

**SUBJECT:** Providing for further state participation in municipal water conservation

**COMMITTEE:** Natural Resources — favorable, without amendment

**VOTE:** 11 ayes — Ritter, Johnson, Ashby, D. Bonnen, Callegari, Keffer, T. King, Larson, Lucio, Martinez Fischer, D. Miller

0 nays

**SENATE VOTE:** On final passage, April 4 — 31-0, on Local and Uncontested Calendar

**WITNESSES:** No public hearing

**BACKGROUND:** A retail public utility providing potable water that receives financial assistance from the Texas Water Development Board (TWDB) is required to perform and file with the board an annual water audit computing the utility's system water loss during the preceding year.

The Water Conservation Advisory Council (WCAC) was established in 2007 to provide state agencies, legislative bodies, and the public with expertise in water conservation. WCAC is comprised of 23 members, appointed by TWDB with representation from state agencies, municipalities and various other economic sectors and interest groups. WCAC predominately monitors the goals, trends, technologies, and effectiveness of water conservation programs. WCAC also oversees the development of a best management practices guide and public recognition program for water conservation achievements.

The council is required to submit a biennial report on progress made in water conservation in Texas. WCAC monitors and reports on trends in the implementation of conservation initiatives passed by the Texas Legislature and on specific charges assigned by prior legislatures. WCAC also is charged with developing a sector-based methodology for calculating gallons per capita per day.

**DIGEST:** SB 1169 would require retail public water utilities receiving state financing for water projects to use a portion of that financial assistance to address their system water loss if the water loss met or exceeded a

threshold for water loss to be set by TWDB rule. The bill would give the TWDB authority to adopt rules to establish the threshold of water loss and the use of financial assistance to mitigate the loss.

The bill also would require entities to implement their drought contingency plans upon the issuance of an emergency disaster proclamation by the governor for exceptional drought conditions.

When reviewing an application for financial assistance for a water supply project, the TWDB would be required to consider whether a political subdivision implemented its drought contingency plans when required.

The bill also would require the Water Conservation Advisory Council (WCAC) to include specific statutory, budgetary, and policy recommendations to improve water conservation and management in their biennial report to the Legislature on water conservation in this state.

SB 1169 would provide for the Sunset review of WCAC in 2023.

This bill would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

SB 1169 would implement several recommendations made in the Legislative Budget Board's Government Efficiency & Effectiveness Report regarding state participation in municipal water conservation. It would advance the state's water conservation efforts by giving new direction to the Texas Water Development Board (TWDB) to address water loss by applicants seeking state financial assistance for water projects and by giving additional responsibility to the existing state Water Conservation Advisory Council.

Water loss is a significant problem in many water systems. As the drought persists, Texans must be sure to use existing water supplies as efficiently as possible. Utility systems that have significant rates of water loss are permitted to apply for additional state assistance to increase water supplies without having to reduce water loss rates. It is bad state policy to give water utilities money to create more water development projects if they are not carefully using the water resources already available to them. The responsible management of water by local entities should be a condition for receiving state financing to assist in local water infrastructure investments. As Texas may be embarking on new funding for water projects, state financial assistance should be used to address major water

loss. SB 1169 would give the TWDB the mandate and the authority to use state financial assistance to reduce water loss when applicants for assistance exceed a threshold for water loss to be set by the agency.

SB 1169 also would ensure that entities already required to develop drought contingency plans actually implemented those plans when the governor declared a drought disaster in their area.

SB 1169 also would require the Water Conservation Advisory Council (WCAC) to include statutory, budgetary, and policy recommendations to improve water conservation and management in its biennial report to the Legislature. The WCAC reports on the monitoring and implementation of water conservation strategies in the state, but WCAC's current enabling law does not specifically authorize it to make legislative recommendations. Giving the WCAC the mandate to use the expertise of its diverse membership to craft such recommendations would aid the work of the state in advancing water conservation, which is a key component of the current state water plan.

**OPPONENTS  
SAY:**

While there is certainly value in ensuring efficient use of this valuable resource, SB 1169 could create a financial burden on utilities by requiring that a portion of their state funding for water projects be diverted to reduce water loss. Every water system experiences some amount of water loss. Leak detection can be costly and difficult to pinpoint if there are multiple minor sources. It is important that the threshold of acceptable water loss to be determined by Texas Water Development Board rule be reasonable so as to justify the expense of correcting the loss.

Requiring funds be diverted to correct water loss would mean less funding for the intended water supply projects. This could lead to additional costs to the utility that would eventually be passed on to ratepayers.