

By: Carona

S.B. No. 1693

A BILL TO BE ENTITLED

AN ACT

relating to periodic rate adjustments by electric utilities.

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

SECTION 1. Subchapter E, Chapter 36, Utilities Code, is amended by adding Section 36.210 to read as follows:

Sec. 36.210. PERIODIC RATE ADJUSTMENTS. (a) The commission or a regulatory authority, on the petition of an electric utility, may approve a tariff or rate schedule in which a nonfuel rate may be periodically adjusted upward or downward, based on changes in the utility's investment. A periodic rate adjustment must:

(1) be approved in compliance with an expedited procedure that provides for appropriate updates of information and allows for participation by the office and affected parties;

(2) take into account the effect that changes in the number of an electric utility's customers, energy consumption, and energy demand have on the amount of revenue recovered through the electric utility's base rates;

(3) be consistent with the manner in which costs were allocated to each rate class, as approved by the commission, in an electric utility's most recent base rate proceeding;

(4) not diminish the ability of the commission, on its own motion or on complaint by an affected person as provided by Subchapter D, after reasonable notice and hearing, to change the

1 existing rates of an electric utility for a service after finding  
2 that the rates are unreasonable or in violation of law; and

3 (5) be applied by an electric utility on a system-wide  
4 basis.

5 (b) An electric utility in the ERCOT power region, or an  
6 unbundled electric utility outside the ERCOT power region in whose  
7 service area retail competition is available, that requests a  
8 periodic rate adjustment under this section shall:

9 (1) except as provided by Subsection (c) and to the  
10 extent possible, combine all nonfuel rates to be adjusted in a  
11 12-month period that are charged by the utility to retail electric  
12 providers into a single, annual rate adjustment; and

13 (2) finalize the resulting rates and provide notice to  
14 retail electric providers of the resulting rates not later than the  
15 45th day before the date the rates take effect.

16 (c) Subsection (b)(1) does not apply to a transmission  
17 cost-of-service adjustment approved under Section 35.004(d) and  
18 charged to distribution service providers.

19 (d) A periodic rate adjustment approved under this section  
20 may not be used to adjust a nonfuel rate relating to the generation  
21 of electricity.

22 (e) Nothing in this section is intended:

23 (1) to conflict with a provision contained in a  
24 financing order issued under Subchapter I of this chapter or  
25 Subchapter G or J, Chapter 39; or

26 (2) to affect the limitation on the commission's  
27 jurisdiction under Section 32.002.

1       (f) The commission shall adopt rules necessary to implement  
2 this section. The rules must provide for:

3               (1) a procedure by which a tariff or rate schedule is  
4 to be reviewed and approved; and

5               (2) minimum filing requirements and discovery  
6 consistent with the expedited procedure described by Subsection  
7 (a)(1).

8       SECTION 2. The Public Utility Commission of Texas shall  
9 adopt rules as necessary to implement Section 36.210, Utilities  
10 Code, as added by this Act, not later than the 120th day after the  
11 effective date of this Act.

12       SECTION 3. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2011.