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HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1737

By: Moore

COMMITTEE SUBSTITUTE

[Natural Gas Utility Infrastructure Cost Recovery
Act of 2025 - cost recovery rules - cost assessment
request - promulgation of certain rules -
codification - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 810 of Title 17, unless there is
created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Natural Gas
Utility Infrastructure Cost Recovery Act of 2025".

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1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 811 of Title 17, unless there is
3 created a duplication in numbering, reads as follows:

4 A. As used in this section:

5 1. "Energy Infrastructure Facility" refers to any physical
6 asset or system involved in the production, processing, storage,
7 transportation, distribution, or delivery of energy by a natural gas
8 utility, including renewable natural gas (RNG), hydrogen, other
9 alternative fuels, and emerging technologies such as carbon capture
10 and sequestration; and

11 2. "Public interest" is defined as including, but not limited
12 to, projects that enhance energy reliability and energy security,
13 promote economic development and job creation, increase systemwide
14 capacity, accelerate the commercialization of advanced emerging
15 technologies, or provide environmental benefits.

16 B. A natural gas utility subject to rate regulation by the
17 Corporation Commission may elect to file an application seeking pre-
18 approval by the Commission to construct or invest in an energy
19 infrastructure facility, to purchase an energy infrastructure
20 facility, to construct or invest in an interconnect for the purposes
21 of connecting its system to an energy infrastructure facility, or
22 enter into a contract for purchased gas supply or engage in fuel
23 generation, including renewable natural gas (RNG), hydrogen, or
24 other alternative fuels as well as transportation capacity, fuel

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1 storage, or other infrastructure and technologies that support
2 system innovation, subject to the provisions of this section. If,
3 and to the extent that, the Commission determines that the future
4 construction or purchase of the energy infrastructure facility or
5 gas supply contract serves the public interest, the facility or
6 contract shall be considered used and useful and its costs shall be
7 subject to cost recovery rules promulgated by the Commission. Any
8 costs that exceed the amount approved by the Commission by more than
9 ten percent (10%), shall be subject to prudence review as part of
10 the utility's next general rate filing. The Commission shall enter
11 an order on an application filed pursuant to this subsection within
12 two hundred forty (240) days of the filing of the application,
13 following notice and hearing.

14 C. Following receipt of an application filed pursuant to this
15 section, the Corporation Commission staff may file a request to
16 assess the specific costs, to be paid by the natural gas utility and
17 which shall be deemed to be recoverable, for the costs associated
18 with conducting the analysis or investigation of the application
19 including, but not limited to, the cost of acquiring expert
20 witnesses, consultants, and analytical services. The request shall
21 be filed at and heard by the Corporation Commissioners in the docket
22 opened by the natural gas utility pursuant to this section. After
23 notice and hearing, the Commission shall decide the request.

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1 D. Additionally, following receipt of an application filed
2 pursuant to this section, the Office of the Attorney General may
3 file a request with the Corporation Commission for the assessment of
4 specific costs, to be paid by the natural gas utility and which
5 shall be deemed to be recoverable, associated with the performance
6 of the Attorney General's duties as provided by law. Those costs
7 may include, but are not limited to, the cost of acquiring expert
8 witnesses, consultants and analytical services. The request shall
9 be filed at and heard by the Corporation Commissioners in the docket
10 opened by the natural gas utility pursuant to this section. After
11 notice and hearing, the Commission shall decide the request.

12 E. The Commission shall promulgate rules to implement the
13 provisions of this section. The rules shall be transmitted to the
14 Legislature on or before April 1, 2026. In promulgating rules to
15 implement the provisions of this section, the Commission shall
16 consider, among other things, rules which would:

17 1. Permit contemporaneous utility recovery from its customers,
18 the amount necessary to cover the Corporation Commission staff and
19 Attorney General assessments as authorized by this section;

20 2. Establish how the cost of facilities approved pursuant to
21 this section shall be timely reviewed, approved, and recovered or
22 disapproved; and

23 3. Establish the information which a natural gas utility shall
24 provide when filing an application pursuant to this section.

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1 F. The Commission shall also consider rules which may permit a
2 natural gas utility to begin to recover return on or return of
3 Construction-Work-In-Progress expenses prior to commercial operation
4 of a newly constructed energy infrastructure facility.

5 SECTION 3. This act shall become effective November 1, 2025.

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7 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/05/2025 - DO PASS,
8 As Amended.

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