

By: Berman

H.B. No. 33

A BILL TO BE ENTITLED

AN ACT

relating to rates charged by a water and sewer utility.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. 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 2. Section 13.185(h), Water Code, is amended to read as follows:

(h) The regulatory authority may not include for ratemaking purposes:

(1) legislative advocacy expenses, whether made directly or indirectly, including legislative advocacy expenses included in trade association dues;

(2) costs of processing a refund or credit under Section 13.187 ~~[of this chapter]~~; ~~[or]~~

(3) rate case expenses, other than expenses described by Section 13.084; or

(4) any expenditure found by the regulatory authority to be unreasonable, unnecessary, or not in the public interest, including executive salaries, advertising expenses, legal expenses, and civil penalties or fines.

1 SECTION 3. Sections 13.187(a), (d), (e), (f), and (k),
2 Water Code, are amended to read as follows:

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

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

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

15 (A) 10,000 gallons of water; and

16 (B) 30,000 gallons of water; and

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

20 (d) If ~~[Except as provided by Subsection (d-1), if]~~ the
21 application or the statement of intent is not substantially
22 complete or does not comply with the regulatory authority's rules,
23 it may be rejected and the proposed effective date of the rate
24 change may be suspended until a properly completed application is
25 accepted by the regulatory authority and a proper statement of
26 intent is provided. The commission may also suspend the proposed
27 effective date of any rate change if the utility does not have a

1 certificate of public convenience and necessity or a completed
2 application for a certificate or to transfer a certificate pending
3 before the commission or if the utility is delinquent in paying the
4 assessment and any applicable penalties or interest required by
5 Section 5.701(n) of this code.

6 (e) The regulatory authority shall hold a hearing on the
7 proposed rate increase if, [~~If,~~] before the 91st day after the
8 [~~effective~~] date the statement of intent was provided to the
9 authority and each ratepayer under Subsection (a) [~~of the rate~~
10 change], the regulatory authority receives a complaint from any
11 affected municipality, or from the lesser of 1,000 or 10 percent of
12 the ratepayers of the utility over whose rates the regulatory
13 authority has original jurisdiction[~~, the regulatory authority~~
14 ~~shall set the matter for hearing].~~

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

22 (k) If the regulatory authority sets the matter for
23 [~~receives at least the number of complaints from ratepayers~~
24 ~~required for the regulatory authority to set]~~ a hearing under
25 Subsection (e), the regulatory authority shall [~~may~~], pending the
26 hearing and a decision, suspend the date the rate change would
27 otherwise be effective until the date the regulatory authority

1 issues a final decision on the matter. [~~Except as provided by~~
2 ~~Subsection (d-1), the proposed rate may not be suspended for longer~~
3 ~~than:~~

4 [~~(1) 90 days by a local regulatory authority; or~~
5 [~~(2) 150 days by the commission.~~]

6 SECTION 4. Sections 13.187(d-1), (i), (j), (l), (m), (n),
7 and (o), Water Code, are repealed.

8 SECTION 5. This Act applies only to a statement of intent
9 filed on or after the effective date of this Act. A rate change to
10 which a statement of intent filed before the effective date of this
11 Act applies is governed by the law in effect on the date the
12 statement was filed, and that law is continued in effect for that
13 purpose.

14 SECTION 6. This Act takes effect September 1, 2007.