate. The rate structure shall be applied either year
21 round or seasonally but shall include water usage from June 1
22 through September 30 of each year.

23 c) For municipally and county owned water utilities with
24 less than 3300 connections, the rate structure shall be a tiered

1 rate structure for residential customers. The rate blocks shall
2 increase in cost per gallon or cubic feet of water consumed as the
3 total volume of consumption increases. The rate structure shall be
4 applied either year round or seasonally but shall include water
5 usage from June 1 through September 30 of each year.

6 d) The rate structures for nonresidential customers shall
7 be a tiered rate structure or be a seasonal structure with higher
8 rates charged each year from at least June 1 through September 30
9 than during the rest of the year.

10 e) In no event shall any rate structure be a declining block
11 rate structure.

12 f) At least two (2) percent of gross annual water system
13 revenue should be dedicated to implementing water efficiency
14 programs.

15 g) Rates and charges for water and sewer service shall be
16 adequate to recover the full cost of operation, maintenance, debt
17 retirement including coverages necessary to comply with bond
18 covenants, the replacement of annual depreciation of all
19 infrastructure assets necessary to provide timely and adequate
20 service delivery, a leak detection and water audit program, and a
21 water efficiency program.

22 h) Any rate change after the effective date of this bill
23 shall comply with this section.

24 i) If the provisions of this section are not implemented,
25 the Commission on Environmental Quality or its successor agency
26 shall take this into account in any enforcement action.

27 SECTION 2. Subchapter E, Chapter 13, Water Code, is amended

1 by adding Section 13.1365 to read as follows:

2 Sec. 13.1365. CONSERVATION ORIENTED RATE STRUCTURES a)

3 When setting rates for all classes of customers, no volume credit
4 shall be included in the minimum charge for water or sewer. All
5 connections shall be metered and water rates must include a
6 gallorage charge.

7 b) For water utilities with 3300 or more connection, water
8 rates for the residential class of customers will include at least
9 three rate blocks based on the volume of water used. The rate
10 blocks shall increase in cost per gallon or cubic feet of water
11 consumed as the total volume of consumption increases. Blocks shall
12 be set so that average indoor water use is included in the first
13 block, or the first and second blocks if there is a lifeline rate.
14 The rate structure shall be applied either year round or seasonally
15 but must include water usage from June 1 through September 30 of
16 each year.

17 c) For water utilities with less than 3300 customers, the
18 rate structure shall be a tiered rate structure for residential
19 customers. The rate blocks shall increase in cost per gallon or
20 cubic feet of water consumed as the total volume of consumption
21 increases. The rate structure shall be applied either year round or
22 seasonally but shall include water usage from June 1 through
23 September 30 of each year.

24 d) The rate structures for nonresidential customers shall
25 be a tiered rate structure or be a seasonal structure with higher
26 rates charged each year from at least June 1 through September 30
27 than during the rest of the year.

1 e) In no event shall any rate structure be a declining block
2 rate structure.

3 f) At least two (2) percent of gross annual water system
4 revenue should be dedicated to implementing water efficiency
5 programs.

6 g) All revenues in excess of test year costs due to an
7 inclining block rate shall be placed in a special account and used
8 for water efficiency programs, leak detection and repair, meter
9 testing, and system improvements.

10 h) Any rate change after the effective date of this bill
11 shall comply with this section

12 i) If the provisions of this section are not implemented,
13 the Commission shall take this into account in any enforcement
14 action.

15 SECTION 3. Chapter 15.106(b), Water Code, is amended to
16 read as follows:

17 Sec 15.106(b) Before the board grants the application or
18 provides any financial assistance under an application, it shall
19 require an applicant to adopt or to have already implemented a
20 program of water conservation for the more efficient use of water
21 that incorporates the practices, techniques, or technology
22 prescribed by Subdivision (9)(B), Section 15.001, of this code and
23 that the board determines will meet reasonably anticipated local
24 needs and conditions. The program ~~[may]~~ shall include but is not
25 limited to ~~[any or all of]~~ the following:

26 (1) restrictions on discretionary water uses, such as
27 lawn watering;

1 (2) plumbing code standards for water conservation in
2 new building construction;

3 (3) retrofit programs to improve water-use efficiency
4 in existing buildings;

5 (4) educational programs;

6 (5) universal metering;

7 (6) conservation-oriented water rate structures.

8 The Board shall ensure that a program that includes
9 conservation-oriented water rate structures is designed so that:

10 a) When setting rates for all classes of customers, no
11 volume credit shall be included in the minimum charge for water or
12 sewer. All connections shall be metered and water rates must
13 include a gallonage charge.

