

BILL ANALYSIS

H.B. 3749
By: Keffer
Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that ratemaking costs for gas utility regulations have traditionally been applied on a systemwide basis to all cities within a utility's service territory but that a recent ruling makes a city that challenges a proposed rate responsible for the costs of hiring the lawyers and experts needed for the challenge. The parties further note that if a challenging city is successful in getting a proposed rate reduced, the lower rate is applied to all cities in the service territory regardless of whether a city chose to participate in the ratemaking challenge. The parties contend that if the cities in the service territory all benefit from the lower rate, then the cities should all help pay the costs needed to establish that rate. H.B. 3749 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3749 amends the Utilities Code to require a municipality or the Railroad Commission of Texas, as applicable, in establishing a gas utility's rates, to allow the gas utility to recover through its rates on a systemwide basis only, as an operating expense, the gas utility's reasonable and necessary expenses of participating in a proceeding under the Gas Utility Regulatory Act. The bill establishes that, for purposes of certain specified rate determination provisions, the amount paid by a gas utility in a ratemaking proceeding as reimbursement to the governing body of a municipality for the reasonable cost of the services of certain engaged persons is a reasonable and necessary expense of participating in a proceeding under the act.

EFFECTIVE DATE

September 1, 2015.