

SENATE AMENDMENTS

2nd Printing

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.

ADOPTED

MAY 08 2019

Leta Starnes
Secretary of the Senate

By: Nichols

____.B. No. ____

Substitute the following for ____B. No. ____:

By: Nichols *Robert Lee Nichols*

C.S.H.B. No. 1397

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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) An electric utility may file, and the commission may
20 approve, an application for a rider to recover the electric
21 utility's investment in a power generation facility.

22 (c) An application under Subsection (b) may be filed by the
23 electric utility and approved by the commission before the electric
24 utility places the power generation facility in service.

ADOPTED

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

4 (e) Amounts recovered through a rider approved under
5 Subsection (b) are subject to reconciliation in the first
6 comprehensive base rate proceeding for the electric utility that
7 occurs after approval of the rider. During the reconciliation, the
8 commission shall determine if the amounts recovered through the
9 rider are reasonable and necessary.

10 (f) If a rider approved under Subsection (b) includes
11 recovery for a power generation facility that provides greater than
12 \$200 million of Texas jurisdictional generation capacity, the
13 electric utility that filed the rider shall initiate a
14 comprehensive base rate proceeding at the commission not later than
15 18 months after the date the rider takes effect.

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

18 (h) This section expires September 1, 2031.

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.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 8, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1397 by Phelan (Relating to the establishment of rates for certain non-ERCOT utilities.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would authorize an electric utility operating outside of ERCOT to file an application for recovery of generation-related costs through a rate rider.

The Public Utility Commission anticipates that any work resulting from the bill would be absorbed within existing resources.

The bill would take immediate effect if it receives a vote of two-thirds of all members elected to each house. If it does not, it would take effect September 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: WP, SD, CLo, CMa, SGr, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 30, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1397 by Phelan (Relating to the establishment of rates for certain non-ERCOT utilities.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would authorize an electric utility operating outside of ERCOT to file an application for recovery of generation-related costs through a rate rider.

The Public Utility Commission anticipates that any work resulting from the bill would be absorbed within existing resources.

The bill would take immediate effect if it receives a vote of two-thirds of all members elected to each house. If it does not, it would take effect September 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: WP, CLo, CMa, SGr, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 14, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1397 by Phelan (Relating to the establishment of rates for certain non-ERCOT utilities.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would authorize an electric utility operating outside of ERCOT to file an application for recovery of generation-related costs through a rate rider.

The Public Utility Commission anticipates that any work resulting from the bill would be absorbed within existing resources.

The bill would take immediate effect if it receives a vote of two-thirds of all members elected to each house. If it does not, it would take effect September 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: WP, CLo, CMa, SGr, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 22, 2019

TO: Honorable Dade Phelan, Chair, House Committee on State Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1397 by Phelan (relating to the establishment of rates for certain non-ERCOT utilities.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would authorize an electric utility operating outside of ERCOT to file an application for recovery of generation-related costs through a rate rider.

The Public Utility Commission anticipates that any work resulting from the bill would be absorbed within existing resources.

The bill would take immediate effect if it receives a vote of two-thirds of all members elected to each house. If it does not, it would take effect September 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: WP, CMa, SGr, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 12, 2019

TO: Honorable Dade Phelan, Chair, House Committee on State Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1397 by Phelan (Relating to the establishment of rates for certain non-ERCOT utilities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would authorize an electric utility operating outside of ERCOT to file an application for recovery of generation-related costs through a rate rider.

The Public Utility Commission anticipates that any work resulting from the bill would be absorbed within existing resources.

The bill would take immediate effect if it receives a vote of two-thirds of all members elected to each house. If it does not, it would take effect September 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: WP, CMa, SGr, MB