

PROJECT NO. 58270

PERMISSIBLE PAYMENT METHODS	§	PUBLIC UTILITY COMMISSION
AND REJECTED PAYMENTS UNDER	§	
§24.167	§	OF TEXAS

ORDER ADOPTING 16 TAC §24.167

The Public Utility Commission of Texas (commission) proposes to amend 16 Texas Administrative Code (TAC) §24.167 (relating to Discontinuance of Service). Unamended §24.167 specified “[p]ayment by check which has been rejected for insufficient funds ...” which leaves other forms of payment unaddressed. Similarly, the tariff forms had a “returned check charge” line item, but did not specify what happens if a customer’s credit card or debit card payment is declined. The proposal for publication removed the word “check” in reference to rejected payments to clarify that other forms of rejected payments are included. The commission adopts the amendments with no changes to the proposed text as published in the July 25, 2025, issue of the Texas Register (*50 TexReg 4147*).

The commission received no comments in regard to this project and adopts the rule with no changes to the proposal.

Statutory Authority

The amendment is proposed under Texas Water Code (TWC) §13.001, which provides the commission jurisdiction over a water and sewer utility; §13.004, which provides the commission with jurisdiction over certain water supply or sewer service corporations;

§13.041(b), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction.

Cross reference to statutes: Texas Water Code §13.001, 13.004, and 13.041(b).

§24.167. Discontinuance of Service.**(a) Disconnection with notice.**

(1) **Notice requirements.** Proper notice shall consist of a separate written statement which a utility must mail or hand deliver to a customer before service may be disconnected. The notice must be provided in English and Spanish if necessary to adequately inform the customer and must include the following information:

- (A) the words “termination notice” or similar language approved by the commission written in a way to stand out from other information on the notice;
- (B) the action required to avoid disconnection, such as paying past due service charges,
- (C) the date by which the required action must be completed to avoid disconnection. This date must be at least ten days from the date the notice is provided unless a shorter time is authorized by the commission;
- (D) the intended date of disconnection;
- (E) the office hours, telephone number, and address of the utility’s local office;
- (F) the total past due charges;
- (G) all reconnect fees that will be required to restore water or sewer service if service is disconnected.

(H) if notice is provided by a sewer service provider under subsection (e) of this section, the notice must also state:

- (i) that failure to pay past due sewer charges will result in termination of water service; and
- (ii) that water service will not be reconnected until all past due and currently due sewer service charges and the sewer reconnect fee are paid.

(2) **Reasons for disconnection.** Utility service may be disconnected after proper notice for any of the following reasons:

- (A) failure to pay a delinquent account for utility service or failure to comply with the terms of a deferred payment agreement.
 - (i) Payment which has been rejected for insufficient funds, closed account, or for which a stop payment order has been issued is not deemed to be payment to the utility.
 - (ii) Payment at a utility's office or authorized payment agency is considered payment to the utility.
 - (iii) The utility is not obligated to accept payment of the bill when an employee is at the customer's location to disconnect service;
- (B) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others;

- (C) operation of non-standard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;
 - (D) failure to comply with deposit or guarantee arrangements where required by §24.159 of this title (relating to Service Applicant and Customer Deposit);
 - (E) failure to pay charges for sewer service provided by another retail public utility in accordance with subsection (e) of this section; and
 - (F) failure to pay solid waste disposal fees collected under contract with a county or other public agency.
- (b) **Disconnection without notice.** Utility service may be disconnected without prior notice for the following reasons:
- (1) where a known and dangerous condition related to the type of service provided exists. Where reasonable, given the nature of the reason for disconnection, a written notice of the disconnection, explaining the reason service was disconnected, shall be posted at the entrance to the property, the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected;
 - (2) where service is connected without authority by a person who has not made application for service;

- (3) where service has been reconnected without authority following termination of service for nonpayment under subsection (a) of this section;
 - (4) or in instances of tampering with the utility's meter or equipment, bypassing the same, or other instances of diversion as defined in §24.169 of this title (relating to Meters).
- (c) **Disconnection prohibited.** Utility service may not be disconnected for any of the following reasons:
- (1) failure to pay for utility service provided to a previous occupant of the premises;
 - (2) failure to pay for merchandise, or charges for non-utility service provided by the utility;
 - (3) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill or unless such disconnection is in accordance with subsection (e) of this section;
 - (4) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;
 - (5) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under §24.169 of this title;

- (6) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter-reading plan, unless the utility is unable to read the meter due to circumstances beyond its control;
 - (7) failure to comply with regulations or rules regarding anything other than the type of service being provided including failure to comply with septic tank regulations or sewer hook-up requirements;
 - (8) refusal of a current customer to sign a service agreement; or,
 - (9) failure to pay standby fees.
- (d) **Disconnection due to utility abandonment.** No public utility may abandon a customer or a certificated service area unless it has complied with the requirements of §24.247 of this title (relating to Requirement to Provide Continuous and Adequate Service) and obtained approval from the commission.
- (e) **Disconnection of water service due to nonpayment of sewer charges.**
 - (1) Where sewer service is provided by one retail public utility and water service is provided by another retail public utility, the retail public utility that provides the water service shall disconnect water service to a customer who has not paid undisputed sewer charges if requested by the sewer service provider and if an agreement exists between the two retail public utilities regarding such disconnection or if an order has been issued by the commission specifying a process for such disconnections.

