

BILL ANALYSIS

Senate Research Center
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H.B. 1506
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Water & Rural Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1506 seeks to amend Section 13.182 of the Water Code, permitting a regulatory agency to authorize a utility to establish reduced water and sewer rates for a minimal level of service to be provided for customers with low incomes. In order to be eligible for a lower rate under this bill, the customer must receive medical assistance (Medicaid) under Chapter 32 of the Human Resources Code or receive benefits under the supplemental nutrition assistance program (SNAP) established under Chapter 33 of the Human Resources Code. H.B. 1506 deals only with private water utilities that wish to set-up a voluntary program to reduce rates for low-income customers through donations. No utility is compelled to create such a program and no customers will be charged more. This language mirrors existing language allowing utilities to set up similar program for elderly customers.

The relevant regulatory authority (either the city or the Public Utility Commission of Texas) may establish additional requirements to determine the eligibility of customers to receive reduced rates. Furthermore, the bill requires the regulatory agency to allow a utility to establish a fund to receive donations to recover the costs of providing the reduced rates and prohibits a utility from recovering those costs through charges to the utility's other customer classes.

H.B. 1506 applies only to proceedings before a regulatory authority regarding water and sewer utility rates concerning an application filed on or after January 1, 2020. Any proceedings filed prior to that date are governed by the law in effect when the application was filed. The bill also requires the Public Utility Commission of Texas and other regulatory authorities to adopt rules as necessary to implement the changes made by the bill not later than December 31, 2019.

H.B. 1506 amends current law relating to authorizing a regulatory authority to establish reduced water and sewer utility rates funded by donations for the benefit of certain low-income customers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas and other regulatory authorities in SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13.182, Water Code, by amending Subsection (b-1) and adding Subsection (b-2), as follows:

(b-1) Authorizes the regulatory authority, in establishing a utility's rates, to authorize the utility to establish reduced water and sewer rates, rather than reduced rates, for a minimal level of service to be provided solely to a class of customers who are 65 years of age or older, who receive medical assistance under the medical assistance program established under Chapter 32 (Medical Assistance Program), Human Resources Code, or who receive benefits under the supplemental nutrition assistance program established under Chapter 33 (Nutritional Assistance Programs), Human Resources Code, rather than solely to a class of elderly customers 65 years of age or older, to ensure that those customers receive that level of service at more affordable rates. Authorizes the regulatory authority to

establish requirements for determining the eligibility of customers to receive reduced rates under this subsection.

(b-2) Creates this subsection from existing text and requires the regulatory authority to allow a utility to establish a fund to receive donations to recover the costs of providing the reduced rates under Subsection (b-1).

SECTION 2. (a) Makes application of Section 13.182, Water Code, as amended by this Act, prospective to January 1, 2020.

(b) Requires the Public Utility Commission of Texas and other regulatory authorities to adopt rules as necessary to implement the changes in law made by this Act not later than December 31, 2019.

SECTION 3. Effective date: September 1, 2019.