

1-1 By: King S.B. No. 1015
 1-2 (In the Senate - Filed February 17, 2023; March 3, 2023,
 1-3 read first time and referred to Committee on Business & Commerce;
 1-4 March 27, 2023, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 11, Nays 0; March 27, 2023,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1015 By: Kolthorst

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to periodic rate adjustments by electric utilities.
 1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-25 SECTION 1. Section 36.210, Utilities Code, is amended by
 1-26 amending Subsections (a), (d), (f), and (g) and adding Subsections
 1-27 (h) and (i) to read as follows:
 1-28 (a) The commission ~~[or a regulatory authority]~~, on the
 1-29 petition of an electric utility, may approve a tariff or rate
 1-30 schedule in which a nonfuel rate may be periodically adjusted
 1-31 upward or downward, based on changes in the parts of the utility's
 1-32 invested capital, as described by Section 36.053, that are
 1-33 categorized or functionalized as distribution plant,
 1-34 distribution-related intangible plant, and distribution-related
 1-35 communication equipment and networks in accordance with commission
 1-36 rules adopted after consideration of the uniform system of accounts
 1-37 prescribed by the Federal Energy Regulatory Commission. A
 1-38 periodic rate adjustment must:
 1-39 (1) ~~[be approved or denied in accordance with an~~
 1-40 ~~expedited procedure that:~~
 1-41 ~~[(A) provides for appropriate updates of~~
 1-42 ~~information;~~
 1-43 ~~[(B) allows for participation by the office and~~
 1-44 ~~affected parties; and~~
 1-45 ~~[(C) extends for not less than 60 days;~~
 1-46 ~~[(2)]~~ take into account changes in the number of an
 1-47 electric utility's customers and the effects, on a
 1-48 weather-normalized basis, that energy consumption and energy
 1-49 demand have on the amount of revenue recovered through the electric
 1-50 utility's base rates;
 1-51 (2) ~~[(3)]~~ be consistent with the manner in which costs
 1-52 for invested capital described by this subsection were allocated to
 1-53 each rate class, as approved by the commission, in an electric
 1-54 utility's most recent base rate statement of intent proceeding with
 1-55 changes to residential and commercial class rates reflected in
 1-56 volumetric charges to the extent that residential and commercial
 1-57 class rates are collected in that manner based on the electric
 1-58 utility's most recent base rate statement of intent proceeding;
 1-59 (3) ~~[(4)]~~ not diminish the ability of the commission
 1-60 or a regulatory authority, on its own motion or on complaint by an

2-1 affected person as provided by Subchapter D, after reasonable
 2-2 notice and hearing, to change the existing rates of an electric
 2-3 utility for a service after finding that the rates are unreasonable
 2-4 or in violation of law;

2-5 (4) ~~[(5)]~~ be applied by an electric utility on a
 2-6 system-wide basis; and

2-7 (5) ~~[(6)]~~ be supported by the sworn statement of an
 2-8 appropriate employee of the electric utility that affirms that:

2-9 (A) the filing is in compliance with the
 2-10 provisions of the tariff or rate schedule; and

2-11 (B) the filing is true and correct to the best of
 2-12 the employee's knowledge, information, and belief.

2-13 (d) An ~~[Except as provided by Subsection (d-1), an]~~ electric
 2-14 utility may adjust the utility's rates under this section not more
 2-15 than twice ~~[once]~~ per year ~~[and not more than four times between~~
 2-16 ~~comprehensive base rate proceedings]~~.

2-17 (f) Nothing in this section is intended to:

2-18 (1) conflict with a provision contained in a financing
 2-19 order issued under Subchapter I of this chapter or Subchapter G or
 2-20 J, Chapter 39;

2-21 (2) affect the limitation on the commission's
 2-22 jurisdiction under Section 32.002;

2-23 (3) include in a periodic rate adjustment authorized
 2-24 by this section costs adjusted under a transmission cost-of-service
 2-25 adjustment approved under Section 35.004(d); or

2-26 (4) ~~[limit the jurisdiction of a municipality over the~~
 2-27 ~~rates, operations, and services of an electric utility as provided~~
 2-28 ~~by Section 33.001;~~

2-29 ~~[(5) limit the ability of a municipality to obtain a~~
 2-30 ~~reimbursement under Section 33.023 for the reasonable cost of~~
 2-31 ~~services of a person engaged in an activity described by that~~
 2-32 ~~section; or~~

2-33 ~~[(6)]~~ prevent the commission from:

2-34 (A) reviewing the investment costs included in a
 2-35 periodic rate adjustment or in the following comprehensive base
 2-36 rate proceeding to determine whether the costs were prudent,
 2-37 reasonable, and necessary; or

2-38 (B) refunding to customers any amount improperly
 2-39 recovered through the periodic rate adjustments, with appropriate
 2-40 carrying costs.

2-41 (g) The commission shall adopt rules necessary to implement
 2-42 this section. The rules must provide for:

2-43 (1) a procedure by which a tariff or rate schedule is
 2-44 to be reviewed and approved;

2-45 (2) filing requirements and discovery consistent with
 2-46 ~~[the expedited procedure described by]~~ Subsection (a) ~~[(a)(1)]~~;

2-47 (3) an earnings monitoring report that allows the
 2-48 commission ~~[or regulatory authority]~~ to reasonably determine
 2-49 whether a utility is earning in excess of the utility's allowed
 2-50 return on investment as normalized for weather;

2-51 (4) denial of the electric utility's filing if the
 2-52 electric utility is earning more than the utility's authorized rate
 2-53 of return on investment, on a weather-normalized basis, at the time
 2-54 the periodic rate adjustment request is filed; and

2-55 (5) a mechanism by which the commission may refund
 2-56 customers any amounts determined to be improperly recovered through
 2-57 a periodic rate adjustment, including any interest on the amounts.

2-58 (h) An electric utility may file a request for a periodic
 2-59 rate adjustment under this section on any day on which the
 2-60 commission is open for business. The fact that an electric utility
 2-61 has a base rate proceeding pending during a proceeding conducted
 2-62 under this section does not establish grounds for dismissal of
 2-63 either proceeding.

2-64 (i) The commission shall enter a final order on a request
 2-65 for a periodic rate adjustment under this section not later than the
 2-66 60th day after the date the request is filed.

2-67 SECTION 2. Section 36.210(d-1), Utilities Code, is
 2-68 repealed.

2-69 SECTION 3. The changes in law made by this Act apply only to

3-1 a proceeding before the Public Utility Commission of Texas, or
3-2 other regulatory authority described by Section 11.003, Utilities
3-3 Code, that commences on or after the effective date of this Act. A
3-4 proceeding before the Public Utility Commission of Texas or other
3-5 regulatory authority described by Section 11.003, Utilities Code,
3-6 that commenced before the effective date of this Act is governed by
3-7 the law in effect on the date the proceeding commenced, and that law
3-8 is continued in effect for that purpose.

3-9 SECTION 4. This Act takes effect immediately if it receives
3-10 a vote of two-thirds of all the members elected to each house, as
3-11 provided by Section 39, Article III, Texas Constitution. If this
3-12 Act does not receive the vote necessary for immediate effect, this
3-13 Act takes effect September 1, 2023.

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