

1-1 By: Perry S.B. No. 2662
1-2 (In the Senate - Filed March 13, 2025; April 3, 2025, read
1-3 first time and referred to Committee on Water, Agriculture and
1-4 Rural Affairs; April 15, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;
1-6 April 15, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Perry	X		
1-10	Hancock		X	
1-11	Birdwell		X	
1-12	Blanco	X		
1-13	Gutierrez	X		
1-14	Hinojosa of Nueces	X		
1-15	Johnson	X		
1-16	Kolkhorst	X		
1-17	Sparks	X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2662 By: Perry

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the enforcement of drought contingency plans by water
1-22 and sewer utilities and the Public Utility Commission of Texas.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 13.041(a), Water Code, is amended to
1-25 read as follows:

1-26 (a) The utility commission may regulate and supervise the
1-27 tariffs and business of each water and sewer utility within its
1-28 jurisdiction, including ratemaking and other economic regulation.
1-29 The commission may regulate water and sewer utilities within its
1-30 jurisdiction to ensure safe drinking water and environmental
1-31 protection. The utility commission and the commission may do all
1-32 things, whether specifically designated in this chapter or implied
1-33 in this chapter, necessary and convenient to the exercise of these
1-34 powers and jurisdiction. The utility commission may consult with
1-35 the commission as necessary in carrying out its duties related to
1-36 the regulation of water and sewer utilities.

1-37 SECTION 2. Section 13.042(a), Water Code, is amended to
1-38 read as follows:

1-39 (a) Subject to the limitations imposed in this chapter and
1-40 for the purpose of regulating rates and services so that those rates
1-41 may be fair, just, and reasonable and the services adequate and
1-42 efficient, the governing body of each municipality has exclusive
1-43 original jurisdiction over all water and sewer utility rates,
1-44 tariffs, operations, and services provided by a water and sewer
1-45 utility within its corporate limits.

1-46 SECTION 3. Section 13.136, Water Code, is amended by
1-47 amending Subsection (a) and adding Subsection (a-1) to read as
1-48 follows:

1-49 (a) Every utility shall file with each regulatory authority
1-50 tariffs showing all rates that are subject to the original or
1-51 appellate jurisdiction of the regulatory authority and that are in
1-52 force at the time for any utility service, product, or commodity
1-53 offered. Every utility shall file with and as a part of those
1-54 tariffs all rules and regulations relating to or affecting the
1-55 rates, utility service, product, or commodity furnished, including
1-56 the utility's drought contingency plan required by the commission.

1-57 (a-1) Notwithstanding Subsection (a), a provision of a
1-58 drought contingency plan does not constitute a rate as defined by
1-59 Section 13.002.

1-60 SECTION 4. Sections 13.250(b) and (d), Water Code, are

2-1 amended to read as follows:

2-2 (b) Unless the utility commission issues a certificate that
 2-3 neither the present nor future convenience and necessity will be
 2-4 adversely affected, the holder of a certificate or a person who
 2-5 possesses facilities used to provide utility service shall not
 2-6 discontinue, reduce, or impair service to a certified service area
 2-7 or part of a certified service area except for:

2-8 (1) nonpayment of charges for services provided by the
 2-9 certificate holder or a person who possesses facilities used to
 2-10 provide utility service;

2-11 (2) nonpayment of charges for sewer service provided
 2-12 by another retail public utility under an agreement between the
 2-13 retail public utility and the certificate holder or a person who
 2-14 possesses facilities used to provide utility service or under a
 2-15 utility commission-ordered arrangement between the two service
 2-16 providers;

2-17 (3) noncompliance with a drought contingency plan;

2-18 (4) nonuse; or

2-19 (5) [~~(4)~~] other similar reasons in the usual course of
 2-20 business.

2-21 (d) Except as provided by this subsection, a retail public
 2-22 utility that has not been granted a certificate of public
 2-23 convenience and necessity may not discontinue, reduce, or impair
 2-24 retail water or sewer service to any ratepayer without approval of
 2-25 the regulatory authority. Except as provided by this subsection, a
 2-26 utility or water supply corporation that is allowed to operate
 2-27 without a certificate of public convenience and necessity under
 2-28 Section 13.242(c) may not discontinue, reduce, or impair retail
 2-29 water or sewer service to any ratepayer without the approval of the
 2-30 regulatory authority. Subject to rules of the regulatory
 2-31 authority, a retail public utility, utility, or water supply
 2-32 corporation described in this subsection may discontinue, reduce,
 2-33 or impair retail water or sewer service for:

2-34 (1) nonpayment of charges;

2-35 (2) noncompliance with a drought contingency plan;

2-36 (3) nonuse; or

2-37 (4) [~~(3)~~] other similar reasons in the usual course of
 2-38 business.

2-39 SECTION 5. Section 11.1272, Water Code, is amended by
 2-40 amending Subsections (c), (d), and (e) and adding Subsection (c-1)
 2-41 to read as follows:

2-42 (c) A [By May 1, 2005, a] drought contingency plan required
 2-43 by commission rule adopted under this section must include:

2-44 (1) specific, quantified targets for water use
 2-45 reductions to be achieved during periods of water shortages and
 2-46 drought; and

2-47 (2) reasonable procedures for the enforcement of
 2-48 mandatory water use restrictions, including fines, water rate
 2-49 surcharges, restriction of service, discontinuation of service, or
 2-50 any other penalty.

2-51 (c-1) The entity preparing the drought contingency plan
 2-52 shall establish the targets and enforcement procedures required
 2-53 under Subsection (c).

2-54 (d) The commission, the utility commission, and the board by
 2-55 joint rule shall identify quantified target goals for drought
 2-56 contingency plans that wholesale and retail public water suppliers,
 2-57 irrigation districts, and other entities may use as guidelines in
 2-58 preparing drought contingency plans. Goals established under this
 2-59 subsection are not enforceable requirements.

2-60 (e) The commission, the utility commission, and the board
 2-61 jointly shall develop and update at least once every five years
 2-62 model drought contingency programs for different types of water
 2-63 suppliers that suggest best management practices for accomplishing
 2-64 the highest practicable levels of water use reductions achievable
 2-65 during periods of water shortages and drought for each specific
 2-66 type of water supplier.

2-67 SECTION 6. This Act takes effect immediately if it receives
 2-68 a vote of two-thirds of all the members elected to each house, as
 2-69 provided by Section 39, Article III, Texas Constitution. If this

3-1 Act does not receive the vote necessary for immediate effect, this
3-2 Act takes effect September 1, 2025.

3-3 * * * * *