

By: Isaac

H.B. No. 2237

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of rate case expenses by a water and sewer utility.

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

SECTION 1. Section 13.185, Water Code, is amended by amending Subsection (d) and adding Subsection (h-1) to read as follows:

(d) Net income is the total revenues of the utility less all reasonable and necessary expenses as determined by the regulatory authority. The regulatory authority shall determine expenses and revenues in a manner consistent with Subsections (e) through (h-1) [~~(h) of this section~~].

(h-1) The regulatory authority may not include for ratemaking purposes any rate case expenses incurred by a water and sewer utility in a contested proceeding under Section 13.187, or in an appeal of that proceeding, if the local regulatory authority holds a hearing on those rates under Section 13.187 and the utility fails to appear at or fully participate in that hearing. This subsection does not apply to expenses the utility is authorized to recover under Section 13.084.

SECTION 2. The changes in law made by this Act apply only to a rate proceeding before the governing body of a municipality that commences on or after the effective date of this Act. A rate proceeding before the governing body of a municipality that

1 commenced before the effective date of this Act is governed by the
2 law in effect on the date the proceeding commenced, and that law is
3 continued in effect for that purpose.

4 SECTION 3. This Act takes effect September 1, 2013.