

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1737

By: Moore

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5  
6 AS INTRODUCED

7 An Act relating to the Corporation Commission;  
8 creating the Natural Gas Utility Infrastructure Cost  
9 Recovery Act of 2025; defining terms; authorizing  
10 certain utilities to file certain application;  
11 authorizing certain contracts; authorizing  
12 Corporation Commission to make certain determination;  
13 authorizing the promulgation of certain cost recovery  
14 rules; subjecting certain costs to prudence review;  
15 requiring Commission to enter certain order by  
16 certain date after notice and hearing; authorizing  
17 Commission to file certain request; detailing request  
18 contents; requiring certain request be filed and  
19 heard at docket; requiring Commission make certain  
20 decision; authorizing Attorney General to file  
21 certain cost assessment request; detailing contents  
22 of request; detailing types of costs; requiring  
23 certain request be filed and heard at docket;  
24 requiring Commission make certain decision; requiring  
the promulgation of certain rules; requiring rules be  
transmitted by certain date; requiring Commission  
make certain considerations for rules; detailing  
rules for consideration; providing for codification;  
and providing an effective date.

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

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

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

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

9 A. As used in this section:

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

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

21 B. A natural gas utility subject to rate regulation by the  
22 Corporation Commission may elect to file an application seeking pre-  
23 approval by the Commission to construct or invest in an energy  
24 infrastructure facility, to purchase an energy infrastructure

1 facility, to construct or invest in an interconnect for the purposes  
2 of connecting its system to an energy infrastructure facility, or  
3 enter into a contract for purchased gas supply or engage in fuel  
4 generation, including renewable natural gas (RNG), hydrogen, or  
5 other alternative fuels as well as transportation capacity, fuel  
6 storage, or other infrastructure and technologies that support  
7 system innovation, subject to the provisions of this section. If,  
8 and to the extent that, the Commission determines that the future  
9 construction or purchase of the energy infrastructure facility or  
10 gas supply contract serves the public interest, the facility or  
11 contract shall be considered used and useful and its costs shall be  
12 subject to cost recovery rules promulgated by the Commission. Any  
13 costs that exceed the amount approved by the Commission by more than  
14 ten percent (10%), shall be subject to prudence review as part of  
15 the utility's next general rate filing. The Commission shall enter  
16 an order on an application filed pursuant to this subsection within  
17 two hundred forty (240) days of the filing of the application,  
18 following notice and hearing.

19 C. Following receipt of an application filed pursuant to this  
20 section, the Corporation Commission staff may file a request to  
21 assess the specific costs, to be paid by the natural gas utility and  
22 which shall be deemed to be recoverable, for the costs associated  
23 with conducting the analysis or investigation of the application  
24 including, but not limited to, the cost of acquiring expert

1 witnesses, consultants, and analytical services. The request shall  
2 be filed at and heard by the Corporation Commissioners in the docket  
3 opened by the natural gas utility pursuant to this section. After  
4 notice and hearing, the Commission shall decide the request.

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

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

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

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

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

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

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

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12       60-1-12181       JBH       01/15/25

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