A BILL TO BE ENTITLED

1   AN ACT

2 relating to the consideration of employee compensation and benefits

3 in establishing the rates of electric utilities.

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

5   SECTION 1. Subchapter B, Chapter 36, Utilities Code, is

6 amended by adding Section 36.067 to read as follows:

7   Sec. 36.067. CONSIDERATION OF COMPENSATION AND BENEFIT

8 EXPENSES. (a) In this section, "employee compensation and

9 benefits" includes base salaries, wages, incentive compensation,

10 and benefits. The term does not include:

11   (1)   pension or other postemployment benefits; or

12   (2)   incentive compensation for an officer of an

13 electric utility related to attaining:

14   (A)   financial metrics; or

15   (B)   metrics adverse to customers' interests as

16 determined by the commission.

17   (b)   When establishing an electric utility's rates, the

18 regulatory authority shall presume that employee compensation and

19 benefits expenses are reasonable and necessary if the expenses are

20 consistent with market compensation studies issued not earlier than

21 three years before the initiation of the proceeding to establish

22 the rates.

23   SECTION 2. (a) Section 36.067, Utilities Code, as added by

24 this Act, applies only to a proceeding for the establishment of

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1 rates for which the regulatory authority has not issued a final
2 order or decision before the effective date of this Act.

3   (b) A proceeding for which the regulatory authority has
4 issued a final order or decision before the effective date of this
5 Act is governed by the law in effect immediately before that date,
6 and that law is continued in effect for that purpose.

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