

Amend CSSB 635 by adding the following appropriately numbered SECTION to the bill and renumbering the subsequent SECTIONS of the bill appropriately:

SECTION _____. (a) 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;

(3) legal expenses, including court costs and attorney's, consultant, and expert witness fees, incurred by a water and sewer utility in a contested proceeding under Section 13.187 or an appeal of that proceeding, other than legal expenses described by Section 13.084; or

(4) ~~[(3)]~~ 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.

(b) Section 13.185(h), Water Code, as amended by this section, applies only to a statement of intent for which a regulatory authority has not issued a final decision before the effective date of this section. A statement of intent for which a regulatory authority has issued a final decision before the effective date of this section is governed by the law in effect on the date that final decision was issued, and that law is continued in effect for that purpose.

(c) Notwithstanding any other provision of this Act, this section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section takes effect September 1, 2011.