



An Audit Report on

Critical Infrastructure Activities at the Railroad Commission

- The Commission's inspection process for critical gas infrastructure could be strengthened by consistently documenting deficiencies, communicating inspection results, and verifying training records.
- The Commission complied with requirements for reviewing emergency operations plans for facilities that provide most of the gas production in the state.
- The Commission appropriately compiled its list of critical gas infrastructure.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

The Railroad Commission's (Commission's) Critical Infrastructure Division had processes and related controls to identify critical gas facilities, prioritize and perform inspections, and review operators' emergency operations plans (EOPs).

However, the Commission's inspections of winter weatherization at gas facilities could be improved by consistently documenting all weatherization methods observed, including any deficiencies needing correction, and by informing gas facilities of inspection results that did not result in violations.

- [Background](#) | p. 3
- [Audit Objective](#) | p. 12

This audit was conducted in accordance with Texas Government Code, Sections 321.013 and 321.0132.

HIGH

WINTER WEATHERIZATION INSPECTIONS

The Commission performed required winter weatherization inspections. However, it did not consistently document deficiencies and communicate inspection results to gas facilities.

[Chapter 1 | p. 5](#)

MEDIUM

EMERGENCY OPERATIONS PLAN REVIEWS

The Commission complied with requirements for reviewing EOPs, but it should ensure that it receives EOPs from all gas operators on the state's electricity supply chain map and assesses EOP standards in accordance with its policy.

[Chapter 2 | p. 8](#)

LOW

CRITICAL INFRASTRUCTURE LIST

The Commission had effective processes to compile its critical infrastructure list and monitor compliance with requirements.

[Chapter 3 | p. 11](#)

Summary of Management's Response

Auditors made recommendations to address the issues identified during this audit, provided at the end of certain chapters in this report. The Commission agreed with most recommendations but disagreed with one recommendation. The Commission's full response, along with a follow-up comment from auditors, appears in [Appendix 2](#).

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could ***critically affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could ***substantially affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could ***moderately affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks ***or*** effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Critical Infrastructure Division Responsibilities for Weather Preparedness

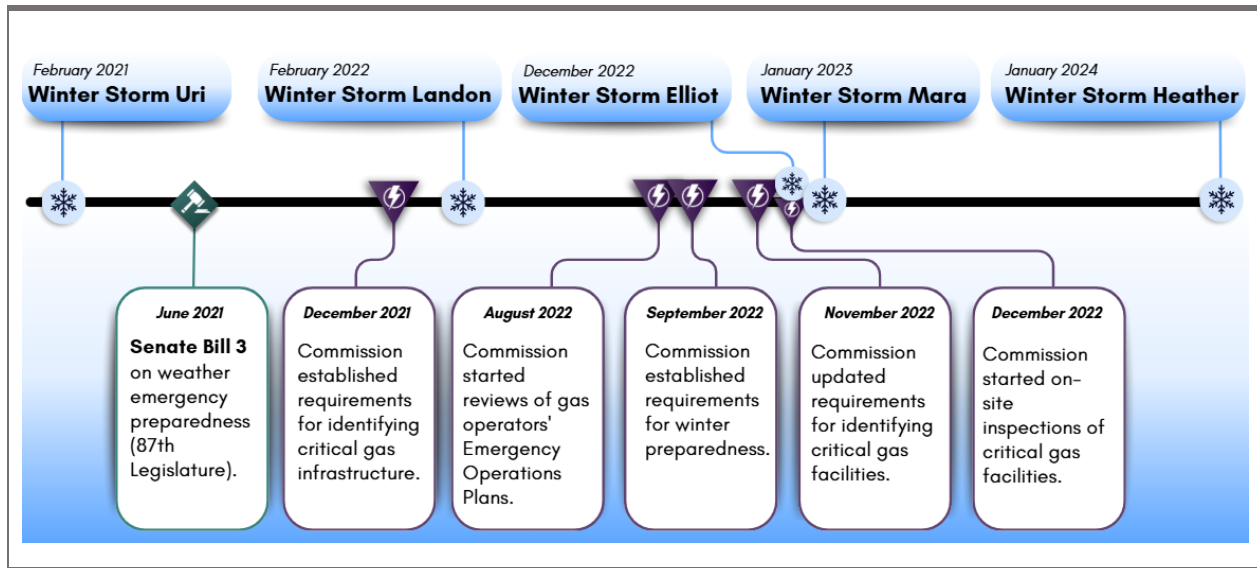
The Railroad Commission's (Commission's) Critical Infrastructure Division was created in 2021 after Winter Storm Uri exposed significant vulnerabilities in the state's natural gas infrastructure. To ensure that gas facilities would function reliably, particularly during extreme weather, the division was assigned the following responsibilities:

- Designating gas facilities (including pipelines) as "critical infrastructure." Critical gas facilities include gas wells, oil leases that produce gas, gas processing plants, gas pipeline facilities, gas storage facilities, gas liquid transportation facilities, saltwater disposal facilities, and gas suppliers that require electricity delivered by an electric entity to operate.
- Performing on-site inspections at critical gas facilities.
- Reviewing emergency operations plans and providing a weather preparedness report.

Figure 1 on the next page shows key dates related to severe weather and preparedness in Texas.

Figure 1

Winter Storms and Weather Preparedness Requirements



Sources: Texas Division of Emergency Management; The Weather Channel; Title 16, Texas Administrative Code, Sections 3.65 and 3.66; and the Commission.



HIGH

Chapter 1 Winter Weatherization Inspections



The Railroad Commission (Commission) performed winter weatherization inspections for gas facilities (including pipelines) as required. However, it could improve its inspection processes by consistently documenting the weatherization methods observed during inspections, including any deficiencies identified. Although the Commission notified the operator when a violation was found at a facility, it should communicate the results of inspections even when no violations are identified.

The Commission performed winter weatherization inspections as required by statute.

For the 2024 and 2025 winter inspection seasons (through January 2025), the Commission performed 8,732 inspections to document weatherization methods at gas facilities, as required (see text box).

The Commission performed winter weatherization inspections of critical gas facilities with the highest priority before January for both winter seasons tested. In addition, its information system that includes inspection records had user access and application controls in place to ensure that those records were reliable.

The Commission stated that it made significant improvements in training inspectors and increasing documentation in its inspection system for the fiscal year 2025 inspection season.

Weatherization Methods and Inspections

Weatherization Methods: The Commission by rule shall require a gas facility operator to implement measures to prepare to operate during a weather emergency.

Inspections: The Commission shall inspect gas facilities for compliance with weatherization preparedness.

Sources: For gas facilities, Texas Natural Resources Code, Sections 86.044(c) and (d). For gas pipeline facilities, Texas Utilities Code, Sections 121.2015(a) and (c-1).

The Commission should strengthen its inspection process to consistently document deficiencies, communicate results, and verify training attendance records.

The Commission's inspections documented cold-weather protective methods in place at gas facilities, but the Commission did not consistently identify and document deficiencies or communicate the results of the inspections unless there was a violation. In addition, the Commission did not verify weatherization preparedness personnel training records.

The Commission should notify operators of inspection results. The Commission stated that it relies on facility operators to determine which weatherization measures are needed and whether those measures are sufficient for that facility. It did not compare facilities' actual weatherization methods to the Commission's best practices.

In addition, the Commission did not provide the results of the inspections to gas facilities unless there was a violation. During the 2 winter seasons tested, the Commission's 8,732 inspections resulted in the issuance of 2 violations for facilities that had no weatherization methods in place. The Commission did not identify and communicate to facilities any weaknesses in weatherization in the other 8,730 inspections.

The Commission stated that it did not inform facilities of inspection results because it is not explicitly required to do so by statute and because facilities can request their results via the Public Information Act (Texas Government Code, Chapter 552).

The Commission should verify training attendance records. The Commission relied on written attestations and verbal discussions with operators rather than independently verifying that key staff had received weather preparedness training for the 63 inspections tested. Not verifying training records increases the risk that some staff will not be prepared for severe winter weather events.

Recommendations

The Commission should strengthen its inspection process to:

- Assess weatherization methods for each type of facility.
- Consistently document inspection results and inform gas facilities whether they (1) complied with requirements to implement winter weather preparedness measures or (2) had deficiencies or opportunities for improvement identified.
- Review weather emergency preparedness training attendance records to verify that training has been conducted.

Management's Response

See [Appendix 2](#).

MEDIUM

Chapter 2

Emergency Operations Plan Reviews



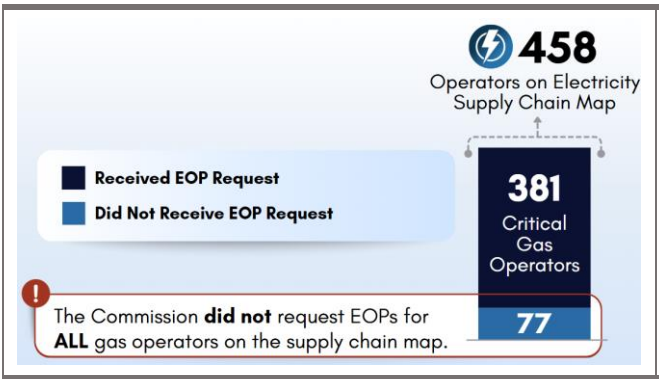
The Commission complied with requirements for reviewing the emergency operations plans (EOPs) submitted by gas operators that provided a majority of production to the state’s electricity supply chain map. However, the Commission should ensure that it (1) receives EOPs from all operators on the supply chain map, as required and (2) assesses standards in accordance with its policy.

The Commission should require all operators on the supply chain map to submit an EOP.

A gas operator’s EOP describes protocols to be carried out during a severe weather emergency. For the Commission’s 2024 analysis of weather preparedness, the Commission requested EOPs from gas operators that made up 96 percent of the total production represented on the electricity supply chain map. Texas Utilities Code, Section 186.008, requires all operators on the electricity supply chain map to submit an EOP. However, the Commission instead requested EOPs only from gas operators that were designated as critical and had received an inspection. As a result, approximately 4 percent of production—represented by 77 gas operators—was not included in the EOP analysis, as shown in Figure 2.

Figure 2

Total Gas Operators on Supply Chain Map vs. Critical Operators



Source: The Commission.

The Commission generally complied with its policy for reviewing EOPs.

The Commission used the results of its EOP reviews to compile the 2024 *Weather Emergency Preparedness Report*, and it issued recommendation letters when noncompliance was identified. In addition, the Commission called operators to inform them of noncompliance if they did not submit an EOP as requested.

The Commission's RRC Online system, which is used to review EOPs, had user access controls and application controls in place to ensure that EOP review records were reliable.

The Commission could strengthen its process by ensuring that the EOPs are reviewed as described in its policy. It accurately evaluated the majority of the EOP standards for the 30 EOP reviews tested, but it did not consistently evaluate 2 standards related to operators' documenting the results of EOP testing and identifying corrective action.

The Commission's 2024 *Weather Emergency Preparedness Report* contained all required elements.

The Commission analyzed the results of its EOP reviews to compile its 2024 *Weather Emergency Preparedness Report*, which is provided to the Lieutenant Governor, the Speaker of the House of Representatives, and the members of the Legislature.

The report included all required areas, accurately summarized the operators that completed each EOP standard, identified the total number of EOPs submitted, and determined the percentage of gas produced by operators that provided EOPs.

Recommendations

The Commission should:

- Update its process to ensure that it receives EOPs from all operators on the electricity supply chain map, as required by Texas Utilities Code, Section 186.008.
- Verify that staff are reviewing EOPs in accordance with its policy, especially for the standards related to documenting results of EOP tests and corrective action taken.

Management's Response

See [Appendix 2](#).

LOW

Chapter 3

Critical Infrastructure List



The Commission had effective processes to compile its critical infrastructure list and monitor compliance with requirements.

The Commission compiled its list of critical gas infrastructure and collected filings from facilities due in September 2024 as required by its rules. In addition, it had validation procedures to ensure that the list was complete and accurate.

Operators of gas facilities and pipelines designated by the Commission as critical are required to file a form acknowledging this designation twice a year. The Commission's RRC Online system had input and processing controls to ensure that a gas operator's critical designation forms were correctly processed for each of its facilities.

In addition, the Commission appropriately monitored operators' compliance with requirements for their September 2024 filings. It issued "Notice of Violation" letters to noncompliant operators and referred cases to its enforcement division for further action as required.



Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Railroad Commission's (Commission's) Critical Infrastructure Division has processes and related controls to ensure that its activities are administered in accordance with applicable requirements.

Scope

The scope of this audit included the Commission's winter inspection schedules and associated inspection records for gas facilities and pipelines, including violations, between September 2023 and January 2025.

In addition, the scope included the Commission's records related to gas operators' September 2024 filings of emergency operations plans (EOPs) and critical infrastructure designations.

The scope also included a review of significant internal controls performed by the Commission for monitoring gas facilities' and pipelines' compliance with applicable requirements.

The following members of the State Auditor's staff performed the audit:



- Kelley Ngaide, CIA, CFE (Project Manager)
- Alex Kipple, CFE (Assistant Project Manager)
- Michael Capps
- Kristyn Dempster
- Alec Dickerson
- Brandon Pascal
- Quang Tran, CFE
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Becky Beachy, CIA, CGAP (Audit Manager)

Methodology

We conducted this performance audit from December 2024 through July 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Commission management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed the Commission’s Critical Infrastructure Division staff to gain an understanding of winter inspections, EOP reviews, and the gas facility critical infrastructure list.
- Identified the relevant criteria:
 - Commission’s policies and procedures.
 - Texas Utilities Code, Chapters 38, 121, and 186.
 - Texas Natural Resources Code, Chapters 81 and 86.
 - Title 16, Texas Administrative Code, Sections 3.65 and 3.66.
- Analyzed the Commission’s winter inspection records, EOP review records, and gas facility critical infrastructure list to determine if applicable processes were properly designed to comply with statute and Commission rules.
- Tested the following samples, which were not representative of the populations; therefore, it would not be appropriate to project the test results to the populations:
 - A total of 65 winter inspection records to verify that inspections were effective, completed, supported, and reviewed and that violations were monitored. The population consisted of 8,732 winter inspections for two winter seasons between September 2023

and January 2025. A sample of 60 was chosen using random selection so that a cross section of inspections at gas facilities would be represented; and a sample of 5 targeted items was selected based on risk of inspection noncompliance (2 records) and potential incomplete secondary review (3 records).

- A total of 30 EOP review records to verify that reviews were performed and results were accurate. The population consisted of 297 EOP reviews analyzed for preparing the September 2024 *Weather Emergency Preparedness Report*. A sample of 25 was chosen using random selection so that a cross section of operators' EOP reviews would be represented, and a sample of 5 targeted items was selected based on risk of potential inaccuracy of results.
- Analyzed the gas facility critical infrastructure designation form records and noncompliance letters for the September 2024 filing to verify the effectiveness of the Commission's processes for monitoring noncompliance.
- Tested user access to the Commission's inspection system and oil and gas filing system (for its critical infrastructure module). In addition, tested application controls in those systems and evaluated information technology controls to ensure that inspection records, EOP review records, and gas facility critical infrastructure records were reliable.

Data Reliability and Completeness

All data sets. To determine data reliability and completeness, auditors (1) observed as queries were run, (2) reviewed query parameters, (3) analyzed key fields for reasonableness and completeness, (4) tested user access, and (5) tested application controls to verify that information technology controls were in place. Based on that work, auditors determined that the following data populations were sufficiently reliable for the purposes of the audit:

- Commission's inspection records (including inspection schedules and operators on electricity supply chain map).
- Commission's EOP review records.
- Commission's critical infrastructure designation form records.

Gas facilities critical infrastructure list. To determine data reliability and completeness, auditors (1) reviewed query parameters and (2) analyzed key fields for reasonableness. Auditors determined that both the critical

infrastructure list and the six data sets used to compile it were sufficiently reliable for the purposes of the audit.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Appendix 2

Management's Response

JIM WRIGHT, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
WAYNE CHRISTIAN, COMMISSIONER



WEI WANG, CPA
EXECUTIVE DIRECTOR
(512) 463-7068

RAILROAD COMMISSION OF TEXAS EXECUTIVE OFFICE

August 1, 2025

Lisa R. Collier, CPA, CFE, CIDA
State Auditor
Texas State Auditor's Office
1501 North Congress Ave.
Austin, TX 78701

Re: Management Response - An Audit Report on Critical Infrastructure Activities at
the Railroad Commission

Dear Ms. Collier:

I am in receipt of the draft *Audit Report on Critical Infrastructure Activities at the Railroad Commission* (audit report). The Railroad Commission of Texas (Commission) appreciates the opportunity to review and respond to the audit report's findings. We also thank the staff of the State Auditor's Office for their time, patience, and professionalism, and we value the collaborative working relationship throughout this process.

The Commission's Critical Infrastructure Division (CID) was established in the summer of 2021 following the passage of Texas Senate Bill 3 (87th Legislature, Regular Session), the landmark legislation enacted in response to Winter Storm Uri. The Commission takes its responsibilities under SB 3 seriously and is proud of the work its staff has accomplished to date. The Commission respectfully submits the attached management response to Chapters 1 and 2 of the audit report. As outlined in the enclosed response, the Commission agrees with certain recommendations, disagrees with others, and provides further context to support its positions.

You may contact Cesar Saldivar, Chief Administrative Officer, at 512-463-7257 or at cesar.saldivar@rrc.texas.gov if you have any questions, concerns, or comments regarding the Commission's management response.

Sincerely,

A handwritten signature in black ink, appearing to read "Wei Wang", is written over a horizontal line.

Wei Wang
Executive Director
Railroad Commission of Texas

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Railroad Commission of Texas
Management Response

I. EXECUTIVE SUMMARY

The Railroad Commission of Texas (“Commission”) appreciates the opportunity to review and respond to the State Auditor Office’s *Audit Report on Critical Infrastructure Activities at the Railroad Commission*. The Commission thanks the staff of the State Auditor’s Office for their time and professionalism while conducting the audit. The Commission has taken diligent and deliberate actions to implement Senate Bill 3 (“SB 3”), passed in response to Winter Storm Uri.¹ In summer 2021, the Commission established the Critical Infrastructure Division (“CID”) to lead the implementation of the agency’s responsibilities under SB 3 and its required rulemakings. Through those efforts, the Commission has developed a regulatory system that is the first of its kind in the country.

In addition, the Commission works closely and communicates with other state agencies and industry partners, actively participates in the Texas Energy Reliability Council (“TERC”), and routinely provides regulatory trainings to the regulated communities.

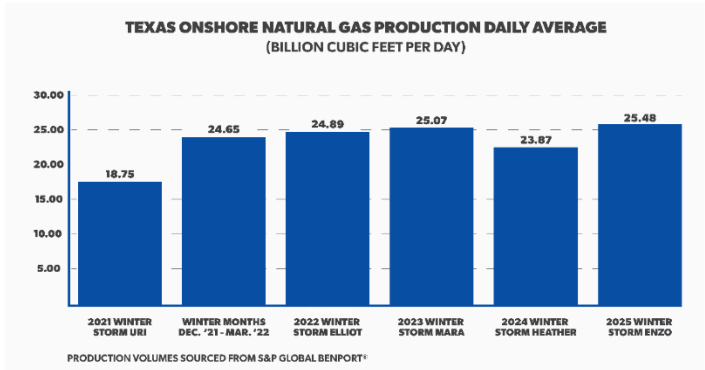
The Texas natural gas supply chain is stronger than ever.

Natural gas production data speaks to the success of the Commission’s efforts (see gas production data in Chart 1, source: S&P Global). Since Winter Storm Uri, there have been eight named winter storms in Texas,² and natural gas production data during those storms demonstrated ample gas supplies in Texas for power generation and home heating. This reflects that the Commission’s SB3 implementation and efforts are effective.

For example:

- During Winter Storm Uri, average production was **18.75 Bcf/day**.
- During Winter Storm Elliott—the most comparable event since Uri (see Chart 2 from North American Energy Standards Board)—average production rose to **24.89 Bcf/day**.

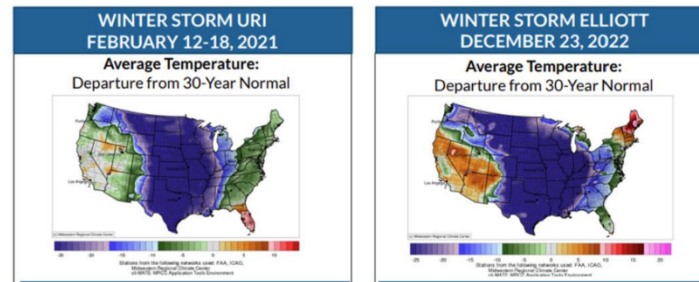
Chart 1



¹ S.B. 3 (87th Legislature, Regular Session, 2021).
² Izzy (January 13-19, 2022); Landon (February 1-9, 2022); Elliott (December 21-26, 2022); Mara (January 31-February 2, 2023); Heather (January 13-16, 2024); Blair (January 5-6, 2025); Enzo (January 20-22, 2025); Lola (March 6, 2025).

Railroad Commission of Texas
Management Response

Chart 2



The Commission agrees or disagrees with the audit report's recommendations, as follows:

- **Chapter 1, Winter Weatherization Inspections**

Weatherization Assessments: The Commission agrees and already assesses weatherization methods for each type of facility. However, the audit report states that the Commission did not compare weatherization methods at every facility against the “best practices” document published by the Commission. The Commission disagrees with any implication that it should do so. The Commission’s inspection processes assess a gas facility’s preparedness. The Commission adopted and updated Rule 3.66,³ implementing SB3 requirements, after an extensive public comment period in which it received input, feedback, and clarification from the legislature, the public and industry experts.

SB 3 requires operators to implement measures to prepare to operate during a weather emergency. More specifically, Rule 3.66 requires a facility to implement preparedness measures intended to ensure sustained operations without weather-related forced stoppages during a weather emergency. However, neither SB 3 or Rule 3.66 prescribes a one-size-fits-all approach for all gas facilities in Texas regardless of the facility type or the geographical location.

To assist operators with navigating new regulatory requirements in Rule 3.66, the Commission maintains and regularly updates a best practices document, which is published on its website and shared with operators. However, this document is not the basis and is not intended to be the basis for determining compliance, nor are operators expected to implement every weatherization method listed in it at every facility. A “one-size-fits-all” approach for all facilities in Texas is unworkable considering the different facility types and geographic locations. The best practices document intentionally accounts for variations in geography, weather patterns, infrastructure type, facility age, and operational design.

Rule 3.66 requires operators to sustain operations without any weather-related forced stoppages during a weather emergency regardless of the weatherization methods and the number of weatherization methods they implement.

³ 16 Tex. Admin. Code § 3.66.

Railroad Commission of Texas
Management Response

During an inspection, Commission inspectors use their industry knowledge and extensive training to render a professional judgment whether the facilities are prepared to sustain their operations, which is the basis for determining compliance with Commission rules.

Inspection Scope and Reporting: The Commission agrees that providing operators with inspection results—even when no violations are found—is a best practice and will implement process changes to ensure this occurs. In addition, the Commission agrees that documenting the conclusion of compliance as a result of an inspection is a best practice. The Commission already implemented this change in its inspection system in July 2025.

However, the Commission wishes to clarify that there is a meaningful, important distinction between failing to detect an existing violation and identifying no violation because a facility is compliant. The low number of violations issued reflects the successful implementation of SB 3, not a failure of oversight.

Verification of Training: The Commission disagrees that it does not currently verify weather preparedness training by operators. However, the Commission agrees to implement a review of operator training attendance records if risk of falsification is suspected. The Commission does verify that weather preparedness training is conducted through its required Weather Emergency Readiness Attestations. These certified attestations are subject to penalties if falsified and include a summary of training activities. Inspectors also assess whether facility personnel are trained during site visits.

Examining a training attendance record which can be falsified would not provide better, stronger evidence of completed training than an attestation certified under penalty of falsification. However, the Commission will review training attendance records if falsification is suspected.

- **Chapter 2: Emergency Operations Plan (EOPs) Reviews**

Required Filing of EOPs: The Commission agrees that it should require all operators with facilities on the electricity supply chain map to file EOPs pursuant to Texas Utilities Code § 186.008. Some low-volume, non-critical operators, which represent less than four percent (4%) of total gas supply and are not required by SB 3 to weatherize or sustain operations during a weather emergency, had not previously filed an EOP with the Commission. The Commission has updated its procedures to ensure all operators, whether considered a critical gas facility or not, comply with filing the EOP moving forward.

Consistent Review of EOPs: The Commission currently reviews EOPs in accordance with the Commission's internal procedures. The Commission agrees to ensure consistency among staff when reviewing and documenting EOP submissions.

As demonstrated in all subsequent winter storms, Texas gas supply remains adequate, and the supply chain is stronger than ever before. The Commission remains committed to transparency, continuous improvement, and regulatory integrity. It is equally important to recognize the fact that substantial progress has been made in securing Texas's natural gas infrastructure.

Railroad Commission of Texas
Management Response

II. COMMISSION IMPLEMENTATION OF SENATE BILL 3

Since the passage of SB 3, some of the key actions taken by the Commission's CID include:

1. **Administration of Rule 3.65 (Critical Natural Gas Infrastructure Designation):** Rule 3.65⁴ requires designated natural gas facilities to register as critical infrastructure with CID, and if those facilities require electricity to operate, with their electric provider. Rule 3.65's primary purpose is to inform electric utilities of the location of critical natural gas facilities to help maintain the provision of electric power during energy emergencies. Though electric utilities do not guarantee power service during energy emergencies, the registration of critical natural gas facilities increases the likelihood that service will be maintained.
2. **Administration of Rule 3.66 (Weatherization of Natural Gas Facilities):** Rule 3.66⁵ requires natural gas facilities subject to the rule to implement measures to prepare to operate during a weather emergency. Rule 3.66 requires that operators implement preparation measures intended to (1) ensure sustained operations during a weather emergency; and (2) correct weather-related forced stoppages that occurred during previous weather emergencies. CID conducts annual weatherization inspections of all facilities subject to Rule 3.66 and maintains records of these inspections in the confidential Critical Infrastructure Inspection System (CIIS). Winter inspections begin in December of each year after operators file the required Weather Readiness Attestation on December 1.⁶ As of July 2025, there are more than 6,300 facilities subject to Rule 3.66 and CID inspection.

All CID inspectors receive annual internal weatherization training and CID conducts annual self-audits of its inspection processes and reports. Every hired inspector receives off-site weatherization training. Specifically, CID inspectors have attended oil and gas weatherization training conducted by San Juan College in Farmington, New Mexico, and new inspectors are required to attend five other training modules.
3. **Support for the Texas Electricity Supply Chain Security and Mapping Committee (Mapping Committee):** CID provides natural gas supply chain location and informational data to the Public Utility Commission of Texas ("PUCT"), which is tasked with maintaining the mapping database used by the Mapping Committee⁷ to map the state's electricity supply chain.
4. **Review of Emergency Operations Plans (EOPs):** CID requires operators with facilities on the electricity supply chain map maintained by the Mapping Committee to file EOPs annually.⁸ CID reviews and analyzes EOPs for sufficiency. The Commission is required to file a report with the legislature each even-numbered year analyzing the EOPs.

In addition to the actions required by SB3, the Commission has actively participated in the Texas Energy Reliability Council ("TERC"), which submits reports to the legislature in even-numbered years. The Commission also worked closely with the Public Utility Commission of Texas ("PUCT"), electric and gas companies, and other state and local agencies in the preparation, communication, and response prior to and during weather emergencies since Winter Storm Uri.

⁴ 16 Tex. Admin. Code § 3.65.

⁵ 16 Tex. Admin. Code § 3.66.

⁶ 16 Tex. Admin. Code § 3.66(d).

⁷ Tex. Util. Code § 38.201, Subch. F.

⁸ Tex. Util. Code § 186.008.

Railroad Commission of Texas
Management Response

III. CHAPTER 1 RESPONSE

Chapter 1 of the audit report makes three recommendations to the Commission's inspection processes: (A) assess weatherization methods for each type of facility; (B) consistently document inspection results and inform gas facilities whether they (1) complied with requirements to implement weather preparedness measures or (2) had deficiencies or opportunities for improvement identified; and (C) review weather emergency preparedness training attendance records to verify that training has been conducted. We address the specific findings below.

A. Recommendation 1: Assess Weatherization Methods for Each Type of Facility.

The Commission agrees and already assesses weatherization methods for each type of facility.

The Commission determines whether a facility complies with weather emergency preparedness regulations through an assessment of weatherization methods at gas facilities during an inspection in accordance with Rule 3.66. The Commission disagrees with any implication in the audit report that it should compare actual weatherization methods at every facility subject to Rule 3.66 to a list of "best practices". The Commission has created and maintains a Weatherization Practices Guidance Document (the "guidance document")⁹ but does not determine whether an operator has complied with Rule 3.66 based on a comparison of weatherization methods against the guidance document. There are several reasons for this approach.

First, the Commission's guidance document contains common weatherization practices that are intended to provide operators with helpful context and information. The guidance document is not intended to prescribe specific, uniform requirements by facility type. A facility is not expected to have every weatherization method listed in the guidance document. Each facility operates under unique conditions based on facility type, geography, weather patterns, infrastructure needs, age of facility, and design. Because of this variability, operators are best positioned to determine which weatherization measures are best for a facility's specific circumstances. For example, a pipeline that delivers dry gas may only use one or two weatherization methods from the guidance document or use a method that is not on the guidance document. The role of the Commission is to confirm that operators have implemented measures to prepare to operate during weather emergencies regardless of the methods used—the SB 3 standard—not to prescribe facility-specific, state-uniform designs or second-guess the operator's extensive knowledge of its own system.

Second, during the initial rulemaking process for Rule 3.66, the Commission considered inserting specific weatherization practices into the rule. After receiving extensive public comments and holding workshops, the Commission determined that such a prescriptive approach was not workable in practice and, more importantly, contradictory to the requirements of SB 3. The rule was therefore adopted to require operators to sustain operations by implementing weatherization methods, rather than impose rigidly specific, one-size-fits-all statewide weatherization methods.

Finally, requiring operators to change or retrofit a facility that is already fully weatherized solely because it does not align with the guidance document would result in inefficient regulation. The audit report does not assert that the Commission's rule is noncompliant with SB 3 or that it is ineffective in practice (as reflected in this response's executive summary, the natural gas production statistics reflect otherwise). Nor has the rule ever been challenged in a legal proceeding. Therefore, the Commission respectfully disagrees with the audit report's statement that the Commission "did not compare facilities actual weatherization methods to the Commission's best practices."¹⁰

⁹ <https://rre.texas.gov/media/voxij53v/rre-weatherization-practices-and-recommendations-report.pdf>.

¹⁰ Audit Report, page 6.

Railroad Commission of Texas
Management Response

B. Recommendation 2: Consistently Document Inspection Results and Inform Gas Facilities Whether They (1) Complied with Requirements to Implement Winter Weather Preparedness Measures or (2) Had Deficiencies or Opportunities for Improvement Identified

The Commission agrees with the audit report's recommendation that it provide operators with the results of its inspections, even when the inspection did not result in a violation. For an inspection report that does not result in a violation, the Commission's current process is to provide the operator with a copy of the report upon request. The Commission agrees that providing the operator with an inspection report which notifies the operator of the results would be a best practice.

However, it is important to note that there is a fundamental difference between not identifying an existing violation due to an inadequate inspection and identifying no violation because the facility has properly weatherized. Rather, it indicates that operators are complying with the requirements, and that the regulation is functioning as intended.

The CID Field Operations Director will be responsible for overseeing the implementation of this corrective action. The Commission already implemented this change in its inspection system in July 2025.

C. Recommendation 3: Review Weather Emergency Preparedness Training Attendance Records to Verify That Training Has Been Conducted

The Commission disagrees that it does not verify that weather preparedness training has been conducted. The Commission agrees, however, to review training attendance records if falsification is suspected.

Pursuant to Rule 3.66, all operators are required to submit a Weather Emergency Readiness Attestation by December 1 of each year.¹¹ (See Attachment 2, attestation template). These attestations must, by rule, include a detailed attachment describing all activities undertaken to comply with the weatherization requirements of Rule 3.66, including the training of operational personnel.

The preamble to the proposal of Rule 3.66 makes this clear, stating the following regarding the Attestation attachment:

[T]he attachment must describe the measures the operator implemented to ensure sustained operation of the gas supply chain facility or gas pipeline facility during a weather emergency and must, at a minimum, describe the following measures: self-assessment, inspections, and tests of critical components and other equipment as specified in §3.66(c)(2)(A); *training provided on weather emergency preparations and operations to relevant operational personnel as specified in §3.66(c)(2)(B)*; emergency operations planning using a risk-based approach to identify, test, and protect the critical components of the facility as specified in §3.66(c)(2)(C); and weatherization measures applicable to the facility as described in §3.66(c)(2)(D).¹²

Through the review of these attestations, the Commission does verify that operators are meeting the rule's training requirements. Attestations are signed by an authorized representative of the operator and are certified, under threat of penalties, to be true and correct.¹³ Beyond the attestation requirement,

¹¹ 16 Tex. Admin. Code § 3.66(d).

¹² 47 TexReg 4044 (Jul. 15, 2022).

¹³ 16 Tex. Admin. Code § 3.66(d)(1).

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Management Response

additional verification of training has been conducted by inspectors through on-site interviews during inspections.

The CID Field Operations Director will be responsible for overseeing the implementation of this corrective action no later than the start of winter 2025-2026 inspection season.

D. Chapter 1 Conclusion

While the Commission agrees that the audit report's recommendation to consistently document its inspections and inform gas facilities of those results is a best practice and intends to implement the recommendation, the Commission has implemented the statutory requirements of SB 3 and has structured its regulatory framework to meet those obligations. Where improvements can be made to enhance those processes, the Commission remains dedicated—but such changes should not be construed as evidence of noncompliance.

IV. CHAPTER TWO

The Commission agrees with the first recommendation of Chapter 2. The Commission notes that the 77 operators identified in the audit report as not having submitted EOPs, which represent 4% of total gas production, are not designated as critical pursuant to Rule 3.65 due to their production volumes, and therefore, are not required to operate during an emergency. However, the Commission has updated its procedures and will take the necessary steps to ensure that every operator on the electricity supply chain map submits an EOP as required.

Additionally, as to the second recommendation of Chapter 2, CID staff currently reviews EOPs in accordance with the Commission's internal procedures and will continue to do so. The Commission agrees to ensure consistency among staff when reviewing and documenting EOP submissions.

The CID Assistant Director will be responsible for overseeing the implementation of Chapter 2 corrective action before the next annual EOP filing cycle in September 2026.

RRC Management
Response Attachment 1

The following is a template to assist operators in drafting an attestation. It is a sample of the type of information that can be submitted in the attestation.

WEATHER EMERGENCY READINESS ATTESTATION

Submitted by [Authorized Representative Name]

For [Operator Name, Operator P-5 Number]

[Date]

I, [Authorized Representative name], am a representative of [Name of Operator required to submit attestation], Operator Number [Operator P-5 number], authorized by [Name of Operator required to submit attestation] to submit and sign this *Weather Emergency Readiness Attestation*, submitted on [Date]. I certify under penalties prescribed by Texas Natural Resources Code §91.143 that:

- [Operator Name] implemented the required emergency preparation measures described in 16 Texas Administrative Code (TAC) §3.66(c);
- The information and statements made in this *Weather Emergency Readiness Attestation* and its attachments are true, correct, and complete to the best of my knowledge; and
- This *Weather Emergency Readiness Attestation* was prepared by me or under my supervision and direction.

