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S.B. No. 637

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of certain rate case expenses by an investor-owned water and sewer utility.

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

SECTION 1. Subsection (h), Section 13.185, 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) legal expenses, including attorney's fees and court costs, incurred by an investor-owned water and sewer utility in a contested proceeding under Section 13.187 or an appeal of that proceeding unless the proceeding or appeal results in the approval of the utility's proposed rate, other than legal 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 not described by Subdivision (3), and civil penalties or fines.

SECTION 2. This Act applies only to a statement of intent

1 for which a regulatory authority has not issued a final decision
2 before the effective date of this Act. A statement of intent for
3 which a regulatory authority has issued a final decision before the
4 effective date of this Act is governed by the law in effect on the
5 date that final decision was issued, and that law is continued in
6 effect for that purpose.

7 SECTION 3. This Act takes effect September 1, 2011.