

AN ACT

relating to periodic rate adjustments by electric utilities.

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

SECTION 1. Section 36.210, Utilities Code, is amended by amending Subsections (a), (d), and (g) and adding Subsections (h) and (i) to read as follows:

(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 parts of the utility's invested capital, as described by Section 36.053, that are categorized or functionalized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks in accordance with commission rules adopted after consideration of the uniform system of accounts prescribed by the Federal Energy Regulatory Commission. A periodic rate adjustment must:

(1) be approved or denied in accordance with a [~~an expedited~~] procedure that [+

~~[(A) provides for appropriate updates of information,~~

~~[(B)]~~ allows for participation by the office and affected parties; [~~and~~

~~[(C) extends for not less than 60 days,~~

1 (2) take into account changes in the number of an
2 electric utility's customers and the effects, on a
3 weather-normalized basis, that energy consumption and energy
4 demand have on the amount of revenue recovered through the electric
5 utility's base rates;

6 (3) be consistent with the manner in which costs for
7 invested capital described by this subsection were allocated to
8 each rate class, as approved by the commission, in an electric
9 utility's most recent base rate statement of intent proceeding with
10 changes to residential and commercial class rates reflected in
11 volumetric charges to the extent that residential and commercial
12 class rates are collected in that manner based on the electric
13 utility's most recent base rate statement of intent proceeding;

14 (4) not diminish the ability of the commission or a
15 regulatory authority, on its own motion or on complaint by an
16 affected person as provided by Subchapter D, after reasonable
17 notice and hearing, to change the existing rates of an electric
18 utility for a service after finding that the rates are unreasonable
19 or in violation of law;

20 (5) be applied by an electric utility on a system-wide
21 basis; and

22 (6) be supported by the sworn statement of an
23 appropriate employee of the electric utility that affirms that:

24 (A) the filing is in compliance with the
25 provisions of the tariff or rate schedule; and

26 (B) the filing is true and correct to the best of
27 the employee's knowledge, information, and belief.

1 (d) An [~~Except as provided by Subsection (d-1), an~~] electric
2 utility may adjust the utility's rates under this section not more
3 than twice [~~once~~] per year [~~and not more than four times between~~
4 ~~comprehensive base rate proceedings~~].

5 (g) The commission shall adopt rules necessary to implement
6 this section. The rules must provide for:

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

9 (2) filing requirements and discovery consistent with
10 [~~the expedited procedure described by~~] Subsection (a) [~~(a)(1)~~];

11 (3) an earnings monitoring report that allows the
12 commission [~~or regulatory authority~~] to reasonably determine
13 whether a utility is earning in excess of the utility's allowed
14 return on investment as normalized for weather;

15 (4) denial of the electric utility's filing if the
16 electric utility is earning more than the utility's authorized rate
17 of return on investment, on a weather-normalized basis, at the time
18 the periodic rate adjustment request is filed; and

19 (5) a mechanism by which the commission may refund
20 customers any amounts determined to be improperly recovered through
21 a periodic rate adjustment, including any interest on the amounts.

22 (h) An electric utility may file a request for a periodic
23 rate adjustment under this section on any day on which the
24 commission is open for business, except that if the utility has a
25 base rate proceeding pending, the utility may not file the request
26 before the 185th day after the date the base rate proceeding was
27 initiated. The electric utility may revise a request to reflect the

1 final order issued in the base rate proceeding. The fact that an
2 electric utility has a base rate proceeding pending during a
3 proceeding conducted under this section does not establish grounds
4 for dismissal of either proceeding.

5 (i) The commission shall enter a final order on a request
6 for a periodic rate adjustment under this section not later than the
7 60th day after the date the request is filed. The commission may
8 extend the deadline for not more than 15 days for good cause.

9 SECTION 2. Section 36.210(d-1), Utilities Code, is
10 repealed.

11 SECTION 3. The changes in law made by this Act apply only to
12 a proceeding before the Public Utility Commission of Texas, or
13 other regulatory authority described by Section 11.003, Utilities
14 Code, that commences on or after the effective date of this Act. A
15 proceeding before the Public Utility Commission of Texas or other
16 regulatory authority described by Section 11.003, Utilities Code,
17 that commenced before the effective date of this Act is governed by
18 the law in effect on the date the proceeding commenced, and that law
19 is continued in effect for that purpose.

20 SECTION 4. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1015 passed the Senate on April 5, 2023, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 25, 2023, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1015 passed the House, with amendment, on May 23, 2023, by the following vote: Yeas 135, Nays 2, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor