

By: Dorazio

H.B. No. 2506

A BILL TO BE ENTITLED

AN ACT

relating to rates for water or sewer utility service provided by certain municipally owned utilities.

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

SECTION 1. Section 13.181, Water Code, is amended by amending Subsection (a) and adding Subsections (c) and (d) to read as follows:

(a) Except for the provisions of Section 13.192 and Subsections (c) and (d), this subchapter shall apply only to a utility and shall not be applied to municipalities, counties, districts, or water supply or sewer service corporations.

(c) This subchapter applies to the implementation of a rate increase by a municipally owned utility for ratepayers residing outside the corporate limits of the municipality if:

(1) the utility is owned by a municipality with a population of more than one million; and

(2) the rate increase is initiated on a date on which the utility is implementing any provision of the utility's drought contingency plan.

(d) A municipally owned utility implementing a rate increase described by Subsection (c) is considered to be a Class A utility for the purposes of any proceeding under this subchapter regarding the rate increase.

SECTION 2. The changes in law made by this Act apply only to

1 a rate proceeding under Chapter 13, Water Code, that begins on or  
2 after the effective date of this Act. A rate proceeding that begins  
3 before the effective date of this Act is governed by the law in  
4 effect on the date the rate proceeding began, and the former law is  
5 continued in effect for that purpose.

6 SECTION 3. This Act takes effect September 1, 2025.