

BILL ANALYSIS

C.S.H.B. 2435
By: Deshotel
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

For decades, natural gas utility regulatory authorities have approved tariffs containing formulas for adjusting natural gas utility prices to their customers. These tariff provisions often include price adjustments based on the utility's cost of natural gas and other operating expenses, investment, taxes, and abnormal weather. Some regulatory authorities have been advised that these tariff provisions are not permitted under the Gas Utility Regulatory Act even though such tariff provisions have been in use for several decades.

C.S.H.B. 2435 seeks to clarify that adjustment provisions may be included in natural gas utility rates and to encourage, but not require, regulatory authorities to incorporate adjustment provisions in natural gas utility tariffs. The bill does not seek to limit or otherwise affect the ability of regulatory authorities to review and set natural gas utility rates.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2435 amends the Utilities Code to authorize the Railroad Commission of Texas or the governing body of a municipality, in establishing a gas utility's rates, to approve a tariff or rate schedule in which the rate for gas utility service is adjusted based on changes in the gas utility's revenues, expenses, or investments. The bill specifies that such approval is not required.

C.S.H.B. 2435 requires rates and charges resulting from tariffs or rate schedules established within a municipality by mutual agreement of the utility and the municipal regulatory authority to be presumed reasonable by the railroad commission. The bill specifies that nothing in the bill's provisions changes the original or appellate jurisdiction of a municipal regulatory authority or the railroad commission.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2435 differs from the original by authorizing the Railroad Commission of Texas or a governing body of a municipality, in establishing a gas utility's rates, to approve a tariff or rate schedule in which the rate for gas utility service is adjusted based on changes in the gas utility's revenues, expenses, or investments and specifying that such approval is not required, whereas the original authorizes and encourages the railroad commission, in establishing a gas utility's rates, to approve such a tariff or rate schedule.

C.S.H.B. 2435 contains a provision not included in the original requiring rates and charges resulting from tariffs or rate schedules established within a municipality by mutual agreement of the utility and the municipal regulatory authority to be presumed reasonable by the railroad commission. The substitute contains a provision not included in the original specifying that nothing in its provisions changes the original or appellate jurisdiction of a municipal regulatory authority or the railroad commission.