Amend **CSHB 2876** by adding the following appropriately numbered SECTIONS to read as follows and renumbering subsequent SECTIONS accordingly:

SECTION __. Section 13.182, Water Code, is amended by adding Subsection (e) to read as follows:

(e) Except as provided by Section 13.4133, a utility may not implement a rate change concerning which a hearing is set under Section 13.187 until the date on which the regulatory authority issues a final decision on the change.

SECTION __. Section 13.187, Water Code, is amended by amending Subsections (a), (c), (d), (e), (f), (k), (l), (m), (n), and (o) and adding Subsections (e-1), (n-1), and (n-2) to read as follows:

(a) A utility may not make changes in its rates except by delivering a statement of intent to each ratepayer and with the regulatory authority having original jurisdiction at least 120 [~~60~~] days before the proposed effective date of the proposed change. The proposed effective date of the new rates must be the first day of a billing period, and the new rates may not apply to service received before the proposed effective date of the new rates. The statement of intent must include:

(1) the information required by the regulatory authority's rules;

(2) a billing comparison regarding the existing water rate and the new water rate computed for the use of:

(A) 3,000 gallons of water;

(B) 5,000 gallons of water;

(C) 10,000 gallons of water; and

(D) [~~(B)~~] 30,000 gallons of water; and

(3) a billing comparison regarding the existing sewer rate and the new sewer rate computed for the use of 5,000 gallons and 10,000 gallons, unless the utility proposes a flat rate for sewer services; and

(4) the proposed effective date and the deadline by which customers must file any protests of the proposed rates, provided that the protest period concludes 90 days after the statement of intent is provided to the ratepayers.

(c) When the statement of intent is delivered, the utility shall file with the regulatory authority an application to change rates. The application must include information the regulatory authority requires by rule. If the utility fails to provide within a reasonable time after the application is filed the necessary documentation or other evidence that supports the costs and expenses that are shown in the application, the regulatory authority may disallow the nonsupported costs or expenses.

(d) If the application or the statement of intent is not substantially complete or does not comply with the regulatory authority's rules, it may be rejected and the proposed effective date of the rate change may be suspended until a properly completed application is accepted by the regulatory authority and a proper statement of intent is provided. The commission may also suspend the proposed effective date of any rate change if the utility does not have a certificate of public convenience and necessity or a completed application for a certificate or to transfer a certificate pending before the commission or if the utility is delinquent in paying the assessment and any applicable penalties or interest required by Section 5.701(n) [~~of this code~~].

(e) The regulatory authority shall set a hearing on the proposed rate increase if [~~If~~], before the 91st day after the [~~effective~~] date the statement of intent was provided to the authority and each ratepayer under Subsection (a) [~~of the rate change~~], the regulatory authority receives a complaint from any affected municipality, or from the lesser of 1,000 or 10 percent of the ratepayers of the utility over whose rates the regulatory authority has original jurisdiction. A hearing under this subsection must be set not later than the 120th day after the date the statement of intent was provided. The[~~, the~~] regulatory authority must provide notice to the utility and any affected municipality that a hearing is being set on the proposed rate increase [~~shall set the matter for hearing~~].

(e-1) If the regulatory authority receives a complaint from any affected municipality, or from the lesser of 1,000 or 10 percent of the ratepayers of the utility over whose rates the regulatory authority has original jurisdiction, the regulatory authority

shall, not later than the 120th day after the date the utility files with the regulatory authority an application to change rates and delivers a statement of intent to each ratepayer, hold a public meeting to receive public comments on the proposed rate change. The regulatory authority may hold the public meeting in any location the regulatory authority determines is appropriate. The regulatory authority may require the utility to publish notice of the public meeting at least once in the newspaper of largest circulation in each county in which affected ratepayers are located. The notice must state:

(1) the time, location, and nature of the public meeting; and

(2) a description, including a telephone number, of the manner in which a person may contact the regulatory authority for further information.

(f) The regulatory authority may set the matter for hearing on its own motion at any time within 120 days after the [~~effective~~] date the statement of intent was provided to the authority and each ratepayer under Subsection (a) [~~of the rate change~~]. If more than half of the ratepayers of the utility receive service in a county with a population of more than 2.5 million, the hearing must be held at a location in that county.

(k) If the regulatory authority sets the matter for [~~receives at least the number of complaints from ratepayers required for the regulatory authority to set~~] a hearing under Subsection (e), the regulatory authority shall:

(1) [~~may,~~] pending the hearing and a decision, suspend the date the rate change would otherwise be effective until the date the regulatory authority issues a final decision on the matter; and

(2) fix interim rates as provided by Subsection (l). [~~The proposed rate may not be suspended for longer than:~~

[~~(1) 90 days by a local regulatory authority; or~~

[~~(2) 150 days by the commission.~~]

(l) If the regulatory authority sets the matter for a hearing, the regulatory authority shall, not later than the 120th day after the date the statement of intent is filed, [~~At any time during the pendency of the rate proceeding the regulatory authority~~

~~may~~] fix interim rates to remain in effect until a final determination is made on the proposed rate. The interim rates shall be based on the information contained in the rate change application and may not be lower than the rates on the utility's approved tariff immediately before filing the notice of intent to change the rates. If the regulatory authority is the commission, the executive director shall set the interim rates.

(m) If the regulatory authority sets a final rate that is lower than the interim rate, the utility shall refund or credit the difference between the interim rate and the final rate plus interest as determined by the regulatory authority unless otherwise agreed to by the parties to the rate proceeding. If the regulatory authority sets a final rate that is higher than the interim rate, the utility shall be allowed to collect the difference between the interim rate and final rate unless otherwise agreed to by the parties to the rate proceeding.

(n) Except as provided by Subsection (o) [~~For good cause shown~~], the regulatory authority must make a final determination on the rates not later than:

(1) if the determination is made by a local regulatory authority, 150 days after the date the interim rates are established; or

(2) if the determination is made by the commission, 305 days after the effective date the interim rates are established [~~may at any time during the proceeding require the utility to refund money collected under a proposed rate before the rate was suspended or an interim rate was established to the extent the proposed rate exceeds the existing rate or the interim rate~~].

(n-1) If the regulatory authority does not make the determination within the deadline provided by Subsection (n), the proposed rates are automatically approved.

(n-2) Notwithstanding Subsection (n-1), the deadline for making a determination under Subsection (n) may be extended by the agreement of all parties to the rate proceeding. A hearing shall be conducted in a timely manner to allow the commission to make its final determination on the proposed rates.

(o) If a local regulatory authority representing a

municipality with a population of 1.7 million or more establishes interim rates under Subsection (l) [~~other than the commission establishes interim rates or an escrow account~~], the local regulatory authority must make a final determination on the rates not later than the first anniversary of the effective date of the interim rates [~~or escrowed rates~~] or the rates are automatically approved as requested by the utility. The local regulatory authority may extend the period during which the rates are suspended by two days for each day a hearing exceed 15 days. If the local regulatory authority does not make a final determination on the proposed rate before the expiration of the applicable suspension period, the proposed rate shall be considered approved. The approval is subject to the local regulatory authority's continuation of a hearing in progress.

SECTION __. Subsections (i) and (j), Section 13.187, Water Code, are repealed.

SECTION __. The changes in law made to Sections 13.182 and 13.187, Water Code, by this Act apply only to a statement of intent filed on or after the effective date of this Act. A rate change to which a statement of intent filed before the effective date of this Act applies is governed by the law in effect on the date the statement was filed, and that law is continued in effect for that purpose.