

## **BILL ANALYSIS**

Senate Research Center  
86R6079 JXC-F

S.B. 1694  
By: Johnson  
Water & Rural Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 1694 seeks to amend Section 13.182, 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. S.B. 1694 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 (PUC), 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.

S.B. 1694 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 PUC and other regulatory authorities to adopt rules as necessary to implement the changes made by the bill not later than December 31, 2019.

As proposed, S.B. 1694 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 for a minimal level of service to be provided solely to a class of customers who are 65 years of age or older, rather than elderly customers, 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, 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. 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.