

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1767
By: Murphy et al. (Birdwell)
Natural Resources & Economic Development
5/9/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been noted that there is currently little consistency in the consideration of compensation and benefits for gas utility employees when a regulatory authority is establishing the utility's rates. H.B. 1767 seeks to provide regulatory certainty by clarifying that the compensation and benefits of these employees is presumed to be reasonable and necessary when establishing rates if the expenses are consistent with recent market compensation studies. (Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 1767 amends current law relating to the consideration of employee compensation and benefits in establishing the rates of gas utilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 104, Utilities Code, by adding Section 104.060, as follows:

Sec. 104.060. CONSIDERATION OF COMPENSATION AND BENEFIT EXPENSES.

(a) Defines "employee compensation and benefits" to include base salaries, wages, incentive compensation, and benefits. Provides that the term does not include:

(1) pension or other postemployment benefits; and

(2) incentive compensation related to attaining financial metrics for an executive officer whose compensation is required to be disclosed under 17 C.F.R. Section 229.402(a).

(b) Requires the regulatory authority, when establishing a gas utility's rates, to presume that employee compensation and benefits expenses are reasonable and necessary if the expenses are consistent with recent market compensation studies.

SECTION 2. (a) Provides that Section 104.060, Utilities Code, as added by this Act, applies only to a proceeding for the establishment of rates for which the regulatory authority has not issued a final order or decision before the effective date of this Act.

(b) Provides that a proceeding for which the regulatory authority has issued a final order or decision before the effective date of this Act is governed by the law in effect immediately before that date, and that that law is continued in effect for that purpose.

SECTION 3. Effective date: upon passage or September 1, 2019.