

AN ACT

relating to the recovery of certain costs associated with a gas utility's plant, facilities, or equipment placed in service.

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

SECTION 1. Subchapter G, Chapter 104, Utilities Code, is amended by adding Section 104.302 to read as follows:

Sec. 104.302. RECOVERY OF CERTAIN COSTS FOR GROSS PLANT.

(a) In this section:

(1) "Gross plant" means a gas utility's plant, facilities, or equipment that has been placed in service.

(2) "Post in-service carrying costs" means the product of an unrecovered gross plant multiplied by a gas utility's pre-tax weighted average cost of capital established in the railroad commission's final order in the gas utility's most recent general rate proceeding until recovery.

(3) "Unrecovered gross plant" means a gross plant whose cost is not yet being recovered in a gas utility's rates and not already being deferred to a regulatory asset.

(b) A gas utility may defer for future recovery as a regulatory asset:

(1) post in-service carrying costs;

(2) depreciation associated with the unrecovered gross plant; and

(3) ad valorem taxes associated with the unrecovered

1 gross plant.

2 (c) A regulatory asset established under Subsection (b)
3 must be included in the railroad commission's authorized cost
4 recovery mechanism under Section 104.301.

5 (d) On recovery in rates of a regulatory asset established
6 by a gas utility under Subsection (b), the gas utility shall make
7 appropriate accounting adjustments to reflect the recovery in
8 rates.

9 (e) The railroad commission shall review the costs included
10 in a regulatory asset established by a gas utility under Subsection
11 (b) in a general rate proceeding. The costs are subject to a refund
12 with interest to the extent the railroad commission by order
13 disallows recovery in rates.

14 SECTION 2. The Railroad Commission of Texas shall adopt
15 rules to implement Section 104.302, Utilities Code, as added by
16 this Act, not later than the 270th day after the effective date of
17 this Act.

18 SECTION 3. This Act applies only to a cost recovery
19 proceeding commenced on or after the effective date of this Act. A
20 cost recovery proceeding commenced before the effective date of
21 this Act is governed by the law in effect on the date the cost
22 recovery proceeding was commenced, and the former law is continued
23 in effect for that purpose.

24 SECTION 4. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

H.B. No. 4384

1 Act takes effect September 1, 2025.

H.B. No. 4384

President of the Senate

Speaker of the House

I certify that H.B. No. 4384 was passed by the House on May 8, 2025, by the following vote: Yeas 135, Nays 10, 3 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4384 on May 28, 2025, by the following vote: Yeas 121, Nays 11, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4384 was passed by the Senate, with amendments, on May 26, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor