

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

By: Metcalf, Raymond, et al.

H.B. No. 2555

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to transmission and distribution system resiliency  
3 planning by and cost recovery for electric utilities.

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

5 SECTION 1. The legislature finds that:

6 (1) extreme weather conditions, including high winds,  
7 lightning, flooding, and freezes, can cause extraordinary damage to  
8 electrical transmission and distribution facilities, resulting in  
9 power outages;

10 (2) it is in the state's interest to promote the use of  
11 resiliency measures to enable electrical transmission and  
12 distribution infrastructure to withstand extreme weather  
13 conditions, including hardening electrical transmission and  
14 distribution facilities, undergrounding certain electrical  
15 distribution lines, lightning mitigation measures, flood  
16 mitigation measures, information technology, cybersecurity  
17 measures, physical security measures, vegetation management, and  
18 wildfire mitigation and response;

19 (3) protecting electrical transmission and  
20 distribution infrastructure from extreme weather conditions can  
21 effectively reduce system restoration costs to and outage times for  
22 customers and improve system resiliency and overall service  
23 reliability for customers;

24 (4) it is in the state's interest for each electric

1 utility to seek to mitigate system restoration costs to and outage  
2 times for customers when developing plans to enhance electrical  
3 transmission and distribution infrastructure storm resiliency; and  
4 (5) all customers benefit from reduced system  
5 restoration costs.

6 SECTION 2. Subchapter D, Chapter 38, Utilities Code, is  
7 amended by adding Section 38.078 to read as follows:

8 Sec. 38.078. TRANSMISSION AND DISTRIBUTION SYSTEM  
9 RESILIENCY PLAN AND COST RECOVERY. (a) In this section, "plan"  
10 means a transmission and distribution system resiliency plan  
11 described by Subsection (b).

12 (b) An electric utility may file, in a manner authorized by  
13 commission rule, a plan to enhance the resiliency of the utility's  
14 transmission and distribution system through at least one of the  
15 following methods:

16 (1) hardening electrical transmission and  
17 distribution facilities;

18 (2) modernizing electrical transmission and  
19 distribution facilities;

20 (3) undergrounding certain electrical distribution  
21 lines;

22 (4) lightning mitigation measures;

23 (5) flood mitigation measures;

24 (6) information technology;

25 (7) cybersecurity measures;

26 (8) physical security measures;

27 (9) vegetation management; or

1           (10) wildfire mitigation and response.

2           (c) A plan must explain the systematic approach the electric  
3 utility will use to carry out the plan during at least a three-year  
4 period.

5           (d) In determining whether to approve a plan filed under  
6 this section, the commission shall consider:

7           (1) the extent to which the plan is expected to enhance  
8 system resiliency, including whether the plan prioritizes areas of  
9 lower performance; and

10           (2) the estimated costs of implementing the measures  
11 proposed in the plan.

12           (e) The commission shall issue an order to approve, modify,  
13 or deny a plan filed under Subsection (b) and any associated rider  
14 described by Subsection (i) not later than the 180th day after the  
15 plan is filed with the commission. The commission may not approve a  
16 plan if the commission determines that approving the plan is not in  
17 the public interest.

18           (f) For a plan approved by the commission, with or without  
19 modification, an electric utility may request a good cause  
20 exception on implementing all or some of the measures or incurring  
21 all or some of the estimated costs in the plan if operational needs,  
22 business needs, financial conditions, or supply chain or labor  
23 conditions dictate the exception. The commission's denial of a  
24 plan is not considered to be a finding of the prudence or imprudence  
25 of a measure or cost in the plan for the purposes of Chapter 36 or  
26 this chapter.

27           (g) An electric utility for which the commission has

1 approved a plan under this section may request that the commission  
2 review an updated plan submitted by the electric utility. The  
3 updated plan must comply with any applicable commission rules and  
4 take effect on a date that is not earlier than the third anniversary  
5 of the approval date of the utility's most recently approved plan.  
6 The commission shall review and approve, modify, or deny the  
7 updated plan in the manner provided by Subsections (d), (e), and  
8 (f).

