

Amend SB 740 (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Sections 12.013(b) and (d), Water Code, are amended to read as follows:

(b) In this section, "political subdivision" means municipalities [~~incorporated cities, towns or villages~~], counties, river authorities, water districts, and other special purpose districts.

(d) The utility commission's jurisdiction under this section relating to a municipality [~~incorporated cities, towns, or villages~~] shall be limited to water furnished by the municipality [~~such city, town, or village~~] to another political subdivision, other than another municipality, on a wholesale basis.

SECTION _____. Section 13.043, Water Code, is amended by adding Subsection (f-1) and amending Subsection (j) to read as follows:

(f-1) Subsection (f) does not apply to a decision of a municipality regarding wholesale water or sewer service provided to another municipality.

(j) In an appeal under this section, the utility commission shall ensure that every appealed rate is just and reasonable. Rates shall not be unreasonably preferential, prejudicial, or discriminatory but shall be sufficient, equitable, and consistent in application to each class of customers. The utility commission shall use a methodology that preserves the financial integrity of the retail public utility. [~~For agreements between municipalities the utility commission shall consider the terms of any wholesale water or sewer service agreement in an appellate rate proceeding.~~]