



Regulatory Assessments Collected by Retail Public Utilities

Retail public utilities and their customers often have questions about an item called “regulatory assessment” that is included in their water or wastewater bills.

What is the “regulatory assessment”?

The regulatory assessment is a fee collected from retail customers by water and wastewater utilities regulated by the Texas Commission on Environmental Quality (TCEQ). It was first authorized in 1993 in response to a State Comptroller’s report that recommended a higher level of user charges be used to finance state programs.

Investor-owned utilities, water districts, water supply corporations, and certain counties are required to collect the assessment from retail customers and send the amount collected to the TCEQ. The amount collected depends on the type of regulated retail public utility, as follows:

The fee for customers of:	Is:	Calculate it as:
Investor-owned utilities	1.0%	0.01 x receipts
Water districts	1/2%	0.005 x receipts
Water supply corporations	1/2%	0.005 x receipts
Counties within 100 miles of the U.S.-Mexico border	1.0%	0.01 x receipts

Which utility customers are exempt from this fee?

The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of nonpotable (not drinkable) water.

Which customers must pay this fee to the utility?

All retail customers must pay this fee. Because this fee is not a tax, tax-exempt institutions also must pay the regulatory assessment. School districts and similar institutions are not considered to be state

agencies and so are subject to the regulatory assessment.

How is the regulatory assessment applied on bills?

The assessment is to be applied to customer charges for water and sewer service, but not to penalty and interest charges, tap fees, impact fees, or other fees that appear on customer bills. The assessment may be included on the retail customer’s bill as a separate line item.

When is the amount collected payable to the TCEQ?

The amount collected during the calendar year must be reported to the TCEQ by January 30. After Utilities report their revenue for water and wastewater to the TCEQ they will receive a calculated amount owed through an online application. Utilities can then either pay the amount owed online or select to be invoiced and pay by mail. Payments received late will be subject to penalties and interest per Title 30 Texas Administrative Code (TAC) Chapter 12.3.

What is the regulatory assessment used for?

As required by law, these fees are used to pay the costs and expenses incurred in the regulation of these retail public utilities.

Also as required by law, a portion of these fees is used to provide on-site technical assistance and education to these retail public utilities.

If you have questions regarding the regulatory assessment, please contact:

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