

BILL ANALYSIS

C.S.H.B. 3605
By: Burnam
Natural Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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 the TWDB collected water loss audits in fiscal years 2006 and 2011 and the response rate each time was slightly above 50 percent. The 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- and large-sized water utilities to submit water conservation plans using the best management practices established by the TWDB, but these plans are not required to include specific management practices nor are they evaluated by the TWDB.

C.S.H.B. 3605 seeks to allow the 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.

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

C.S.H.B. 3605 amends the Water Code to authorize 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 evaluate the utility's system water loss based on the most recent water audit, evaluate for compliance with the TWDB's best management practices the utility's water conservation plan, and issue a report to the utility detailing the results of the compliance evaluation. The bill requires the TWDB, not later than January 1 of each odd-numbered year, to submit to the legislature a written summary of the results of compliance evaluations. If an evaluation of a utility's system water loss indicates that a utility's system water loss exceeds 15 percent annually, the bill requires the TWDB 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 authorizes the TWDB to require that a portion of awarded financial assistance be used to mitigate the system water loss or to award additional financial assistance for that purpose. The bill authorizes the TWDB to exempt a utility whose system water loss exceeds 15 percent from the application of such requirements by a two-thirds vote.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3605 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter D, Chapter 17, Water Code, is amended by adding Section 17.1245 to read as follows:

Sec. 17.1245. EVALUATION AND MODIFICATION OF CERTAIN APPLICATIONS. (a) In passing on an application for financial assistance from a retail public utility that provides potable water service to 3,300 or more connections, the board shall evaluate the utility's system water loss based on the most recent audit prepared under Section 16.0121.

(b) If an evaluation conducted under Subsection (a) indicates that a utility's system water loss exceeds 15 percent annually, the board:

(1) shall 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

(2) may 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.

(c) The board, by a two-thirds vote, may exempt from the application of Subsection (b) a utility whose system water loss exceeds 15 percent.

SECTION 2. Section 17.1245, Water Code, as added by this Act, applies only to an application for financial assistance

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter D, Chapter 17, Water Code, is amended by adding Section 17.1245 to read as follows:

Sec. 17.1245. EVALUATION AND MODIFICATION OF CERTAIN APPLICATIONS. (a) In passing on an application for financial assistance from a retail public utility that provides potable water service to 3,300 or more connections, the board shall:

(1) evaluate the utility's system water loss based on the most recent audit prepared under Section 16.0121;

(2) evaluate for compliance with the board's best management practices the utility's water conservation plan required under Section 13.146; and

(3) issue a report to the utility detailing the results of the evaluation conducted under Subdivision (2).

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

(c) If an evaluation conducted under Subsection (a)(1) indicates that a utility's system water loss exceeds 15 percent annually, the board:

(1) shall 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

(2) may 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) The board, by a two-thirds vote, may exempt from the application of Subsection (c) a utility whose system water loss exceeds 15 percent.

SECTION 2. Same as introduced version.

submitted on or after the effective date of this Act. An application for financial assistance submitted before the effective date of this Act is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2013.

SECTION 3. Same as introduced version.