

## **BILL ANALYSIS**

Senate Research Center

H.B. 29  
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Water, Agriculture and Rural Affairs  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 29 amends current law relating to water losses reported by certain municipally owned utilities to the Texas Water Development Board and authorizes administrative penalties.

[Note: While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

### **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 B, Chapter 16, Water Code, by adding Section 16.0122, as follows:

Sec. 16.0122. WATER AUDIT VALIDATION BY CERTAIN MUNICIPALLY OWNED UTILITIES. (a) Defines "municipally owned utility."

(b) Provides that this section applies only to a municipally owned utility that provides potable water through more than 150,000 service connections.

(c) Requires a municipally owned utility that has filed an annual water audit under Section 16.0121 (Water Audits) with the Texas Water Development Board (TWDB) indicating that the utility's real water loss meets or exceeds the threshold established by rule under Section 16.0121 to:

(1) not later than the 180th day after the date the audit was filed, complete a validation of the audit to ensure the utility accurately assessed potential inaccuracies in data used in the audit; and

(2) not later than the first anniversary of the date the audit was filed, develop and submit to TWDB a water loss mitigation plan.

(d) Requires a municipally owned utility that has filed an annual water audit under Section 16.0121 with TWDB indicating that the utility's real water loss meets or exceeds the threshold established by rule under Section 16.0121 for five consecutive audit years to:

(1) complete a more detailed validation of the utility's most current water audit to determine whether the implementation of water leakage reduction strategies is appropriate and investigate the accuracy of the utility's billing data; and

(2) update the water loss mitigation plan developed by the utility under Subsection (c)(2) accordingly.

(e) Requires that each validation required under Subsection (c)(1) be performed by a person who has completed water audit validation training and is certified to conduct the validation. Provides that the validation is required to follow TWDB validation guidelines and is prohibited from being conducted by a TWDB staff member or the person who submitted the water audit.

(f) Requires that each water loss mitigation plan developed under Subsection (c)(2), as updated under Subsection (d)(2), if applicable, be incorporated into the utility's most recent water conservation plan required under Section 13.146 (Water Conservation Plan) not later than the first anniversary of the date the mitigation plan is completed. Requires the utility, as part of the utility's annual water conservation report under Section 16.402(b) (relating to requiring each entity that is required to submit a water conservation plan to administrative entities to report annually to the executive administrator of TWDB on the entity's progress in implementing the plan), to report the utility's progress in implementing the mitigation plan. Requires that the mitigation plan include certain goals and information.

(g) Requires the utility, if the utility is required to complete a validation under Subsection (d)(1), to update the water loss mitigation plan developed by the utility under Subsection (c)(2) to revise the utility's one-year, three-year, five-year, and ten-year goals.

(h) Requires that each validation required under Subsection (d)(1) be performed by a person who is experienced in performing required validation activities. Provides that the validation is required to be based on the recommendations from the utility's validation performed under Subsection (c)(1), required to be completed in consultation with the person who completed the validation under Subsection (c)(1), required to be conducted in accordance with industry standards, and prohibited from being conducted by a TWDB staff member or the person who submitted the water audit.

(i) Requires the Texas Natural Resource Conservation Commission to assess against a municipally owned utility an administrative penalty of \$25,000 if the utility fails to develop and submit to TWDB a water loss mitigation plan required by Subsection (c)(2).

SECTION 2. Effective date: upon passage or September 1, 2025.