

By: Darby

H.B. No. 4384

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of certain costs associated with a gas utility's plant, facilities, or equipment placed in service.

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

SECTION 1. Subchapter G, Chapter 104, Utilities Code, is amended by adding Section 104.302 to read as follows:

Sec. 104.302. RECOVERY OF CERTAIN COSTS FOR GROSS PLANT.

(a) In this section:

(1) "Gross plant" means a gas utility's plant, facilities, or equipment that has been placed in service.

(2) "Post in-service carrying costs" means the product of an unrecovered gross plant multiplied by a gas utility's pre-tax weighted average cost of capital established in the railroad commission's final order in the gas utility's most recent general rate proceeding, compounded at the gas utility's pre-tax weighted average cost of capital until recovery.

(3) "Unrecovered gross plant" means a gross plant whose cost is not yet being recovered in a gas utility's rates and not already being deferred to a regulatory asset.

(b) A gas utility may defer for future recovery as a regulatory asset:

(1) post in-service carrying costs;

(2) depreciation associated with the unrecovered gross plant; and

1 (3) ad valorem taxes associated with the unrecovered
2 gross plant.

3 (c) A regulatory asset established under Subsection (b)
4 must be included in the railroad commission's authorized cost
5 recovery mechanism under Section 104.301.

6 (d) On recovery in rates of a regulatory asset established
7 by a gas utility under Subsection (b), the gas utility shall make
8 appropriate accounting adjustments to reflect the recovery in
9 rates.

10 (e) The railroad commission shall review the costs included
11 in a regulatory asset established by a gas utility under Subsection
12 (b) in a general rate proceeding. The costs are subject to a refund
13 with interest to the extent the railroad commission by order
14 disallows recovery in rates.

15 SECTION 2. The Railroad Commission of Texas shall adopt
16 rules to implement Section 104.302, Utilities Code, as added by
17 this Act, not later than the 180th day after the effective date of
18 this Act.

19 SECTION 3. This Act applies only to a cost recovery
20 proceeding commenced on or after the effective date of this Act. A
21 cost recovery proceeding commenced before the effective date of
22 this Act is governed by the law in effect on the date the cost
23 recovery proceeding was commenced, and the former law is continued
24 in effect for that purpose.

25 SECTION 4. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this
2 Act takes effect September 1, 2025.