

By: Tepper

H.B. No. 2923

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the jurisdiction of the Public Utility Commission of  
3 Texas over certain rates for water or sewer service charged by a  
4 municipality.

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

6 SECTION 1. Sections 12.013(b) and (d), Water Code, are  
7 amended to read as follows:

8 (b) In this section, "political subdivision" means  
9 municipalities [~~incorporated cities, towns or villages~~], counties,  
10 river authorities, water districts, and other special purpose  
11 districts.

12 (d) The utility commission's jurisdiction under this  
13 section relating to a municipality [~~incorporated cities, towns, or~~  
14 ~~villages~~] shall be limited to water furnished by the municipality  
15 [~~such city, town, or village~~] to another political subdivision,  
16 other than another municipality, on a wholesale basis.

17 SECTION 2. Section 13.043, Water Code, is amended by adding  
18 Subsection (f-1) and amending Subsection (j) to read as follows:

19 (f-1) Subsection (f) does not apply to a decision of a  
20 municipality regarding wholesale water or sewer service provided to  
21 another municipality.

22 (j) In an appeal under this section, the utility commission  
23 shall ensure that every appealed rate is just and reasonable. Rates  
24 shall not be unreasonably preferential, prejudicial, or

1 discriminatory but shall be sufficient, equitable, and consistent  
2 in application to each class of customers. The utility commission  
3 shall use a methodology that preserves the financial integrity of  
4 the retail public utility. [~~For agreements between municipalities~~  
5 ~~the utility commission shall consider the terms of any wholesale~~  
6 ~~water or sewer service agreement in an appellate rate proceeding.~~]

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