

By: Estes

S.B. No. 1668

A BILL TO BE ENTITLED

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AN ACT

relating to the consideration of payments to an affiliate in computing rates for electric utilities.

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

SECTION 1. Section 36.058, Utilities Code, is amended by amending Subsection (c) and adding Subsection (f) to read as follows:

(c) A finding under Subsection (b) must include:

(1) a specific finding of the reasonableness and necessity of each item or class of items allowed; and

(2) a finding that the price to the electric utility is not higher than the prices charged by the supplying affiliate ~~[to its other affiliates or divisions or to a nonaffiliated person]~~ for the same item or class of items to:

(A) its other affiliates or divisions; or

(B) a nonaffiliated person within the same market area or having the same market conditions.

(f) If the regulatory authority finds that an affiliate expense for the test period is unreasonable, the regulatory authority shall:

(1) determine the reasonable level of the expense; and

(2) include that expense in determining the electric utility's cost of service.

SECTION 2. This Act takes effect immediately if it receives

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2005.