9 (h) An electric utility's implementation of a plan approved  
10 under this section may not be considered imprudent for the purposes  
11 of Chapter 36 or this chapter. If the commission determines that  
12 the costs to implement an approved plan were prudently incurred and  
13 otherwise reasonable, those costs are not subject to disallowance  
14 for exceeding the estimates in the plan.

15 (i) Notwithstanding any other law, an electric utility may  
16 file with a plan an application for a rider to recover all or a  
17 portion of the estimated costs relating to the electric utility's  
18 implementation of the plan, other than transmission-related costs.  
19 If the commission approves the plan, the commission shall determine  
20 the appropriate terms of the rider in the approval order. A rider  
21 approved under this subsection must allow the electric utility to  
22 begin recovering the levelized cost of implementing the approved  
23 plan, other than transmission-related costs, at the time the plan  
24 is first implemented. The commission shall adopt a procedure for  
25 reconciliation of an electric utility's distribution-related  
26 expenses to implement an approved plan.

27 (j) As part of a review described by Subsection (g), the

1 commission shall reconcile the rider authorized under Subsection  
2 (i) to determine the electric utility's reasonably and prudently  
3 incurred plan costs.

4 (k) If an electric utility that files a plan with the  
5 commission does not apply for a rider under Subsection (i), the  
6 utility may defer all or a portion of the distribution-related  
7 costs relating to the implementation of the plan for future  
8 recovery as a regulatory asset, including depreciation expense and  
9 carrying costs at the utility's weighted average cost of capital  
10 established in the commission's final order in the utility's most  
11 recent base rate proceeding, and use commission authorized cost  
12 recovery alternatives under Sections 36.209 and 36.210 or another  
13 general rate proceeding.

14 (l) Plan costs considered by the commission to be reasonable  
15 and prudent may include only incremental costs that are not already  
16 being recovered through the electric utility's base rates or any  
17 other rate rider and must be allocated to customer classes pursuant  
18 to the rate design most recently approved by the commission. If a  
19 capital investment is recoverable as a plan cost, the electric  
20 utility may recover all reasonable and prudent costs associated  
21 with the investment, including the annual depreciation expense  
22 related to the investment calculated at the utility's currently  
23 approved depreciation rates, the after-tax return on the  
24 undepreciated balance of the investment calculated using the rate  
25 of return approved by the commission in the utility's last  
26 comprehensive base rate proceeding, and federal income tax and  
27 other taxes related to the investment.

1           SECTION 3. The Public Utility Commission of Texas shall  
2 adopt rules to implement Section 38.078, Utilities Code, as added  
3 by this Act, not later than the 180th day after the effective date  
4 of this Act.

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

**ADOPTED**

MAY 17 2023

By: C. Johnson

Lacey Spaw  
Secretary of the Senate

H.B. No. 2555

Substitute the following for H.B. No. 2555:

By: C. Johnson

C.S. H.B. No. 2555

A BILL TO BE ENTITLED

AN ACT

relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.

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

SECTION 1. The legislature finds that:

(1) extreme weather conditions, including high winds, lightning, flooding, and freezes, can cause extraordinary damage to electrical transmission and distribution facilities, resulting in power outages;

(2) it is in the state's interest to promote the use of resiliency measures to enable electrical transmission and distribution infrastructure to withstand extreme weather conditions, including hardening electrical transmission and distribution facilities, undergrounding certain electrical distribution lines, lightning mitigation measures, flood mitigation measures, information technology, cybersecurity measures, physical security measures, vegetation management, and wildfire mitigation and response;

(3) protecting electrical transmission and distribution infrastructure from extreme weather conditions can effectively reduce system restoration costs to and outage times for customers and improve system resiliency and overall service reliability for customers;

(4) it is in the state's interest for each electric

1 utility to seek to mitigate system restoration costs to and outage  
2 times for customers when developing plans to enhance electrical  
3 transmission and distribution infrastructure storm resiliency; and  
4 (5) all customers benefit from reduced system  
5 restoration costs.

6 SECTION 2. Subchapter D, Chapter 38, Utilities Code, is  
7 amended by adding Section 38.078 to read as follows:

8 Sec. 38.078. TRANSMISSION AND DISTRIBUTION SYSTEM  
9 RESILIENCY PLAN AND COST RECOVERY. (a) In this section, "plan"  
10 means a transmission and distribution system resiliency plan  
11 described by Subsection (b).

12 (b) An electric utility may file, in a manner authorized by  
13 commission rule, a plan to enhance the resiliency of the utility's  
14 transmission and distribution system through at least one of the  
15 following methods:

16 (1) hardening electrical transmission and  
17 distribution facilities;

18 (2) modernizing electrical transmission and  
19 distribution facilities;

20 (3) undergrounding certain electrical distribution  
21 lines;

22 (4) lightning mitigation measures;

23 (5) flood mitigation measures;

24 (6) information technology;

25 (7) cybersecurity measures;

26 (8) physical security measures;

27 (9) vegetation management; or



1           (10) wildfire mitigation and response.

2           (c) A plan must explain the systematic approach the electric  
3 utility will use to carry out the plan during at least a three-year  
4 period.

5           (d) In determining whether to approve a plan filed under  
6 this section, the commission shall consider:

7           (1) the extent to which the plan is expected to enhance  
8 system resiliency, including whether the plan prioritizes areas of  
9 lower performance; and

10           (2) the estimated costs of implementing the measures  
11 proposed in the plan.

12           (e) The commission shall issue an order to approve, modify,  
13 or deny a plan filed under Subsection (b) and any associated rider  
14 described by Subsection (i) not later than the 180th day after the  
15 plan is filed with the commission. The commission may approve a  
16 plan only if the commission determines that approving the plan is  
17 necessary for the service, accommodation, convenience, or safety of  
18 the public.

19           (f) For a plan approved by the commission, with or without  
20 modification, an electric utility may request a good cause  
21 exception on implementing all or some of the measures in the plan if  
22 operational needs, business needs, financial conditions, or supply  
23 chain or labor conditions dictate the exception. The commission's  
24 denial of a plan is not considered to be a finding of the prudence or  
25 imprudence of a measure or cost in the plan for the purposes of  
26 Chapter 36 or this chapter.

27           (g) An electric utility for which the commission has

1 approved a plan under this section may request that the commission  
2 review an updated plan submitted by the electric utility. The  
3 updated plan must comply with any applicable commission rules and  
4 take effect on a date that is not earlier than the third anniversary  
5 of the approval date of the utility's most recently approved plan.  
6 The commission shall review and approve, modify, or deny the  
7 updated plan in the manner provided by Subsections (d), (e), and  
8 (f).

9 (h) An electric utility's implementation of a plan approved  
10 under this section may be reviewed for the purposes of Chapter 36 or  
11 this chapter. If the commission determines that the costs to  
12 implement an approved plan were imprudently incurred or otherwise  
13 unreasonable, those costs are subject to disallowance.

14 (i) Notwithstanding any other law, an electric utility may  
15 file with a plan an application for a rider to recover the electric  
16 utility's distribution investment that is made to implement a plan  
17 and is used and useful to the electric utility in providing service  
18 to the public. The electric utility may file the application before  
19 the electric utility places into service the distribution  
20 investment to implement an approved plan. The commission may  
21 approve the rider application before the electric utility places  
22 into service the distribution investment to implement an approved  
23 plan. An approved rider may take effect only on the date that the  
24 distribution investment begins providing service to the public.  
25 If the commission approves or modifies the plan, the commission  
26 shall determine the appropriate terms of the rider in the approval  
27 order. The commission shall adopt a procedure for reconciliation of

1 an electric utility's distribution-related expenses to implement  
2 an approved plan.

3 (j) As part of a review described by Subsection (g), the  
4 commission shall reconcile the rider authorized under Subsection  
5 (i) to determine the electric utility's reasonably and prudently  
6 incurred plan costs.

7 (k) If an electric utility that files a plan with the  
8 commission does not apply for a rider under Subsection (i), after  
9 commission review, the utility may defer all or a portion of the  
10 distribution-related costs relating to the implementation of the  
11 plan for future recovery as a regulatory asset, including  
12 depreciation expense and carrying costs at the utility's weighted  
13 average cost of capital established in the commission's final order  
14 in the utility's most recent base rate proceeding in a manner  
15 consistent with Chapter 36, and use commission authorized cost  
16 recovery alternatives under Sections 36.209 and 36.210 or another  
17 general rate proceeding.

18 (l) Plan costs considered by the commission to be reasonable  
19 and prudent may include only incremental costs that are not already  
20 being recovered through the electric utility's base rates or any  
21 other rate rider and must be allocated to customer classes pursuant  
22 to the rate design most recently approved by the commission.

23 SECTION 3. The Public Utility Commission of Texas shall  
24 adopt rules to implement Section 38.078, Utilities Code, as added  
25 by this Act, not later than the 180th day after the effective date  
26 of this Act.

27 SECTION 4. This Act takes effect immediately if it receives

1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2023.

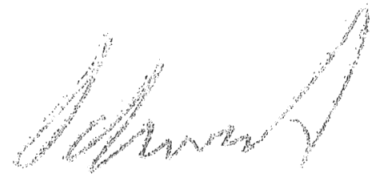
**ADOPTED**

**MAY 17 2023**

FLOOR AMENDMENT NO. \_\_\_\_\_

*Patry Law*  
Secretary of the Senate

BY: \_\_\_\_\_



1 Amend C.S.H.B. No. 2555 (senate committee printing) in  
2 SECTION 2 of the bill as follows:

3 (1) In added Section 38.078(e), Utilities Code (page 2,  
4 lines 30-31), strike "necessary for the service, accommodation,  
5 convenience, or safety of the public" and substitute "in the public  
6 interest".

7 (2) In added Section 38.078(i), Utilities Code (page 2,  
8 lines 63-64), strike "An approved rider may take effect only on the  
9 date that the distribution investment begins providing service to  
10 the public." and substitute "The commission may not approve a rider  
11 that would allow an electric utility to begin recovering the  
12 distribution investment before the utility begins to use the  
13 investment to provide service to the public.".

14 (3) In added Section 38.078(i), Utilities Code (page 2, line  
15 68), strike "expenses" and substitute "costs".

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 18, 2023**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2555** by Metcalf (Relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2555, As Passed 2nd House : a negative impact of (\$859,712) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$429,856)
2025	(\$429,856)
2026	(\$429,856)
2027	(\$429,856)
2028	(\$429,856)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$429,856)	4.0
2025	(\$429,856)	4.0
2026	(\$429,856)	4.0
2027	(\$429,856)	4.0
2028	(\$429,856)	4.0

**Fiscal Analysis**

The bill would amend the Subchapter D, Chapter 38 of the Utilities Code to enable an electric utility provider to present a resiliency plan to the Public Utility Commission (PUC) that would include an estimated cost and implementation explanation over a three-year period. The bill would require the PUC to approve, approve with modification, or deny the plan after its review. The bill would allow the electric utility provider to file an application to recover some or all of the costs for implementing the plan that can include capital investments and annual depreciation estimates through a rate adjustment. The bill would take effect immediately upon a vote of two-thirds of all members within both chambers; otherwise, the bill would take effect on September 1, 2023.

## **Methodology**

Based on the analysis of the PUC, this estimate assumes that the agency would require an additional 4.0 full time equivalent positions to implement the provisions of the bill. This includes an additional two Engineer III positions (\$75,000 with \$22,748 in benefits each) to review the resiliency plans submitted by electric utility providers and to support rulemaking, a Financial Examiner V (\$80,000 with \$24,264 in benefits) to manage cost recovery efforts and rate implications, and one Attorney III (\$90,000 with \$27,297 in benefits) to support agency rulemaking and an anticipated increase in proceedings. In addition, the agency would require \$10,000 each fiscal year for operational expenses and \$4,800 each fiscal year for payroll contribution costs.

