

By: Darby

H.B. No. 4427

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of certain expenses by an electric utility or a water and sewer utility in a rate proceeding.

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

SECTION 1. Section 36.061, Utilities Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) For purposes of Subsection (b)(2), the regulatory authority may not allow as a cost or expense legal expenses incurred by an electric utility for participating in a rate proceeding under this title that exceed the greater of \$50,000 or 50 percent of the total legal expenses incurred by the electric utility to participate in the proceeding.

SECTION 2. Section 13.185(h), Water Code, is amended to read as follows:

(h) The regulatory authority may not include for ratemaking purposes:

(1) legislative advocacy expenses, whether made directly or indirectly, including legislative advocacy expenses included in trade association dues;

(2) costs of processing a refund or credit under this subchapter; ~~[or]~~

(3) any expenditure found by the regulatory authority to be unreasonable, unnecessary, or not in the public interest, including executive salaries, advertising expenses, ~~[legal~~

1 ~~expenses,~~] and civil penalties or fines; or

2 (4) legal expenses for a rate proceeding that exceed
3 the greater of \$50,000 or 50 percent of the total legal expenses
4 incurred by the utility for the proceeding or any other legal
5 expenses found by the regulatory authority to be unreasonable,
6 unnecessary, or not in the public interest.

7 SECTION 3. The changes in law made by this Act apply only to
8 a rate proceeding under Chapter 36, Utilities Code, or Chapter 13,
9 Water Code, as applicable, that begins on or after the effective
10 date of this Act. A rate proceeding that begins before the
11 effective date of this Act is governed by the law in effect on the
12 date the rate proceeding began, and the former law is continued in
13 effect for that purpose.

14 SECTION 4. This Act takes effect September 1, 2025.