

**SENATE AMENDMENTS**  
**2<sup>nd</sup> Printing**

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

H.B. No. 4384

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

# ADOPTED

MAY 26 2025

*Latey Spaw*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *B. J. Smith*

Amend H.B. 4384 (senate committee report) as follows:

(1) In SECTION 1 of the bill, in added Section 104.302(a)(2), Utilities Code (page 1, lines 32 and 33), strike "compounded at the gas utility's pre-tax weighted average cost of capital".

(2) In SECTION 2 of the bill (page 1, line 58), strike "180th" and substitute "270th".

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 27, 2025**

**TO:** Honorable Dustin Burrows, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4384** by Darby (Relating to the recovery of certain costs associated with a gas utility's plant, facilities, or equipment placed in service.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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It is assumed that any costs associated with the bill could be absorbed using existing resources. It is also assumed that any revenue implications associated with the bill would be insignificant.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

**LBB Staff:** JMc, TUf, WP, RStu, MW, JOc

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 12, 2025**

**TO:** Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4384** by Darby (Relating to the recovery of certain costs associated with a gas utility's plant, facilities, or equipment placed in service.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

**LBB Staff:** JMc, TUf, WP, RStu, MW, JOc

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 16, 2025**

**TO:** Honorable Drew Darby, Chair, House Committee on Energy Resources

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4384** by Darby (relating to the recovery of certain costs associated with a gas utility ' s plant, facilities, or equipment placed in service.), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

**LBB Staff:** JMc, RStu, MW, JOc

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 4, 2025**

**TO:** Honorable Drew Darby, Chair, House Committee on Energy Resources

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4384** by Darby (Relating to the recovery of a gas utility's gross plant placed in service not yet being recovered in rates.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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It is assumed that any costs associated with the bill could be absorbed using existing resources. It is also assumed that any revenue implications associated with the bill would be insignificant.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 455 Railroad Commission

**LBB Staff:** JMc, RStu, MW, JOc