

By: Gerdes

H.B. No. 2605

A BILL TO BE ENTITLED

1 AN ACT
2 relating to water losses reported by certain municipally owned
3 utilities to the Texas Water Development Board; authorizing
4 administrative penalties.

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

6 SECTION 1. Subchapter B, Chapter 16, Water Code, is amended
7 by adding Section 16.0122 to read as follows:

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.

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

14 (c) A municipally owned utility that has filed an annual
15 water audit under Section 16.0121 with the board indicating that
16 the utility's real water loss meets or exceeds the threshold
17 established by rule under Section 16.0121 shall:

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

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

1 (d) A municipally owned utility that has filed an annual
2 water audit under Section 16.0121 with the board indicating that
3 the utility's real water loss meets or exceeds the threshold
4 established by rule under Section 16.0121 for three consecutive
5 audit years shall:

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

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

10 (B) investigate the accuracy of the utility's
11 billing data; and

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

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

18 (1) must follow board validation guidelines; and

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

21 (f) Each water loss mitigation plan developed under
22 Subsection (c)(2), as updated under Subsection (d)(2), if
23 applicable, must be incorporated into the utility's most recent
24 water conservation plan required under Section 13.146 not later
25 than the first anniversary of the date the mitigation plan is
26 completed. As part of the utility's annual water conservation
27 report under Section 16.402(b), the utility shall report the

1 utility's progress in implementing the mitigation plan. The
2 mitigation plan must include:

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

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

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

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

11 (5) cost estimates for implementing each project or
12 program under Subdivision (2).

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

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

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

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

25 (3) must be conducted in accordance with industry
26 standards; and

27 (4) may not be conducted by a board staff member or the

1 person who submitted the water audit.

2 (i) The commission shall assess against a municipally owned
3 utility an administrative penalty of \$25,000 for each violation of
4 this section.

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