

BILL ANALYSIS

Senate Research Center
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H.B. 3605
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Certain retail public utilities that provide potable water and receive financial assistance from the Texas Water Development Board (TWDB) are required to complete an annual water loss audit. Interested parties note that the Legislative Budget Board (LBB) recently reported that TWDB collected water loss audits in fiscal years 2006 and 2011, and the response rate each time was slightly above 50 percent. LBB also reports that water conservation is the most cost-efficient method to enhance current water supplies compared to other water management strategies. Current law requires medium-sized and large-sized water utilities to submit water conservation plans using the best management practices established by TWDB, but these plans are not required to include specific management practices nor are they evaluated by TWDB.

H.B. 3605 seeks to allow TWDB to require that utilities applying for funding for costlier water management strategies first address their water loss if they lose more than 15 percent of their water annually, to give feedback to utilities applying for state funding on their water conservation management practices, and to produce statewide statistics to inform policy decisions made by certain entities.

H.B. 3605 amends current law relating to the evaluation by the Texas Water Development Board of applications for financial assistance for certain retail public utilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 17, Water Code, by adding Section 17.1245, as follows:

Sec. 17.1245. EVALUATION AND MODIFICATION OF CERTAIN APPLICATIONS.

(a) Requires the Texas Water Development Board (TWDB), in passing on an application for financial assistance from a retail public utility that provides potable water service to 3,300 or more connections, to:

- (1) evaluate the utility's system water loss based on the most recent audit prepared under Section 16.0121 (Water Audits);
- (2) evaluate for compliance with TWDB's best management practices the utility's water conservation plan required under Section 13.146 (Water Conservation Plan); and
- (3) issue a report to the utility detailing the results of the evaluation conducted under Subdivision (2).

(b) Requires TWDB, not later than January 1 of each odd-numbered year, to submit to the legislature a written summary of the results of evaluations conducted under Subsection (a)(2).

(c) Provides that if an evaluation conducted under Subsection (a)(1) indicates that a utility's system water loss exceeds 15 percent annually, TWDB is required to require the utility to amend the utility's application for financial assistance to include a plan to reduce the utility's system water loss to less than 15 percent annually and is authorized to require that a portion of financial assistance awarded under this chapter be used to mitigate the system water loss or award additional financial assistance for that purpose.

(d) Authorizes TWDB, by a two-thirds vote, to exempt from the application of Subsection (c) a utility whose system water loss exceeds 15 percent.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2013.