

TEXAS · WATER UTILITIES · CAPITAL BRIEFING

Texas just bet \$20 billion on water. Your capital plan decides whether it lands.

A supply-demand gap widening toward a drought-of-record shortfall, pipes that lose enough water every year to supply five major cities, and the largest state water investment in a generation arriving all at once. For a Texas utility CFO or capital lead, every one of those forces reshuffles the projects on your list. Invizion helps Texas utilities re-sequence a capital portfolio in a click — and defend every decision.

\$154B¹ Texas's identified water-infrastructure need over the coming decades — roughly \$74B for drinking-water repair, \$21B for wastewater, and the rest for new supply.	\$1B/yr² Sales-tax revenue dedicated to the Texas Water Fund by Proposition 4 (2025) through 2047 — about \$20 billion over the period.	572K AF³ Treated water lost to leaks and breaks every year — enough to supply Austin, El Paso, Fort Worth, Laredo and Lubbock combined.	~7,000⁴ Public water systems TCEQ regulates in Texas — from giant metros to thousands of small and rural systems.
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Last updated September 2026 · 23 sourced references

THE TEXAS LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

SUPPLY — DROUGHT & AQUIFERS

A supply-demand gap that keeps widening

The State Water Plan projects that statewide demand climbs from about 17.7 million acre-feet in 2020 to 19.2 million by 2070, while existing supplies fall roughly 18% to 13.8 million acre-feet. Without new strategies, about one-quarter of Texans could face municipal water shortages in a drought of records⁵

The pressure is already local. San Antonio's region hit Stage 4 Edwards Aquifer pumping restrictions in 2025⁶ and on the High Plains the Ogallala is being drawn down far faster than it recharges — a structural threat to Panhandle communities and their utilities.⁷ Where your next acre-foot comes from is now a capital question, not just a resource one.

DEMAND — GROWTH

The nation's fastest-growing state, again

Texas led every other state in numeric population growth in 2024, adding hundreds of thousands of residents in a single year.⁸ The metros absorbing that growth — Houston, DFW, Austin, San Antonio — are the same systems already stretched on supply.

Every new service connection is a capacity commitment. Growth-driven capital competes for the same dollars as renewal and compliance, and the sequencing between them is exactly what boards fight over.

RENEWAL — AGING & RESILIENCE

Old pipe, big leaks, and a winter that exposed it

Texas water systems lose at least 572,000 acre-feet a year — roughly 51 gallons per connection every day — through leaks and breaks.³ In 2024 the City of Austin alone leaked about 9.3 billion gallons.⁹ The 2021 winter storm put as many as 8.7 million Texans under boil-water notices when systems lost power and pressure.

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Renewal isn't optional: the state carries roughly \$74 billion in 20-year drinking-water repair needs and another \$21 billion for wastewater.¹ New obligations stack on top of that backlog — they don't replace it.

COMPLIANCE — PFAS & LEAD

New federal mandates, on the same clock

Under EPA's 2024 rule, PFOA and PFOS are limited to 4 parts per trillion, and roughly 50 Texas public water systems have already reported exceeding at least one of the new limits. Utilities must complete monitoring and treat to compliance by 2029.¹¹

On top of PFAS, TCEQ — which holds Safe Drinking Water Act primacy in Texas — is driving lead service line inventories and replacement.¹² These are funded mandates with fixed deadlines, and something on the list has to move to meet them.

WHO RUNS TEXAS’S WATER

Big municipals, a long tail of small systems, and a growing private sector

Texas’s largest metros run their own water and wastewater utilities, set rates through city councils and boards, and dominate by volume. Below them sit thousands of small and rural systems, districts and a consolidating group of investor-owned providers regulated by the PUC. The pressures are shared; the accountability path differs.

Municipal & public utilities

Rates set by city council · capital approved by governing boards

San Antonio Water System (SAWS)	~2M people · 511,300 water + 457,600 wastewater customers
Houston Public Works — Houston Water	2.3M+ residents across 671 sq mi
Dallas Water Utilities	1.2M+ retail · 31 wholesale customers · 4,600+ mi of main
Austin Water	City of Austin · ~9.3B gal leaked in 2024
El Paso Water	Kay Bailey Hutchison plant — world’s largest inland desal, 27.5 MGD
Fort Worth Water	Large North Texas retail & wholesale provider

Municipals set their own rates, but every dollar is approved in public, in front of ratepayers.

Investor-owned & small systems

Rates & capital recovery regulated by the PUC of Texas

The Texas Water Company (SJWTX)	~78,000 customers · 26,000+ connections · \$150M+ invested
Nexus Water Group / Corix	Investor-owned systems across Texas
Thousands of small & rural systems	Where funding and compliance gaps hit hardest

Consolidation is accelerating — the PUC reviews investor-owned acquisitions such as The Texas Water Company’s 2024 move to acquire 3009 Water Company.

