

By: Guillen

H.B. No. 5209

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the consideration of compliance with rules of the Texas
3 Commission on Environmental Quality in approving rates for water or
4 sewer utility services.

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

6 SECTION 1. Section 13.184(b), Water Code, is amended to
7 read as follows:

8 (b) In fixing a reasonable return on invested capital, the
9 regulatory authority shall consider, in addition to other
10 applicable factors, the efforts and achievements of the utility in
11 the conservation of resources, whether the utility is in compliance
12 with commission rules, the quality of the utility's services, the
13 efficiency of the utility's operations, and the quality of the
14 utility's management.

15 SECTION 2. Section 13.185, Water Code, is amended by adding
16 Subsection (g-1) to read as follows:

17 (g-1) When considering a utility's historic test year
18 information to determine reasonable and necessary expenses, the
19 regulatory authority shall consider whether the utility complied
20 with commission rules during that test year.

21 SECTION 3. The changes in law made by this Act apply only to
22 a rate proceeding under Chapter 13, Water Code, that begins on or
23 after the effective date of this Act. A rate proceeding that begins
24 before the effective date of this Act is governed by the law in

1 effect on the date the rate proceeding began, and the former law is
2 continued in effect for that purpose.

3 SECTION 4. This Act takes effect September 1, 2025.