_____	_____	_____
Name of Authorized Representative	Authorized Representative Signature	Date

- Attachments:
- Attachment A – Description of Operator and type of facilities required to weatherize
 - Attachment B – Required Weather Emergency Preparedness Measures
 - Attachment C – [Title]¹

¹ Operator may include additional attachments if needed.

RRC Management
Response Attachment 1

Attachment A – Description of Operator and type of facilities required to weatherize

This attestation describes the activities engaged in by [Operator Name] to implement the requirements of 16 TAC §3.66, including the weatherization methods utilized by [Operator Name] to weatherize each type of facility required to weatherize under 16 TAC §3.66.

[Operator Name] operates the following types of facilities required to weatherize under 16 TAC §3.66:

[List types of facilities required to weatherize and operated by the operator submitting the attestation]

Example Attachment B – Required Weather Emergency Preparedness Measures 16 TAC §3.66(d)(2) and (3)

The following are the weather emergency preparedness measures required by 16 TAC §3.66(c) and (b)(8), and a description of [Operator Name]'s actions to implement the required measures.

1. Providing training on weather emergency preparations and operations to relevant operational personnel (16 TAC §3.66(c)(2)(A))
[Describe actions taken by operator to provide training on weather emergency preparations and operations to relevant operational personnel²]
2. Consideration of the risk to the health and safety of employees (16 TAC §3.66(c)(2)(B))
[Explain how operator considered the risk to the health and safety of its employees in determining how to implement required emergency preparedness measures]
3. Consideration of protection of the environment (16 TAC §3.66(c)(2)(B))
[Explain how the operator considered protection of the environment in determining how to implement required emergency preparedness measures]
4. Weatherization³ of facilities
Weatherization required by 16 TAC §3.66 is weatherization using methods a reasonably prudent operator would take.
 - A. [Facility Type 1]⁴
 - i. [Describe what actions were taken to correct critical component failures that occurred during previous weather emergencies, if applicable]
 - ii. [Describe what equipment was installed to mitigate weather-related operational risks]
 - iii. [Describe internal inspections, self-assessments, and processes implemented to identify, test, and protect critical components]
 - iv. [Describe how facility-specific factors⁵ were considered in implementing required weatherization methods]

² If different personnel were trained differently depending on their role, the operator may explain how different roles were trained and why specific training methods were chosen.

³ Weatherization is defined as the iterative cycle of preparedness for sustained operation during weather emergencies that includes: (1) correcting critical component failures that occurred during previous weather emergencies; (2) installing equipment to mitigate weather-related operational risks; and (3) internal inspection, self-assessment, and implementation of processes to identify, test, and protect critical components. (§3.66(b)(8))

⁴ An attestation may group facilities together if similar weatherization measures were implemented for those types of facilities. An operator may also list individual facilities and describe a specific weatherization technique if the measures implemented for the specific facility depart from what the operator generally implemented for that type of facility.

⁵ Section 3.66(c)(2) requires weatherization methods to be based on the following facility-specific factors: facility type, facility age, facility location, facility critical components, and weather data for the facility's county or counties. Weather data developed by the state climatologist for each county is available here: <https://www.rrc.texas.gov/critical-infrastructure/weatherization/>.

B. [Facility Type 2]⁶

- i. [Describe what actions were taken to correct critical component failures that occurred during previous weather emergencies, if applicable]
- ii. [Describe what equipment was installed to mitigate weather-related operational risks]
- iii. [Describe internal inspections, self-assessments, and processes implemented to identify, test, and protect critical components]
- iv. [Describe how facility-specific factors⁷ were considered in implementing required weatherization methods]

C. [Continue as necessary, listing more facility types if additional weatherization methods need to be described]

⁶ An attestation may group facilities together if similar weatherization measures were implemented for those types of facilities. An operator may also list individual facilities and describe a specific weatherization technique if the measures implemented for the specific facility depart from what the operator generally implemented for that type of facility

⁷ Section 3.66(c)(2) requires weatherization methods to be based on the following facility-specific factors: facility type, facility age, facility location, facility critical components, and weather data for the facility's county or counties. Weather data developed by the state climatologist for each county is available here: <https://www.rrc.texas.gov/critical-infrastructure/weatherization/>.

Auditor Follow-up Comment

The State Auditor's Office agrees with the Commission that each facility should be weatherized based on the nature and location of the facility and that there is not a "one-size-fits-all" approach. Based on the evidence provided, the Commission relied on facility operators to determine the nature and extent of weatherization measures and did not make an independent assessment of weatherization.

The State Auditor's Office also agrees that the Commission relies on attestations to ensure that operators receive required training but recommends that it strengthen its process by verifying training information contained in the attestations.

After review and consideration of the management responses, the State Auditor's Office stands by its conclusions based on evidence provided during this audit.



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