

By: Spiller

H.B. No. 3042

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the consideration of the proportion of long-term debt
3 and equity capitalization in establishing the rates of electric
4 utilities.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter B, Chapter 36, Utilities Code, is
7 amended by adding Section 36.067 to read as follows:

8 Sec. 36.067. CONSIDERATION OF PROPORTION OF LONG-TERM DEBT
9 AND EQUITY CAPITALIZATION. (a) Except as provided by Subsection
10 (b), when establishing an electric utility's rates, the regulatory
11 authority shall calculate the return on invested capital using the
12 utility's actual proportion of long-term debt and equity
13 capitalization as reported on the utility's most recent financial
14 statement issued before the initiation of the applicable rate
15 proceeding.

16 (b) If the electric utility's actual proportion of equity
17 capitalization exceeds 60 percent, the regulatory authority shall
18 calculate the return on invested capital using an equity
19 capitalization of 60 percent.

20 SECTION 2. (a) Section 36.067, Utilities Code, as added by
21 this Act, applies only to a proceeding for the establishment of
22 rates for which the regulatory authority has not issued a final
23 order or decision before the effective date of this Act.

24 (b) A proceeding for which the regulatory authority has

1 issued a final order or decision before the effective date of this
2 Act is governed by the law in effect immediately before that date,
3 and that law is continued in effect for that purpose.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2023.