

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE
FOR
4 HOUSE BILL NO. 1737

By: Moore

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6 COMMITTEE SUBSTITUTE

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

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

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

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

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

22 A. As used in this section:

23 1. "Energy Infrastructure Facility" refers to any physical
24 asset or system involved in the production, processing, storage,

1 transportation, distribution, or delivery of energy by a natural gas
2 utility, including renewable natural gas (RNG), hydrogen, other
3 alternative fuels, and emerging technologies such as carbon capture
4 and sequestration; and

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

10 B. A natural gas utility subject to rate regulation by the
11 Corporation Commission may elect to file an application seeking pre-
12 approval by the Commission to construct or invest in an energy
13 infrastructure facility, to purchase an energy infrastructure
14 facility, to construct or invest in an interconnect for the purposes
15 of connecting its system to an energy infrastructure facility, or
16 enter into a contract for purchased gas supply or engage in fuel
17 generation, including renewable natural gas (RNG), hydrogen, or
18 other alternative fuels as well as transportation capacity, fuel
19 storage, or other infrastructure and technologies that support
20 system innovation, subject to the provisions of this section. If,
21 and to the extent that, the Commission determines that the future
22 construction or purchase of the energy infrastructure facility or
23 gas supply contract serves the public interest, the facility or
24 contract shall be considered used and useful and its costs shall be

1 | subject to cost recovery rules promulgated by the Commission. Any
2 | costs that exceed the amount approved by the Commission by more than
3 | ten percent (10%), shall be subject to prudence review as part of
4 | the utility's next general rate filing. The Commission shall enter
5 | an order on an application filed pursuant to this subsection within
6 | two hundred forty (240) days of the filing of the application,
7 | following notice and hearing.

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

18 | D. Additionally, following receipt of an application filed
19 | pursuant to this section, the Office of the Attorney General may
20 | file a request with the Corporation Commission for the assessment of
21 | specific costs, to be paid by the natural gas utility and which
22 | shall be deemed to be recoverable, associated with the performance
23 | of the Attorney General's duties as provided by law. Those costs
24 | may include, but are 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 E. The Commission shall promulgate rules to implement the
6 provisions of this section. The rules shall be transmitted to the
7 Legislature on or before April 1, 2026. In promulgating rules to
8 implement the provisions of this section, the Commission shall
9 consider, among other things, rules which would:

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

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

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

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

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