

TEXAS · GAS UTILITIES · CAPITAL BRIEFING

Texas moves more gas than any state — and your capital plan is where safety, growth, and recovery collide.

Atmos, CenterPoint, and Texas Gas Service are pushing record capital into replacing aging main and serving new load, all recovered through GRIP and RRM surcharges the Railroad Commission and cities scrutinize each year. Winter Storm Uri showed how fast a supply shock can reshape a decade of spending. Invizion helps Texas gas utilities re-sequence a capital portfolio in a click — and defend every decision.

5.3M¹	\$26B²	1.83M²	27%³
Residential natural gas customers in Texas (2024) — among the largest LDC footprints in the nation.	Atmos Energy's five-year capital plan (FY2026–2030), with more than 80% for safety and reliability.	Meters served by Atmos's Mid-Tex Division across 550 Texas communities — one of the largest gas LDC systems in the US.	Texas's share of US natural gas gross withdrawals in 2023 — the nation's leading gas producer.

Last updated September 2026 · 12 sourced references

THE TEXAS LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

INTEGRITY — AGING PIPE & SAFETY

Replacing what's in the ground, on a safety clock

The Railroad Commission's GRIP surcharge was created in 2004 to accelerate investment that improves the safety and reliability of the Texas gas system, letting utilities recover new infrastructure between rate cases⁴

The scale is enormous: Atmos alone owns roughly 76,000 miles of distribution and transmission main and directs more than 80% of a \$26 billion five-year plan to safety and reliability² — about \$4.2 billion of capital in fiscal 2026, over 85% of it for system integrity⁵

DEMAND — ELECTRIFICATION & THROUGHPUT

The pressure Texas doesn't feel like the coasts

Residential and commercial customers take just 9% of the gas delivered in Texas; industry uses 46% and power generation 45%³ Statewide gas demand is driven by load that is growing, not shrinking, and Texas has not pursued the building-electrification mandates seen elsewhere.

That lowers stranded-asset risk, but LDC planners still commit multi-decade pipe against efficiency-driven declines in use per customer — the long-horizon uncertainty every gas capital plan now carries.

SUPPLY — VOLATILITY & WINTER STORM URI

A single cold snap can rewrite a decade of spending

During Winter Storm Uri (February 2021) gas prices spiked so violently that the natural gas industry booked an estimated \$11 billion windfall, and the Railroad Commission let gas utilities issue bonds to recover what they paid suppliers — repaid by customers for years.⁶

Even in the nation's top gas-producing state³ Texas households pay about \$21.27 per thousand cubic feet at retail versus a \$14.93 US average,³ so every recovery dollar lands on a bill regulators watch closely.

RECOVERY — GRIP, RRM & AFFORDABILITY

Every capital dollar has to be recovered — and defended

Texas gas utilities refresh rates annually through GRIP interim adjustments and Rate Review Mechanism (RRM) formulas rather than waiting for full rate cases⁴ In fiscal 2025 alone, Atmos's ratemaking actions added \$333.6 million of annual operating income, including a \$112.1 million Mid-Tex Cities RRM and a \$77.2 million Atmos Pipeline-Texas GRIP filing²

Each filing raises bills that already run above the national average,³ so the burden of proof on timing and cost keeps climbing.

WHO MOVES TEXAS'S GAS

Large investor-owned LDCs and a deep bench of municipal systems

Texas gas distribution is led by three big investor-owned LDCs regulated by the Railroad Commission and by cities, alongside hundreds of municipally owned systems. The pressures are shared; the accountability path differs.

Investor-owned gas LDCs

Rates & capital recovery overseen by the Railroad Commission and cities

Atmos Energy — Mid-Tex Division 1,830,387 meters · 550 Texas communities²

CenterPoint Energy Texas Gas Part of ~7M gas customers in four states, incl. greater Houston⁷

Texas Gas Service (ONE Gas) Third-largest gas distributor in Texas; part of ONE Gas's 2M+ customers across three states⁸

Atmos Energy — West Texas Division Panhandle & West Texas systems, recovered via RRM²

Investor-owned LDCs recover capital between rate cases through GRIP and RRM filings; within city limits, Texas cities hold original jurisdiction over gas rates, with appeals to the Railroad Commission.⁹

Municipal gas systems

Owned by cities, governed by local councils and boards

CPS Energy (San Antonio) Municipally owned · 352,585+ natural gas customers¹⁰

City of Corpus Christi Gas Department City-owned distribution on the Gulf Coast

Municipal & regional systems statewide Hundreds of Texas cities own or operate gas distribution

Municipal systems set their own rates through city councils and boards — capital decisions made in front of the customers who pay for them.