- (A) Before water service may be terminated, proper notice of such termination must be given to the customer and the water service provider by the sewer service provider. Such notice must be in conformity with subsection (a) of this section.
- (B) Water and sewer service shall be reconnected in accordance with subsection (h) of this section. The water service provider may not charge the customer a reconnect fee prior to reconnection unless it is for nonpayment of water service charges in accordance with its approved tariff. The water service provider may require the customer to pay any water service charges which have been billed but remain unpaid prior to reconnection. The water utility may require the sewer utility to reimburse it for the cost of disconnecting the water service in an amount not to exceed \$50. The sewer utility may charge the customer its approved reconnect fee for nonpayment in addition to any past due charges.
- (C) If the retail public utilities providing water and sewer service cannot reach an agreement regarding disconnection of water service for nonpayment of sewer charges, the commission may issue an order requiring disconnections under specified conditions.
- (D) The commission will issue an order requiring termination of service by the retail public utility providing water service if either:

- (i) the retail public utility providing sewer service has obtained funding through the State or Federal government for the provision, expansion or upgrading of such sewer service; or,
 - (ii) the commission finds that an order is necessary to effectuate the purposes of the Texas Water Code.
- (2) A utility providing water service to customers who are provided sewer service by another retail public utility may enter into an agreement to provide billing services for the sewer service provider. In this instance, the customer may only be charged the tariffed reconnect fee for nonpayment of a bill on the water service provider's tariff.
- (3) This section outlines the duties of a water service provider to an area served by a sewer service provider of certain political subdivisions.
 - (A) This section applies only to an area:
 - (i) that is located in a county that has a population of more than 1.3 million; and
 - (ii) in which a customer's sewer service is provided by a municipality or conservation and reclamation district that also provides water service to other customers and the same customer's water service is provided by another entity.
 - (B) For each person the water service provider serves in an area to which this section applies, the water service provider shall provide the municipality or district with any relevant customer information so that

the municipality or district may bill users of the sewer service directly and verify the water consumption of users. Relevant customer information provided under this section includes the name, address, and telephone number of the customer of the water service provider, the monthly meter readings of the customer, monthly consumption information, including any billing adjustments, and certain meter information, such as brand, model, age, and location.

- (C) The municipality or district shall reimburse the water service provider for its reasonable and actual incremental costs for providing services to the municipality or district under this section. Incremental costs are limited to only those costs that are in addition to the water service provider's costs in providing its services to its customers, and those costs must be consistent with the costs incurred by other water utility providers. Only if requested by the wastewater provider, the water service provider must provide the municipality or district with documentation certified by a certified public accountant of the reasonable and actual incremental costs for providing services to the municipality or district under this section.
- (D) A municipality or conservation and reclamation district may provide written notice to a person to whom the municipality's or district's sewer service system provides service if the person has failed to pay for the service for more than 90 days. The notice must state the past due

amount owed and the deadline by which the past due amount must be paid or the person will lose water service. The notice may be sent by First Class mail or hand-delivered to the location at which the sewer service is provided.

- (E) The municipality or district may notify the water service provider of a person who fails to make timely payment after the person receives notice under subparagraph (D) of this paragraph. The notice must indicate the number of days the person has failed to pay for sewer service and the total amount past due. On receipt of the notice, the water service provider shall discontinue water service to the person.
- (F) This subsection does not apply to a nonprofit water supply or sewer service corporation created under Texas Water Code, Chapter 67, or a district created under Texas Water Code, Chapter 65.

- (f) **Disconnection for ill customers.** No utility may discontinue service to a delinquent residential customer when that customer establishes that some person residing at that residence will become seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the customer must provide a written statement from a physician to the utility prior to the stated date of disconnection. Service may be disconnected in accordance with subsection (a) of this section if the next month's bill and the past due bill are not paid by the due date of the next month's bill, unless the customer enters into a deferred payment plan with the utility.

- (g) **Disconnection upon customer request.** A utility shall disconnect service no later than the end of the next working day after receiving a written request from the customer.
- (h) **Service restoration.**
- (1) Utility personnel must be available during normal business hours to accept payment on the day service is disconnected and the day after service is disconnected, unless the disconnection is at the customer's request or due to the existence of a dangerous condition related to the type of service provided. Once the past due service charges and applicable reconnect fees are paid or other circumstances which resulted in disconnection are corrected, the utility must restore service within 36 hours.
- (2) **Reconnect Fees.**
- (A) A reconnect fee, or seasonal reconnect fee as appropriate, may be charged for restoring service if listed on the utility's approved tariff.
- (B) A reconnect fee may not be charged where service was not disconnected, except in circumstances where a utility representative arrives at a customer's service location with the intent to disconnect service because of a delinquent bill, and the customer prevents the utility from disconnecting the service.

- (C) Except as provided under §24.169(c) of this title when a customer prevents disconnection at the water meter or connecting point between the utility and customer sewer lines, a reconnect fee charged for restoring water or sewer service after disconnection for nonpayment of monthly charges shall not exceed \$25 provided the customer pays the delinquent charges and requests to have service restored within 45 days. If a request to have service reconnected is not made within 45 days of the date of disconnection, the utility may charge its approved reconnect fee or seasonal reconnect fee.
- (D) A reconnect fee cannot be charged for reconnecting service after disconnection for failure to pay solid waste disposal fees collected under a contract with a county or other public agency.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt. It is therefore ordered by the Public Utility Commission of Texas that §24.167 (relating to relating to Discontinuance of Service) is hereby adopted with no changes to the text as proposed.

Signed at Austin, Texas the _____ day of _____ 2025.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS GLEESON, CHAIRMAN

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER