

AN ACT

relating to the consideration of employee compensation and benefits in establishing the rates of gas utilities.

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

SECTION 1. Subchapter B, Chapter 104, Utilities Code, is amended by adding Section 104.060 to read as follows:

Sec. 104.060. CONSIDERATION OF COMPENSATION AND BENEFIT EXPENSES. (a) In this section, "employee compensation and benefits" includes base salaries, wages, incentive compensation, and benefits. 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) When establishing a gas utility's rates, the regulatory authority shall presume that employee compensation and benefits expenses are reasonable and necessary if the expenses are consistent with market compensation studies issued not earlier than three years before the initiation of the proceeding to establish the rates.

SECTION 2. (a) 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.

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

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, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 1767 was passed by the House on April 15, 2019, by the following vote: Yeas 103, Nays 38, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1767 on May 22, 2019, by the following vote: Yeas 138, Nays 6, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1767 was passed by the Senate, with amendments, on May 14, 2019, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor