

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 1309  
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Business & Commerce  
5/6/2011  
Committee Report (Substituted)

### **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.

C.S.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. Authorizes, but does not require, the Railroad Commission of Texas (railroad commission) or municipal regulatory authority, in establishing a gas utility's rates, 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.

(b) Requires that rates and charges resulting from tariffs or rate schedules established within a municipality by mutual agreement of the utility and the utility and the municipal regulatory authority be presumed reasonable by the railroad commission.

(c) Provides that this section does not:

- (1) affect the original or appellate jurisdiction of the railroad commission or a municipal regulatory authority;
- (2) change a tariff or rate schedule of a gas utility that is in effect on or before September 1, 2011; or
- (3) limit the authority of the railroad commission or a municipal regulatory authority to review the gas utility's rate adjustment filings.

SECTION 2. Effective date: September 1, 2011.