

By: Phelan, Metcalf, Paddie, Price, Moody,  
et al.

H.B. No. 1397

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of rates for certain non-ERCOT  
3 utilities.

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

5 SECTION 1. Section 36.112(g), Utilities Code, is amended to  
6 read as follows:

7 (g) This section expires September 1, 2031 [~~2023~~].

8 SECTION 2. Section 36.211(f), Utilities Code, is amended to  
9 read as follows:

10 (f) This section expires September 1, 2031 [~~2023~~].

11 SECTION 3. Section 36.212(g), Utilities Code, is amended to  
12 read as follows:

13 (g) This section expires September 1, 2031 [~~2023~~].

14 SECTION 4. Subchapter E, Chapter 36, Utilities Code, is  
15 amended by adding Section 36.213 to read as follows:

16 Sec. 36.213. RECOVERY OF GENERATION INVESTMENT BY NON-ERCOT  
17 UTILITIES. (a) This section applies only to an electric utility  
18 that operates solely outside of ERCOT.

19 (b) To encourage generation investment, an electric utility  
20 may file, and the commission may approve, an application for a rider  
21 to recover the electric utility's reasonable and necessary power  
22 generation investment and costs associated with that investment.

23 (c) To enable full and timely recovery, an application under  
24 Subsection (b) may be filed by the electric utility and approved by

1 the commission before the electric utility places the power  
2 generation investment in service.

3 (d) Any rider approved under Subsection (b) shall take  
4 effect on the date the power generation investment begins providing  
5 service to the electric utility's customers.

6 (e) If a rider approved under Subsection (b) includes  
7 incremental generation investment greater than \$200 million on a  
8 Texas jurisdictional basis, the electric utility that filed the  
9 rider shall initiate a comprehensive base rate proceeding at the  
10 commission not later than eighteen months after the date the rider  
11 takes effect.

12 (f) A rider approved under Subsection (b) shall account for  
13 changes in the number of an electric utility's customers and the  
14 effects, on a weather-normalized basis, that energy consumption and  
15 energy demand have on the amount of revenue recovered through the  
16 electric utility's base rates.

17 (g) The commission shall adopt rules as necessary to  
18 implement this section.

19 SECTION 5. Not later than September 1, 2020, the Public  
20 Utility Commission of Texas shall adopt rules required by Section  
21 36.213(g), Utilities Code, as added by this Act.

22 SECTION 6. This Act takes effect immediately if it receives  
23 a vote of two-thirds of all the members elected to each house, as  
24 provided by Section 39, Article III, Texas Constitution. If this  
25 Act does not receive the vote necessary for immediate effect, this  
26 Act takes effect September 1, 2019.