

## **BILL ANALYSIS**

H.B. 3256  
By: Laubenberg  
Natural Resources  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Environmental Protection Agency estimates that water systems serving under approximately 1,000 connections generally lack the economy of scale to sustain themselves. Single-tariff pricing is a means to provide the economy of scale to allow small water systems to operate in compliance with federal, state, and local requirements by offering a unified rates structure for multiple water utility systems that are owned and operated by a single utility. These systems may or may not be contiguous or physically interconnected. Under consolidated pricing, all customers of the utility pay the same rate for the same service, even though the individual systems providing the service may vary in terms of operating characteristics and stand-alone costs.

Utilities are the most capital-intensive industry and water utilities are the most capital intensive of all utilities. A region-wide tariff benefits existing and future customers by creating an economy of scale that stabilizes rates and makes rates more affordable in smaller districts.

H.B. 3256 authorizes a utility to consolidate fees on a regional or statewide basis. The bill removes the requirement that only substantially similar systems in terms of facilities, quality of service, and cost of services are allowed to consolidate these fees.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 3256 amends the Water Code to authorize a utility to consolidate more than one system under a single tariff on a regional or statewide basis if the tariff provides for rates that promote water conservation for single-family residences and landscape irrigation, rather than authorizing a utility to consolidate more than one system under a single tariff only if the systems under the tariff are substantially similar in terms of facilities, quality of service, and cost of service, and the tariff provides for rates that promote water conservation for single-family residences and landscape irrigation.

### **EFFECTIVE DATE**

September 1, 2009.