

BILL ANALYSIS

C.S.S.B. 1015
By: King
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Electric utilities are authorized to apply to the Public Utility Commission of Texas for inclusion of a distributed cost recovery factor (DCRF) in their tariffs, which allows the utility to adjust rates to account for changes in distribution invested capital between base rate proceedings on a system-wide basis. A similar process exists for transmission service called transmission cost of service (TCOS), and utilities can use that process up to two times a year, including when a full rate review is in process. The DCRF process needs to be updated to be consistent with the TCOS process to increase efficiency, reduce the time that DCRF reviews take to complete, and eliminate duplicative filings with regulatory authorities. C.S.S.B. 1015 seeks to revise statutory provisions governing the DCRF process to address these efficiency concerns and make the process more consistent with the one used to review and approve the cost recovery of transmission projects, while preserving the ability of affected parties, including municipalities, to participate in the proceedings.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 1015 amends the Utilities Code to revise provisions of the Public Utility Regulatory Act providing for the periodic adjustment of an electric utility's rates through the distribution cost recovery factor (DCRF) process.

With respect to the provision authorizing the Public Utility Commission of Texas (PUC) or a municipal governing body, on the petition of an electric utility, to approve a tariff or rate schedule in which a nonfuel rate may be periodically adjusted upward or downward, based on changes in the parts of the utility's invested capital that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks, C.S.S.B. 1015 removes the authority for a municipal governing body to approve such a tariff or rate schedule and provides for PUC periodic DCRF review and rate adjustment based on changes in the parts of the utility's invested capital that are functionalized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks.

C.S.S.B. 1015 authorizes an electric utility to file a request for a periodic rate adjustment on any day on which the PUC is open for business, except that if the utility has a base rate proceeding

pending, the utility may not file the request before the 185th day after the date the base rate proceeding was initiated. The bill authorizes the utility to revise a request to reflect the final order issued in the base rate proceeding and establishes that the fact that an electric utility has a base rate proceeding pending during a DCRF proceeding does not establish grounds for dismissal of either proceeding.

C.S.S.B. 1015 removes the requirement for the procedure for approval or denial of a period rate adjustment to be expedited and extend for not less than 60 days. Instead, the bill requires the PUC to enter a final order on a request for a periodic rate adjustment not later than the 60th day after the date the request is filed but authorizes the PUC to extend the deadline for not more than 15 days for good cause. The bill also removes the requirement for the procedure for approval or denial to provide for appropriate updates of information.

C.S.S.B. 1015 increases the maximum number of times an electric utility may adjust rates annually from once to twice and removes the cap on the number of rate adjustments that may be made between comprehensive base rate proceedings.

C.S.S.B. 1015 applies only to a proceeding before the PUC or a municipal governing body that commences on or after the bill's effective date. A proceeding that commenced before the bill's effective date is governed by the law in effect on the date the proceeding commenced, and that law is continued in effect for that purpose.

C.S.S.B. 1015 repeals Section 36.210(d-1), Utilities Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1015 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute retains in law the provision establishing that the statutory provisions governing periodic rate adjustments are not intended to limit the jurisdiction of a municipality over the rates, operations, and services of an electric utility, whereas the engrossed removed this provision.

The engrossed and the substitute each authorize an electric utility to file a request for a periodic rate adjustment on any day on which the PUC is open for business. The substitute, however, includes provisions not in the engrossed excluding from this authorization a utility that has a base rate proceeding pending and prohibiting such a utility from filing a rate adjustment request before the 185th day after the date the base rate proceeding was initiated. The substitute includes an additional provision absent from the engrossed authorizing the utility to revise a request to reflect the final order issued in the base rate proceeding.