

BILL ANALYSIS

Senate Research Center
82R2853 ALL-F

S.B. 1309
By: Hinojosa
Business & Commerce
4/20/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Gas utilities and municipalities currently enter into cost of service adjustments (COSAs) in lieu of full rate cases to recover capital investments on the part of the utilities. In a recent court case, a judge called into question the legitimacy of COSA negotiations and the authority of the Railroad Commission of Texas to impose a COSA on a municipality that has rejected the COSA presented by the gas utility.

S.B. 1309 provides statutory for the legitimacy of COSA negotiations with municipalities and encourages the Railroad Commission to adopt the tariffs presented by the gas utility. The types of costs that could be recovered in a COSA would include the gas utility's revenues, expenses, or investments.

As proposed, S.B. 1309 amends current law relating to rate adjustments by gas utilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter G, Chapter 104, Utilities Code, by adding Section 104.302, as follows:

Sec. 104.302. RATE ADJUSTMENTS. Provides that, in establishing a gas utility's rates, the regulatory authority is authorized and encouraged to approve a tariff or rate schedule in which the rate for gas utility service is adjusted based on changes in the gas utility's revenues, expenses, or investments.

SECTION 2. Effective date: September 1, 2011.