## **Technology**

This estimate assumes \$8,000 each fiscal year in information technology costs.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, CMA, JBel, SZ, SMAT, GDZ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 12, 2023**

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2555** by Metcalf (relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2555, Committee Report 2nd House, Substituted : a negative impact of (\$859,712) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$429,856)
2025	(\$429,856)
2026	(\$429,856)
2027	(\$429,856)
2028	(\$429,856)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2023</b>
2024	(\$429,856)	4.0
2025	(\$429,856)	4.0
2026	(\$429,856)	4.0
2027	(\$429,856)	4.0
2028	(\$429,856)	4.0

**Fiscal Analysis**

The bill would amend the Subchapter D, Chapter 38 of the Utilities Code to enable an electric utility provider to present a resiliency plan to the Public Utility Commission (PUC) that would include an estimated cost and implementation explanation over a three-year period. The bill requires the PUC to approve, approve with modification, or deny the plan after its review. The bill would allow the electric utility provider to file an application to recover some or all of the costs for implementing the plan that can include capital investments and annual depreciation estimates through a rate adjustment. The bill would take effect immediately upon a vote of two-thirds of all members within both chambers; otherwise, the bill will take effect on September 1, 2023.



**Methodology**

Based on the analysis of the PUC, this estimate assumes that the agency would require an additional 4.0 full time equivalent positions to implement the provisions of the bill. This includes an additional two Engineer III positions (\$75,000 with \$22,748 in benefits each) to review the resiliency plans submitted by electric utility providers and to support rulemaking, a Financial Examiner V (\$80,000 with \$24,264 in benefits) to manage cost recovery efforts and rate implications, and one Attorney III (\$90,000 with \$27,297 in benefits) to support agency rulemaking and an anticipated increase in proceedings. In addition, the agency would require \$10,000 each fiscal year for operational expenses and \$4,800 each fiscal year for payroll contribution costs.

**Technology**

This estimate assumes \$8,000 each fiscal year in information technology costs.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, SZ, JBel, SMAT, GDZ

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 11, 2023**

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2555** by Metcalf (Relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2555, As Engrossed : a negative impact of (\$859,712) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$429,856)
2025	(\$429,856)
2026	(\$429,856)
2027	(\$429,856)
2028	(\$429,856)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$429,856)	4.0
2025	(\$429,856)	4.0
2026	(\$429,856)	4.0
2027	(\$429,856)	4.0
2028	(\$429,856)	4.0

**Fiscal Analysis**

The bill would amend the Subchapter D, Chapter 38 of the Utilities Code to enable an electric utility provider to present a resiliency plan to the Public Utility Commission (PUC) that would include an estimated cost and implementation explanation over a three-year period. The bill requires the PUC to approve, approve with modification, or deny the plan after its review. The bill would allow the electric utility provider to file an application to recover some or all of the costs for implementing the plan that can include capital investments and annual depreciation estimates through a rate adjustment. The bill would take effect immediately upon a vote of two-thirds of all members within both chambers; otherwise, the bill will take effect on September 1, 2023.

## **Methodology**

Based on the analysis of the PUC, this estimate assumes that the agency would require an additional 4.0 full time equivalent positions to implement the provisions of the bill. This includes an additional two Engineer III positions (\$75,000 with \$22,748 in benefits each) to review the resiliency plans submitted by electric utility providers and to support rulemaking, a Financial Examiner V (\$80,000 with \$24,264 in benefits) to manage cost recovery efforts and rate implications, and one Attorney III (\$90,000 with \$27,297 in benefits) to support agency rulemaking and an anticipated increase in proceedings. In addition, the agency would require \$10,000 each fiscal year for operational expenses and \$4,800 each fiscal year for payroll contribution costs.

