

By: Goodwin

H.B. No. 1424

A BILL TO BE ENTITLED

AN ACT

relating to the structuring of water rates by retail public utilities to promote water conservation; authorizing a fee.

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

SECTION 1. Subchapter Z, Chapter 552, Local Government Code, is amended by adding Section 552.9065 to read as follows:

Sec. 552.9065. WATER CONSERVATION RATE AND FEE. The governing body of a municipality may by ordinance:

(1) structure the municipality's rates for water service in a manner that promotes water conservation by all of the municipality's water customers so that customers in a class who consume greater amounts of water pay a higher rate per unit volume than customers in a class who consume lesser amounts of water; and

(2) establish an excessive use fee for water customers whose water usage is greater than the water usage of a percentage of the municipality's other customers.

SECTION 2. The heading to Section 13.182, Water Code, is amended to read as follows:

Sec. 13.182. JUST AND REASONABLE RATES; WATER CONSERVATION RATE STRUCTURE AND FEE.

SECTION 3. Section 13.182, Water Code, is amended by adding Subsection (b-2) to read as follows:

(b-2) In establishing a utility's rates, the regulatory authority by rule or ordinance may authorize a utility to:

1 (1) structure the utility's rates in a manner that
2 promotes water conservation by all of the utility's customer
3 classes so that customers in a class who consume greater amounts of
4 water pay a higher rate per unit volume than customers in a class
5 who consume lesser amounts of water; and

6 (2) establish an excessive use fee for customers whose
7 water usage is greater than the water usage of a percentage of the
8 utility's other customers.

9 SECTION 4. Chapter 13, Water Code, is amended by adding
10 Subchapter O to read as follows:

11 SUBCHAPTER O. WATER CONSERVATION RATE AND FEE

12 Sec. 13.551. APPLICABILITY. This subchapter applies to a
13 retail public utility that is not subject to Subchapter F or Section
14 552.9065, Local Government Code.

15 Sec. 13.552. TIERED CONSERVATION RATE STRUCTURE. A retail
16 public utility may establish a water conservation rate that
17 promotes water conservation by all of the utility's customer
18 classes so that customers in a class who consume greater amounts of
19 water pay a higher rate per unit volume than customers in a class
20 who consume lesser amounts of water.

21 Sec. 13.553. EXCESSIVE USE FEE. A retail public utility may
22 establish an excessive use fee for the utility's customers whose
23 water usage is greater than the water usage of a percentage of the
24 utility's other customers.

25 SECTION 5. This Act takes effect September 1, 2025.