

AN ACT

relating to the consideration of pension and other postemployment benefits in establishing the rates of a gas utility.

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

SECTION 1. Subchapter B, Chapter 104, Utilities Code, is amended by adding Section 104.059 to read as follows:

Sec. 104.059. PENSION AND OTHER POSTEMPLOYMENT BENEFITS.

(a) In establishing a gas utility's rates, the regulatory authority shall allow recovery of the gas utility's costs of pensions and other postemployment benefits, as determined by actuarial or other similar studies in accordance with generally accepted accounting principles, in amounts the regulatory authority finds reasonable and necessary.

(b) If a gas utility establishes one or more reserve accounts for the purpose of tracking changes in the costs of pensions and other postemployment benefits, the gas utility shall periodically record in a reserve account any difference between:

(1) the annual amount of pension and other postemployment benefits approved and included in the gas utility's then current rates or, if that annual amount cannot be determined from the regulatory authority's order, the amount recorded for pension and other postemployment benefits under generally accepted accounting principles during the first year that rates from the gas utility's last general rate proceeding were in effect; and

1 (2) the annual amount of costs of pensions and other
2 postemployment benefits as determined by actuarial or other similar
3 studies that would otherwise be recorded by the gas utility were
4 this provision not applicable.

5 (c) The gas utility must:

6 (1) establish separate reserve accounts for pensions
7 and for other postemployment benefits; and

8 (2) apply the same methodology to allocate pension and
9 other postemployment benefits between capital and expense as in the
10 gas utility's last rate case.

11 (d) A surplus in a reserve account exists if the amount of
12 pension and other postemployment benefits under Subsection (b)(1)
13 is greater than the amount determined under Subsection (b)(2). A
14 shortage in a reserve account exists if the amount of pension and
15 other postemployment benefits under Subsection (b)(1) is less than
16 the amount determined under Subsection (b)(2).

17 (e) If the gas utility establishes reserve accounts for the
18 costs of pensions and other postemployment benefits, the regulatory
19 authority at a subsequent general rate proceeding shall:

20 (1) review the amounts recorded to each reserve
21 account to determine whether the amounts are reasonable and
22 necessary;

23 (2) determine in accordance with Subsection (d)
24 whether each reserve account has a surplus or shortage; and

25 (3) subtract any surplus from or add any shortage to
26 the gas utility's rate base, with the surplus or shortage amortized
27 over a reasonable time.

1 SECTION 2. Subsections (b) through (e), Section 104.059,
2 Utilities Code, as added by this Act, apply only in relation to a
3 reserve account established by a gas utility on or after January 1,
4 2012.

5 SECTION 3. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 403 passed the Senate on April 7, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 403 passed the House on May 13, 2011, by the following vote: Yeas 138, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor