

By: Birdwell

S.B. No. 2780

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of a gas utility's gross plant placed in service not yet being recovered in rates.

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

SECTION 1. 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 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, compounded at the gas utility's pre-tax weighted average cost of capital until recovery.

(3) "Unrecovered gross plant" means 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 the following:

(1) post in-service carrying costs ;

(2) depreciation associated with unrecovered gross plant;

1           (3) ad valorem taxes associated with the unrecovered  
2 gross plant; and

3           (4) incremental operations and maintenance expense  
4 associated with the unrecovered gross plant and that is not being  
5 recovered in rates.

6           (c) The regulatory asset established under Subsection (b)  
7 shall be included in the railroad commission authorized cost  
8 recovery mechanism under Section [104.301](#).

9           (d) Upon recovery in rates of the regulatory asset  
10 established by a gas utility under Subsection (b), the gas utility  
11 shall make appropriate accounting adjustments to reflect recovery  
12 in rates.

13           (e) The costs included in the regulatory asset established by  
14 a gas utility under Subsection (b) shall be reviewed by the railroad  
15 commission in a general rate proceeding and are subject to refund to  
16 the extent the railroad commission orders a disallowance.

17           SECTION 2. The Railroad Commission of Texas shall adopt  
18 rules to implement Section 104.302, Utilities Code, as added by  
19 this Act, not later than the 180th day after the effective date of  
20 this Act.

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

27           SECTION 4. This Act takes effect immediately if it receives

S.B. No. 2780

1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2025.