

1-1 By: Darby (Senate Sponsor - Birdwell) H.B. No. 4384
1-2 (In the Senate - Received from the House May 8, 2025;
1-3 May 9, 2025, read first time and referred to Committee on Natural
1-4 Resources; May 15, 2025, reported favorably by the following vote:
1-5 Yeas 9, Nays 0; May 15, 2025, sent to printer.)

1-6	COMMITTEE VOTE				
1-7		Yea	Nay	Absent	PNV
1-8	Birdwell	X			
1-9	Zaffirini	X			
1-10	Alvarado	X			
1-11	Blanco	X			
1-12	Flores	X			
1-13	Hancock	X			
1-14	Hughes	X			
1-15	Parker	X			
1-16	Sparks	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the recovery of certain costs associated with a gas
1-20 utility's plant, facilities, or equipment placed in service.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subchapter G, Chapter 104, Utilities Code, is
1-23 amended by adding Section 104.302 to read as follows:

1-24 Sec. 104.302. RECOVERY OF CERTAIN COSTS FOR GROSS PLANT.

1-25 (a) In this section:

1-26 (1) "Gross plant" means a gas utility's plant,
1-27 facilities, or equipment that has been placed in service.

1-28 (2) "Post in-service carrying costs" means the product
1-29 of an unrecovered gross plant multiplied by a gas utility's pre-tax
1-30 weighted average cost of capital established in the railroad
1-31 commission's final order in the gas utility's most recent general
1-32 rate proceeding, compounded at the gas utility's pre-tax weighted
1-33 average cost of capital until recovery.

1-34 (3) "Unrecovered gross plant" means a gross plant
1-35 whose cost is not yet being recovered in a gas utility's rates and
1-36 not already being deferred to a regulatory asset.

1-37 (b) A gas utility may defer for future recovery as a
1-38 regulatory asset:

1-39 (1) post in-service carrying costs;

1-40 (2) depreciation associated with the unrecovered
1-41 gross plant; and

1-42 (3) ad valorem taxes associated with the unrecovered
1-43 gross plant.

1-44 (c) A regulatory asset established under Subsection (b)
1-45 must be included in the railroad commission's authorized cost
1-46 recovery mechanism under Section 104.301.

1-47 (d) On recovery in rates of a regulatory asset established
1-48 by a gas utility under Subsection (b), the gas utility shall make
1-49 appropriate accounting adjustments to reflect the recovery in
1-50 rates.

1-51 (e) The railroad commission shall review the costs included
1-52 in a regulatory asset established by a gas utility under Subsection
1-53 (b) in a general rate proceeding. The costs are subject to a refund
1-54 with interest to the extent the railroad commission by order
1-55 disallows recovery in rates.

1-56 SECTION 2. The Railroad Commission of Texas shall adopt
1-57 rules to implement Section 104.302, Utilities Code, as added by
1-58 this Act, not later than the 180th day after the effective date of
1-59 this Act.

1-60 SECTION 3. This Act applies only to a cost recovery
1-61 proceeding commenced on or after the effective date of this Act. A

2-1 cost recovery proceeding commenced before the effective date of
2-2 this Act is governed by the law in effect on the date the cost
2-3 recovery proceeding was commenced, and the former law is continued
2-4 in effect for that purpose.

2-5 SECTION 4. This Act takes effect immediately if it receives
2-6 a vote of two-thirds of all the members elected to each house, as
2-7 provided by Section 39, Article III, Texas Constitution. If this
2-8 Act does not receive the vote necessary for immediate effect, this
2-9 Act takes effect September 1, 2025.

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