

RAILROAD COMMISSION OF TEXAS  
Oversight and Safety Division  
Gas Services Department



## NOTICE TO GAS UTILITIES

### *Notice of Authorization for Regulatory Asset Accounting for Gas Utilities Affected by the COVID-19 Outbreak*

On March 13, 2020, Governor Greg Abbott declared a State of Disaster in Texas for all Texas counties in response to the novel coronavirus (COVID-19) pandemic. This Notice addresses the effects of COVID-19 for services provided by gas utilities in the State of Texas.

Last month, the Railroad Commission of Texas (Commission) issued a “Notice to Pipeline Operators and Local Distribution Companies”, in which the Commission recommended that local distribution companies temporarily suspend the disconnections of residential and small commercial gas utility customers for nonpayment while Texas remains in a State of Disaster. The Commission recognizes that Texas gas utilities may face some uncertainty in collecting revenues due to the suspension of disconnects and may incur other extraordinary expenses due to COVID-19.

As a result, through this Notice, the Commission authorizes gas utilities the use of an accounting mechanism and a subsequent process through which those regulated companies may seek future recovery of expenses resulting from the effects of COVID-19, including but not limited to personal protective equipment, information technology equipment and associated costs to allow employees to work remotely, sanitizer and other cleaning supplies and services, medical and occupational health costs and services for advising employees that test positive or have been exposed to COVID-19 as a result of performing their job, bad debt and associated credit and collection costs, and other reasonable and necessary costs to address the impact of COVID-19 on gas utilities and their customers that would not have otherwise been incurred during the normal course of business.

The Commission has exclusive, original jurisdiction to prescribe the manner and form of the books, records, and accounts for gas utilities pursuant to the Gas Utility Regulatory Act, Texas Utility Code § 102.101(a), (b) and (d). **The Commission hereby authorizes each gas utility to record in a regulatory asset account the expenses associated with the COVID-19 State of Disaster.** Any insurance proceeds resulting from claims, benefits resulting from government stimulus or other support programs, and/or donations or reimbursements received related to COVID-19 shall be included as an offset to expenses in the regulatory account.

This Notice only authorizes the ability to record COVID-19 expenses in a regulatory asset account and does **not** authorize the reasonableness, necessity, or accuracy of the COVID-19 expenses placed into the regulatory asset account. In future rate proceedings, the COVID-19 expenses will be fully subject to review for reasonableness and accuracy, and the gas utility shall bear the burden to prove that the COVID-19 expenses would not have been incurred during the normal course of business.

If you have questions regarding this notice, please contact the Commission at [mark.evarts@rrc.texas.gov](mailto:mark.evarts@rrc.texas.gov).

*Please Forward to the Appropriate Section of Your Company*