

TR-149

Community Water Demand in Texas

Ronald C. Griffin, Chan Chang

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Solutions to Texas water policy and planning problems will be easier to identify once the impact of price upon community water demand is better understood. Several important questions cannot be addressed in the absence of such information. This study combines monthly water use reports, Census information, weather data, and water rates for more than two hundred Texas communities. The study period is the five years for which data is most recently available, 1981-85. Descriptive and statistical results concerning community water demand are generated with this data. Notable findings are (1) a new climate variable is developed which has good performance in demand functions; (2) Texas consumers respond to water price with the average price specification being preferred over the marginal price alternative; (3) price elasticities vary during the year with the highest price sensitivity occurring in summer months; and (4) sewage rates which depend upon water consumption represent a statistically significant component of water price. The quantitative results of this study enable many potential applications for solving state and local problems.

Texas Water Resources Institute

1500 Research Parkway A110
2260 TAMU
College Station, TX 77843-2260

Phone:
979.845.1851
Fax: 979.845.0662
Email:
twri@tamu.edu

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