

By: Eltife

S.B. No. 403

A BILL TO BE ENTITLED

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 expenses for pension 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 expenses for pension and other postemployment benefits, the gas utility shall periodically record in the reserve account any difference between:

(1) the annual amount of pension and other postemployment benefits approved as an operating expense 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 are in effect; and

1 (2) the annual amount of pension and other
2 postemployment benefits as determined by actuarial or other similar
3 studies that are chargeable to the gas utility's operating expense.

4 (c) A surplus in a reserve account exists if the amount of
5 pension and other postemployment benefits under Subsection (b)(1)
6 is greater than the amount determined under Subsection (b)(2). A
7 shortage in a reserve account exists if the amount of pension and
8 other postemployment benefits under Subsection (b)(1) is less than
9 the amount determined under Subsection (b)(2).

10 (d) If the gas utility establishes a reserve account for
11 expenses for pension and other postemployment benefits, the
12 regulatory authority at a subsequent general rate proceeding shall:

13 (1) review the amounts recorded to the reserve account
14 to determine whether the amounts are reasonable and necessary
15 expenses;

16 (2) determine in accordance with Subsection (c)
17 whether the reserve account has a surplus or shortage; and

18 (3) subtract any surplus from or add any shortage to
19 the gas utility's rate base with the surplus or shortage amortized
20 over a reasonable time.

21 SECTION 2. Sections 104.059(b)-(d), Utilities Code, as
22 added by this Act, apply only in relation to a reserve account
23 established by a gas utility on or after January 1, 2012.

24 SECTION 3. 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

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1 Act takes effect September 1, 2011.