**BILL ANALYSIS**

|  |  |
| --- | --- |
| Senate Research Center | S.B. 1789 |
|  | By: Schwertner |
|  | Business & Commerce |
|  | 6/10/2025 |
|  | Enrolled |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Regular inspection and maintenance of the poles and wires that support Texas' vast transmission and distribution system is essential to ensuring overall grid resiliency. Identifying and addressing vulnerabilities early can help mitigate damage from severe weather events, and more importantly, helps protect Texas homes and businesses.

However, Texas currently lacks basic standards for pole inspections, repairs, reinforcements, or replacements. S.B. 1789 addresses this gap by authorizing the Public Utility Commission of Texas (PUC) to establish standards for the structural integrity of transmission and distribution poles. The bill requires electric utilities to report annually on pole maintenance and repair efforts. Finally, S.B. 1789 allows the PUC to take action when a utility fails to adequately address degraded infrastructure.

(Original Author's/Sponsor's Statement of Intent)

S.B. 1789 amends current law relating to electric service quality and reliability and provides an administrative penalty.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 3 (Section 38.006, Utilities Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 36.402, Utilities Code, by adding Subsection (b-1), as follows:

(b-1) Authorizes the Public Utility Commission of Texas (PUC), notwithstanding Subsection (b) (relating to requiring that system restoration costs include carrying costs at the elective utility's weighted average cost of capital), if an electric utility fails to comply with the standards required by Section 38.006 and the utility's system is damaged by a weather-related event or natural disaster, at the utility's next rate proceeding, to reduce the utility's return on equity for infrastructure used or installed to repair or replace the damaged portion of the system.

SECTION 2. Amends Section 38.005(b), Utilities Code, as follows:

(b) Authorizes the PUC to take appropriate enforcement action under Section 38.005 (Electric Service Reliability Measures), including action against a utility, if any of the utility's feeders with 10 or more customers has had a SAIDI or SAIFI average that is more than 200, rather than 300, percent greater than the system average of all feeders during any two-year period, rather than any two-year period beginning in the year 2000. Requires the PUC, in determining the appropriate enforcement action, to consider certain factors, including the duration of each interruption in the feeder's service. Makes nonsubstantive changes.

SECTION 3. Amends Subchapter A, Chapter 38, Utilities Code, by adding Section 38.006, as follows:

Sec. 38.006. STRUCTURAL INTEGRITY STANDARDS FOR TRANSMISSION AND DISTRIBUTION POLES. (a) Provides that this section applies only to an electric utility, municipally owned utility, or electric cooperative that operates transmission or distribution assets.

(b) Requires the PUC by rule to adopt standards for the structural integrity of transmission and distribution poles.

(c) Requires that the standards adopted under this section:

(1) require an electric utility to:

(A) inspect, maintain, remediate, and replace transmission and distribution poles as necessary on a timeline established by the PUC; and

(B) maintain records of the actions described by Paragraph (A);

(2) account for geographic and weather characteristics of this state;

(3) consider national guidelines such as the National Electrical Safety Code and guidelines developed by the Rural Utilities Service of the United States Department of Agriculture;

(4) establish a classification system to assess the serviceability of transmission and distribution poles that accounts for pole maintenance and extending the service life of transmission and distribution poles; and

(5) consider the characteristics of electric utility, municipally owned utility, and electric cooperative transmission and distribution systems throughout this state.

(d) Requires the governing body of a municipally owned utility or an electric cooperative to adopt for the utility or cooperative, as applicable, the standards adopted by the PUC under Subsection (b). Requires the governing body of each municipally owned utility and electric cooperative, if the PUC revises the standards adopted under Subsection (b), to adopt the revised standards not later than the 120th day after the effective date of the PUC's revised standards.

(e) Requires each electric utility, municipally owned utility, and electric cooperative, not later than May 1 of each year, to submit to the PUC a report on the implementation of the utility's or cooperative's transmission and distribution pole maintenance schedule, the results of the utility's or cooperative's inspection of transmission and distribution poles, including the number of poles inspected and any remediation or replacement action taken, and any other information the PUC requires.

(f) Requires a municipally owned utility or electric cooperative to include with the first report required under Subsection (e) after the utility or cooperative adopts initial or revised standards under Subsection (d) an attestation from the utility's or cooperative's highest-ranking representative, official, or officer with binding authority over the utility or cooperative stating that the utility or cooperative has adopted standards in compliance with this section.

(g) Authorizes the PUC to impose an administrative penalty under Section 15.023 (Administrative Penalty, Disgorgement Order, or Mitigation Plan) against a municipally owned utility or electric cooperative for a violation of this section or a rule adopted under this section.

SECTION 4. Amends the heading to Subchapter E, Chapter 38, Utilities Code, to read as follows:

SUBCHAPTER E. INFRASTRUCTURE IMPROVEMENT AND MAINTENANCE

SECTION 5. Amends Section 38.101(a), Utilities Code, to delete existing text requiring each electric utility, not later than May 1 of each year, to submit to the PUC a report describing the utility's activities related to inspecting distribution poles, and to make nonsubstantive changes.

SECTION 6. (a) Makes application of Section 38.005, Utilities Code, as amended by this Act, prospective.

(b) Requires the PUC, in adopting rules under Section 38.006, Utilities Code, as added by this Act, to allow an electric utility to complete any required inspection, remediation, or replacement of transmission and distribution poles installed before the effective date of the rules according to a reasonable timeline approved by the PUC that allows the utility or cooperative to prioritize high-risk transmission and distribution poles.

(c) Requires a municipally owned utility or an electric cooperative operating on the effective date of the initial standards adopted by the PUC under Section 38.006(b), Utilities Code, as added by this Act, to adopt the standards as required by Section 38.006(d), Utilities Code, as added by this Act, not later than the 120th day after the date the PUC adopts the standards required by Section 38.006(b), Utilities Code, as added by this Act.

SECTION 7. Effective date: September 1, 2025.