

By: Darby

H. B. No. 4427

A BILL TO BE ENTITLED

# 1 AN ACT

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

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

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

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

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

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

20 (2) costs of processing a refund or credit under this  
21 subchapter: [redacted]

22 (3) any expenditure found by the regulatory authority  
23 to be unreasonable, unnecessary, or not in the public interest,  
24 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.