Recovery runs through the Railroad Commission — and the cities

Texas's gas regulator carries an unusual name, and rate authority is split between the Railroad Commission and municipalities. Either way, the question is the same: why this project, why now, why at this cost?

Railroad Commission of Texas (RRC) — despite the name, the RRC, not a public utility commission, regulates gas utilities. Cities hold original jurisdiction over rates inside their limits; the RRC has exclusive jurisdiction in unincorporated areas and over city-gate rates, and hears appeals.⁹

GRIP (Gas Reliability Infrastructure Program) — created in 2004 under Texas Utilities Code §104.301, GRIP lets utilities file annual interim rate adjustments to recover new infrastructure investment without a full rate case, with a comprehensive review required within five years.⁴

Rate Review Mechanism (RRM) — Atmos's Mid-Tex and West Texas divisions use RRM formula filings to refresh rates annually; the fiscal 2025 Mid-Tex Cities RRM added \$112.1 million in annual revenue²

PHMSA distribution integrity — federal Distribution Integrity Management and annual reporting requirements set the safety floor that drives much of the replacement spend recovered through GRIP and RRM.¹¹

Real dollars, recovered through surcharges — not grants

Texas gas utilities fund modernization mainly through regulator-approved cost recovery, not federal programs. The constraint isn't finding money; it's proving the timing and prudence of each dollar.

\$333.6M added in FY2025 (Atmos) — Atmos's Texas-weighted ratemaking actions raised annual operating income by \$333.6 million in fiscal 2025, including a \$77.2 million Atmos Pipeline-Texas GRIP filing and a \$25.9 million Dallas rate review²

\$26B five-year capital plan (Atmos, FY2026–2030) — more than 80% for safety and reliability, recovered largely through GRIP and RRM surcharges²

Winter Storm Uri cost recovery — the Railroad Commission allowed gas utilities to securitize extraordinary February 2021 gas costs with bonds repaid by customers over years, keeping a single supply shock off one year's bills.⁶

Intrastate pipeline recovery — Atmos Pipeline-Texas operates roughly 6,000 miles of intrastate transmission whose modernization is recovered through its own GRIP filings¹²

TEXAS GAS, IN BRIEF

Questions Texas gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who regulates natural gas utilities in Texas?

The Railroad Commission of Texas — despite its name, not a public utility commission — regulates gas utilities. Cities hold original jurisdiction over rates within their limits, while the RRC has exclusive jurisdiction in unincorporated areas and over city-gate rates⁹

What are GRIP and RRM?

GRIP (the Gas Reliability Infrastructure Program, established in 2004 under Texas Utilities Code §104.301) and the Rate Review Mechanism (RRM) are formula mechanisms that let utilities recover new infrastructure investment and refresh rates annually without a full rate case¹²

How big is Atmos's Texas capital program?

Atmos plans roughly \$26 billion of capital over fiscal 2026–2030, more than 80% for safety and reliability, across a system whose Mid-Tex Division alone serves 1,830,387 meters in 550 Texas communities²

What happened to gas costs after Winter Storm Uri?

Prices spiked so sharply in February 2021 that the gas industry booked an estimated \$11 billion windfall; the Railroad Commission then let gas utilities issue bonds to recover what they paid suppliers, repaid by customers over years⁶

Why are Texas gas bills rising?

Texas residential gas already runs about \$21.27 per thousand cubic feet versus a \$14.93 US average, and annual GRIP and RRM filings — \$333.6 million of Atmos ratemaking increases in fiscal 2025 — keep adding recovered capital to those bills³²

How does Invizion help Texas gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a supply shock, a new GRIP or RRM filing, or an accelerated replacement mandate reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the Railroad Commission, your cities, or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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3. U.S. Energy Information Administration — Texas State Energy Profile (27% of US gas gross withdrawals and ~12.4 Tcf in 2023; ~34% of households heat with gas; residential price \$21.27/Mcf vs \$14.93 US, Apr 2024; delivery shares industrial 46%, electric power 45%, residential+commercial 9%). www.eia.gov
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9. Railroad Commission of Texas — Gas Services (rate jurisdiction: cities set rates within limits with appeal to the Commission; RRC exclusive in unincorporated areas and over city-gate rates). www.rrc.texas.gov
10. Wikipedia — CPS Energy (municipally owned by the City of San Antonio; more than 352,585 natural gas customers and 840,750+ electric customers). en.wikipedia.org
11. PHMSA (U.S. DOT) — Gas Distribution, Gathering and Transmission annual data and pipeline safety requirements. www.phmsa.dot.gov
12. Wikipedia — Atmos Energy (Atmos Pipeline—Texas operates approximately 6,000 miles of intrastate transmission pipeline in Texas). en.wikipedia.org

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →