

**House Bill 4384**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

(e) The railroad commission shall review the costs included in a regulatory asset established by a gas utility under Subsection (b) in a general rate proceeding. The costs are

SENATE VERSION (IE)

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CONFERENCE

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subject to a refund with interest to the extent the railroad commission by order disallows recovery in rates.

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

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

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

SENATE VERSION (IE)

subject to a refund with interest to the extent the railroad commission by order disallows recovery in rates.

SECTION 2. The Railroad Commission of Texas shall adopt rules to implement Section 104.302, Utilities Code, as added by this Act, not later than the 270th day after the effective date of this Act. [FA1(2)]

SECTION 3. Same as House version.

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CONFERENCE