

1-1 By: Nichols, Gallegos, Patrick S.B. No. 637
1-2 (In the Senate - Filed February 14, 2011; February 23, 2011,
1-3 read first time and referred to Committee on Natural Resources;
1-4 April 18, 2011, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 1; April 18, 2011,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 637 By: Nichols

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the recovery of certain rate case expenses by an
1-11 investor-owned water and sewer utility.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsection (h), Section 13.185, Water Code, is
1-14 amended to read as follows:

1-15 (h) The regulatory authority may not include for ratemaking
1-16 purposes:

1-17 (1) legislative advocacy expenses, whether made
1-18 directly or indirectly, including legislative advocacy expenses
1-19 included in trade association dues;

1-20 (2) costs of processing a refund or credit under
1-21 Section 13.187 ~~[of this chapter]; [or]~~

1-22 (3) legal expenses, including attorney's fees and
1-23 court costs, incurred by an investor-owned water and sewer utility
1-24 in a contested proceeding under Section 13.187 or an appeal of that
1-25 proceeding unless the proceeding or appeal results in the approval
1-26 of the utility's proposed rate, other than legal expenses described
1-27 by Section 13.084; or

1-28 (4) any expenditure found by the regulatory authority
1-29 to be unreasonable, unnecessary, or not in the public interest,
1-30 including executive salaries, advertising expenses, legal expenses
1-31 not described by Subdivision (3), and civil penalties or fines.

1-32 SECTION 2. This Act applies only to a statement of intent
1-33 for which a regulatory authority has not issued a final decision
1-34 before the effective date of this Act. A statement of intent for
1-35 which a regulatory authority has issued a final decision before the
1-36 effective date of this Act is governed by the law in effect on the
1-37 date that final decision was issued, and that law is continued in
1-38 effect for that purpose.

1-39 SECTION 3. This Act takes effect September 1, 2011.

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