14 b) For water utilities with 3300 or more connections, water
15 rates for the residential class of customers shall include at least
16 three rate blocks based on the amount of water used. The rate blocks
17 shall increase in cost per gallon or cubic feet of water consumed as
18 the total volume of consumption increases. Blocks shall be set so
19 that average indoor water use is included in the first block, or the
20 first and second blocks if there is a lifeline rate. The rate
21 structure shall be applied either year round or seasonally but
22 shall include water usage from June 1 through September 30 of each
23 year.

24 c) For water utilities with less than 3300 connections, the
25 rate structure shall be a tiered rate structure for residential
26 customers. The rate blocks shall increase in cost per gallon or
27 cubic feet of water consumed as the total volume of consumption

1 increases. The rate structure can be applied either year round or
2 seasonally but shall include water usage from June 1 through
3 September 30 of each year.

4 d) The rate structures for nonresidential customers shall
5 be a tiered rate structure or be a seasonal structure with higher
6 rates charged each year from at least June 1 through September 30
7 than during the rest of the year. In no event shall any rate
8 structure be a declining block rate structure.

9 e) At least two (2) percent of cross annual water system
10 revenue should be dedicated to implementing water efficiency
11 programs.

12 f) Any rate change after the effective date of this bill
13 shall comply with this section.

14 g) If the provisions of this section are not implemented,
15 the Commission shall take this into account in any enforcement
16 action.

17 (7) drought contingency plans; and

18 (8) distribution system leak detection and repair.

19 SECTION 4. Chapter 49, Water Code, is amended by adding
20 Section 49.236 as to read as follows:

21 49.236 Water Rates a) When setting rates for all classes of
22 customers, no volume credit shall be included in the minimum charge
23 for water or sewer.

24 b) For water districts with 3300 or more connections, water
25 rates for the residential class of customers shall include at least
26 three rate blocks based on the amount of water used. The rate blocks
27 shall increase in cost per gallon or cubic feet of water consumed as

1 the total volume of consumption increases. Blocks shall be set so
2 that average indoor water use is included in the first block, or the
3 first and second blocks if there is a lifeline rate. The rate
4 structure can be applied either year round or seasonally but shall
5 include water usage from June 1 through September 30 of each year.

6 c) For water districts with less than 3300 connections, the
7 rate structure shall be a tiered rate structure for residential
8 customers. The rate blocks shall increase in cost per gallon or
9 cubic feet of water consumed as the total volume of consumption
10 increases. The rate structure can be applied either year round or
11 seasonally but shall include water usage from June 1 through
12 September 30 of each year.

13 d) The rate structures for nonresidential customers shall
14 be a tiered rate structure or be a seasonal structure with higher
15 rates charged each year from at least June 1 through September 30
16 than during the rest of the year.

17 e) In no event shall any rate structure be a declining block
18 rate structure.

19 f) At least two (2) percent of gross annual water system
20 revenue should be dedicated to implementing water efficiency
21 programs.

22 g) Any rate change after the effective date of this bill
23 shall comply with this section

24 h) If the provisions of this section are not implemented,
25 the Commission shall take this into account in any enforcement
26 action.

27 SECTION 5. Chapter 67, Water Code, is amended by adding

1 Section 67.018 to read as follows:

2 67.018 Water Rates

3 i) When setting rates for all classes of customers, no
4 volume credit shall be included in the minimum charge for water or
5 sewer.

6 j) For corporations with 3300 or more connections, water
7 rates for the residential class of customers shall include at least
8 three rate blocks based on the amount of water used. The rate
9 blocks shall increase in cost per gallon or cubic feet of water
10 consumed as the total volume of consumption increases. Blocks shall
11 be set so that average indoor water use is included in the first
12 block, or the first and second blocks if there is a lifeline rate.
13 The rate structure can be applied either year round or seasonally
14 but shall include water usage from June 1 through September 30 of
15 each year.

16 k) For corporations with less than 3300 customers, the rate
17 structure shall be a tiered rate structure for residential
18 customers. The rate blocks shall increase in cost per gallon or
19 cubic feet of water consumed as the total volume of consumption
20 increases. The rate structure can be applied either year round or
21 seasonally but shall include water usage from June 1 through
22 September 30 of each year.

23 l) The rate structures for nonresidential customers shall
24 be a tiered rate structure or be a seasonal structure with higher
25 rates charged each year from at least June 1 through September 30
26 than during the rest of the year.

27 m) In no event shall any rate structure be a declining block

1 rate structure.

2 n) At least two (2) percent of gross annual water system
3 revenue should be dedicated to implementing water efficiency
4 programs.

5 o) Any rate change after the effective date of this bill
6 shall comply with this section

7 p) If the provisions of this section are not implemented,
8 the Commission shall take this into account in any enforcement
9 action.

10 SECTION 6 This Act take effect September 1, 2003.