

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

8 Sec. 16.0122. WATER AUDIT VALIDATION BY CERTAIN MUNICIPALLY
9 OWNED UTILITIES. (a) In this section, "municipally owned utility"
10 has the meaning assigned by Section 13.002.

14 (c) A municipally owned utility that has filed an annual
15 water audit under Section 16.0121 shall:

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

water audit under Section 16.0121 shall:

(1) complete a more detailed validation of the utility's most current water audit to:

(A) determine whether the implementation of water leakage reduction strategies is appropriate; and

(B) 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) Each validation required under Subsection (c)(1) must be performed by a person who has completed water audit validation training and is certified to conduct the validation. The validation:

(1) must follow board validation guidelines; and

(2) may not be conducted by a board staff member or the person who submitted the water audit.

(f) Each water loss mitigation plan developed under Subsection (c)(2), as updated under Subsection (d)(2), if applicable, must be incorporated into the utility's most recent water conservation plan required under Section 13.146 not later than the first anniversary of the date the mitigation plan is completed. As part of the utility's annual water conservation report under Section 16.402(b), the utility shall report the utility's progress in implementing the mitigation plan. The mitigation plan must include:

(1) one-year, three-year, five-year, and ten-year goals for water loss mitigation;

1 (2) descriptions of water loss mitigation projects or
2 programs designed to meet those goals;

3 (3) estimated financial savings from the
4 implementation of the projects or programs under Subdivision (2);

5 (4) estimated water savings from the implementation of
6 the projects or programs under Subdivision (2); and

7 (5) cost estimates for implementing each project or
8 program under Subdivision (2).

9 (g) If the utility must complete a validation under
10 Subsection (d)(1), the utility shall update the water loss
11 mitigation plan developed by the utility under Subsection (c)(2) to
12 revise the utility's one-year, three-year, five-year, and ten-year
13 goals.

14 (h) Each validation required under Subsection (d)(1) must
15 be performed by a person who is experienced in performing required
16 validation activities. The validation:

17 (1) must be based on the recommendations from the
18 utility's validation performed under Subsection (c)(1);

19 (2) must be completed in consultation with the person
20 who completed the validation under Subsection (c)(1);

21 (3) must be conducted in accordance with industry
22 standards; and

23 (4) may not be conducted by a board staff member or the
24 person who submitted the water audit.

25 (i) The commission shall assess against a municipally owned
26 utility an administrative penalty of \$25,000 if the utility fails
27 to develop and submit to the board a water loss mitigation plan

1 required by Subsection (c)(2).

2 SECTION 2. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I certify that H.B. No. 29 was passed by the House on April 25, 2025, by the following vote: Yeas 138, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 29 on May 19, 2025, by the following vote: Yeas 129, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 29 was passed by the Senate, with amendments, on May 8, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor