

AN ACT

relating to the rates and fees related to pipeline inspection and gas utility services.

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

SECTION 1. Section 104.301(a), Utilities Code, is amended to read as follows:

(a) A gas utility that has filed a rate case under Subchapter C within the preceding two years may file with the regulatory authority a tariff or rate schedule that provides for an interim adjustment in the utility's monthly customer charge or initial block rate to recover the cost of changes in the investment in service for gas utility services. The adjustment shall be allocated among the gas utility's classes of customers in the same manner as the cost of service was allocated among classes of customers in the utility's latest effective rates for the area in which the tariff or rate schedule is implemented. The gas utility shall file the tariff or rate schedule, or the annual adjustment under Subsection (c), with the regulatory authority at least 60 days before the proposed implementation date of the tariff, rate schedule, or annual adjustment. The gas utility shall provide notice of the tariff, rate schedule, or annual adjustment to affected customers by bill insert or direct mail not later than the 45th day after the date the utility files the tariff, rate schedule, or annual adjustment with the regulatory authority. During the

1 60-day period, the regulatory authority may act to suspend the
2 implementation of the tariff, rate schedule, or annual adjustment
3 for up to 45 days. After the issuance of a final order or decision
4 by a regulatory authority in a rate case that is filed after the
5 implementation of a tariff or rate schedule under this section, any
6 change in investment that has been included in an interim
7 adjustment in accordance with the tariff or rate schedule under
8 this section shall no longer be subject to subsequent review for
9 reasonableness or prudence. Until the issuance of a final order or
10 decision by a regulatory authority in a rate case that is filed
11 after the implementation of a tariff or rate schedule under this
12 section, all amounts collected under the tariff or rate schedule
13 before the filing of the rate case are subject to refund.

14 SECTION 2. Sections 121.211(d) and (g), Utilities Code, are
15 amended to read as follows:

16 (d) The commission may assess each operator of a
17 [~~investor-owned and each municipally owned~~] natural gas
18 distribution system subject to this chapter an annual inspection
19 fee not to exceed 50 cents for each service line reported by the
20 system on the Distribution Annual Report, Form RSPA F7100.1-1, due
21 on March 15 of each year. The fee is due March 15 of each year.

22 (g) Each operator of a [~~investor-owned and municipally~~
23 ~~owned~~] natural gas distribution system [~~company~~] and each natural
24 gas master meter operator shall recover as a surcharge to its
25 existing rates the amounts paid to the commission under this
26 section. Amounts collected under this subsection by an
27 investor-owned natural gas distribution system or a cooperatively

1 owned natural gas distribution system [~~company~~] shall not be
2 included in the revenue or gross receipts of the company for the
3 purpose of calculating municipal franchise fees or any tax imposed
4 under Subchapter B, Chapter 182, Tax Code, or under Chapter 122.
5 Those amounts are not subject to a sales and use tax imposed by
6 Chapter 151, Tax Code, or Subtitle C, Title 3 [~~Chapters 321 through~~
7 ~~327~~], Tax Code.

8 SECTION 3. This Act takes effect September 1, 2005.

H.B. No. 872

President of the Senate

Speaker of the House

I certify that H.B. No. 872 was passed by the House on April 6, 2005, by a non-record vote; that the House refused to concur in Senate amendments to H.B. No. 872 on May 27, 2005, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 872 on May 29, 2005, by the following vote: Yeas 131, Nays 7, 2 present, not voting.

Chief Clerk of the House

H.B. No. 872

I certify that H.B. No. 872 was passed by the Senate, with amendments, on May 19, 2005, by the following vote: Yeas 29, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 872 on May 29, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor