

By: Lucio III

H.B. No. 3857

A BILL TO BE ENTITLED

AN ACT

relating to periodic rate adjustments by water and sewer utilities.

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

Subchapter F, Chapter 13, Water Code, is amended by adding Section 13.193 as follows:

Sec. 13.193. PERIODIC RATE ADJUSTMENTS. (a) The commission or a regulatory authority, on the petition of a water or sewer utility described in Section 13.002(4-a), may approve a tariff or rate schedule in which a nonfuel rate may be periodically adjusted upward or downward, based on changes in the parts of the utility's invested capital that serves the utility's certificated service area, including a facility used for:

(1) the production, transmission, storage, distribution, or provision of potable or recycled water to the public; or

(2) the collection, transportation, treatment, or disposal of sewage.

(b) The utility commission shall adopt rules as necessary to implement Section 13.193. modeled on rules implementing Section 36.210, Utilities Code by September 1, 2015 providing that:

1           (1) the utility's revenue may not increase or  
2           decrease by more than five percent,

3           (2) the facilities described in the petition have  
4           been placed into service by the utility,

5           (3) the return on invested capital, depreciation  
6           rate, and income tax rate is up to the amount  
7           authorized in the utility's most recent rate  
8           order,

9           (4) does not include the operating expenses  
10           associated with the facilities described  
11           in the petition,

12           (5) the utility has not filed a petition  
13           authorized by this section in the prior  
14           twelve months,

15           (6) the utility has not filed four petitions  
16           authorized by this section since the utility's  
17           last general rate application filed under  
18           Section 13.187(a).