Every capital dollar has to be defensible

Texas splits oversight across three agencies plus local boards. Whoever you answer to, the question is the same: why this project, why now, why at this cost?

TCEQ holds Safe Drinking Water Act primacy for roughly 7,000 public water systems — setting the compliance capital agenda for PFAS, lead service lines and system reliability^{[412](#)}

Public Utility Commission of Texas (PUC) regulates rates, capital recovery and Certificates of Convenience & Necessity (CCNs) for investor-owned water and sewer utilities^{[18](#)}

Texas Water Development Board (TWDB) writes the State Water Plan and administers the state's low-interest financing — the body a utility's capital plan ultimately has to satisfy to draw funds^{[5](#)}

City councils & utility boards set rates and approve capital for the big municipals — SAWS, Houston, Dallas, Austin, El Paso — in open, ratepayer-facing meetings.

The money is moving — can your plan absorb it?

Texas utilities have more capital funding available than they've had in a generation. The constraint is no longer only dollars — it's readiness: which projects are shovel-ready, which qualify, and how the timing lines up with everything else on the list.

State Revolving Funds — ~\$505M drinking water + ~\$583M clean water could be made available for SFY 2026 through the TWDB, including roughly \$198.5M and \$112.6M in IJA supplemental capitalization.^{[1920](#)}

Proposition 4 (2025) — up to \$1B/yr in dedicated sales-tax revenue flows to the Texas Water Fund from 2027 through 2047, roughly \$20 billion in all.^{[2](#)}

Proposition 6 (2023) — \$1B Texas Water Fund seeded the effort, with at least \$250M carved out for the New Water Supply for Texas Fund (desalination, produced water, aquifer storage)^{[21](#)}

EPA WIFIA loans are landing for Texas systems — including a \$156M loan to Pflugerville and a \$17M loan to Sharyland Water Supply Corporation.^{[22](#)}

USDA Rural Development continues to fund small-town systems — over \$45M in a single recent round of rural Texas water and wastewater projects^{[23](#)}

TEXAS WATER, IN BRIEF

Questions Texas utility leaders are asking

Short, sourced answers — the same facts we'll dig into on a call, in the context of your system.

How much is Texas investing in water through Proposition 4?

In November 2025, Texas voters approved Proposition 4, dedicating up to \$1 billion a year of sales-tax revenue to the Texas Water Fund from 2027 through 2047 — about \$20 billion over the period. It builds on the \$1 billion Texas Water Fund created by Proposition 6 in 2023. Most of it flows as low-interest loans through the Texas Water Development Board, so the constraint for utilities is having qualified, sequenced projects ready to draw on [it](#)²¹

How much water does Texas lose to aging pipes?

At least 572,000 acre-feet a year — roughly 51 gallons per service connection every day — enough to meet the annual municipal needs of Austin, El Paso, Fort Worth, Laredo and Lubbock combined. The City of Austin alone leaked about 9.3 billion gallons in 2024. That loss is the clearest signal of the state's roughly \$74 billion in 20-year drinking-water repair needs³⁹[1](#)

Who regulates water utility rates in Texas?

It depends on ownership. The Public Utility Commission of Texas sets rates and CCNs for investor-owned water and sewer utilities. Big municipals — SAWS, Houston, Dallas, Austin, El Paso — set their own rates through city councils and boards. Across all of them, TCEQ enforces drinking-water quality for about 7,000 public water systems, which drives much of the compliance capital¹⁸[4](#)

What are Texas's State Revolving Fund levels for 2026?

For state fiscal year 2026, the TWDB projected roughly \$505 million available under the Drinking Water SRF and about \$583 million under the Clean Water SRF for all financing options — including roughly \$198.5 million and \$112.6 million in IJA (Bipartisan Infrastructure Law) supplemental capitalization, much of it as principal forgiveness for disadvantaged communities¹⁹[20](#)

What PFAS rules do Texas water utilities face?

EPA's 2024 drinking-water rule caps PFOA and PFOS at 4 parts per trillion, with limits on three other PFAS. About 50 Texas systems have already reported exceedances of at least one limit. Utilities must finish initial monitoring and treat to compliance by 2029 — a fixed deadline that competes directly with renewal and growth projects for capital¹

How does Invizion help Texas water utilities plan capital programs?

Invizion is scenario-based capital portfolio optimization for water utilities. It lets you model how a drought restriction, a Prop 4 or SRF award, or a PFAS deadline reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the PUC, the TWDB, your board, or ratepayers. The best next step is a short first meeting to look at it against your own program.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for water and wastewater utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See what a defensible Texas capital plan looks like — book a 20-minute first meeting.

Book your first meeting →