## **Technology**

This estimate assumes \$8,000 each fiscal year in information technology costs.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, SZ, JBel, SMAT, GDZ

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 18, 2023**

**TO:** Honorable Todd Hunter, Chair, House Committee on State Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2555** by Metcalf (relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2555, Committee Report 1st House, Substituted : a negative impact of (\$1,048,274) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$524,137)
2025	(\$524,137)
2026	(\$524,137)
2027	(\$524,137)
2028	(\$524,137)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2023</b>
2024	(\$524,137)	5.0
2025	(\$524,137)	5.0
2026	(\$524,137)	5.0
2027	(\$524,137)	5.0
2028	(\$524,137)	5.0

**Fiscal Analysis**

The bill would amend the Subchapter D, Chapter 38 of the Utilities Code to enable an electric utility provider to present a resiliency plan to the Public Utility Commission (PUC) that would include an estimated cost and implementation explanation over a three-year period. The bill requires the PUC to approve, approve with modification, or deny the plan after its review. The bill would allow the electric utility provider to file an application to recover some or all of the costs for implementing the plan that can include capital investments and annual depreciation estimates through a rate adjustment. The bill would take effect immediately upon a vote of two-thirds of all members within both chambers; otherwise, the bill will take effect on September 1, 2023.

## **Methodology**

Based on the analysis of the PUC, this estimate assumes that the agency would require an additional 5.0 full time equivalent positions to implement the provisions of the bill. This includes an additional two Engineer III positions (\$75,000 with \$22,748 in benefits each) to review the resiliency plans submitted by electric utility providers and to support rulemaking, a Financial Examiner IV (\$70,000 with \$21,231 in benefits) and Financial Examiner V (\$80,000 with \$24,264 in benefits) to manage cost recovery efforts and rate implications, and one Attorney III (\$90,000 with \$27,297 in benefits) to support agency rulemaking and an anticipated increase in proceedings. In addition, the agency would require \$10,000 each fiscal year for operational expenses and \$5,850 each fiscal year for payroll contribution costs.

## **Technology**

This estimate assumes \$10,000 each fiscal year in information technology costs.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, SMAT, JBel, GDZ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 4, 2023**

**TO:** Honorable Todd Hunter, Chair, House Committee on State Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2555** by Metcalf (Relating to transmission and distribution system resiliency planning by and cost recovery for electric utilities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2555, As Introduced : a negative impact of (\$1,048,274) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$524,137)
2025	(\$524,137)
2026	(\$524,137)
2027	(\$524,137)
2028	(\$524,137)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$524,137)	5.0
2025	(\$524,137)	5.0
2026	(\$524,137)	5.0
2027	(\$524,137)	5.0
2028	(\$524,137)	5.0

**Fiscal Analysis**

The bill would amend the Utilities Code to enable an electric utility provider to present a resiliency plan to the Public Utility Commission (PUC) that would include an estimated cost and implementation explanation over a three-year period. The bill requires the PUC to approve, approve with modification, or deny the plan after its review. The bill would allow the electric utility provider to file an application to recover some or all of the costs for implementing the plan that can include capital investments and annual depreciation estimates through a rate adjustment. The bill would take effect immediately upon a vote of two-thirds of all members within both chambers; otherwise, the bill will take effect on September 1, 2023.

## **Methodology**

Based on the analysis of the PUC, this estimate assumes that the agency would require an additional 5.0 full time equivalent positions to implement the provisions of the bill. This includes an additional two Engineer III positions (\$75,000 with \$22,748 in benefits each) to review the resiliency plans submitted by electric utility providers and to support rulemaking, a Financial Examiner IV (\$70,000 with \$21,231 in benefits) and Financial Examiner V (\$80,000 with \$24,264 in benefits) to manage cost recovery efforts and rate implications, and one Attorney III (\$90,000 with \$27,297 in benefits) to support agency rulemaking and an anticipated increase in proceedings. In addition, the agency would require \$10,000 each fiscal year for operational expenses and \$5,850 each fiscal year for payroll contribution costs.

## **Technology**

This estimate assumes \$10,000 each fiscal year in information technology costs.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

**LBB Staff:** JMc, SMAT, GDZ