

BILL ANALYSIS

Senate Research Center
89R12076 ANG-F

H.B. 4668
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Business & Commerce
5/19/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

On September 1, 2023, a statute expired that had authorized the Public Utility Commission (PUC) to retain outside experts to represent the agency in a proceeding before a regional transmission organization or before a court reviewing proceedings of a regional transmission organization. The expiration of this authority was not timely identified.

H.B. 4668 would reinstate Utilities Code Section 39.004 to ensure the PUC has the resources it needs to effectively represent Texas' interests in complex regional matters while maintaining transparency and protecting consumers from excessive charges.

Specifically, H.B. 4668 would authorize the PUC to retain any necessary consultant, accountant, auditor, engineer, or attorney to represent the PUC in a proceeding before a regional transmission organization, or before a court reviewing a proceeding of such an organization, in matters involving an electric utility's interactions with certain regional grid operators, agreements concerning coordination of the operations of a utility and its affiliates, or other issues that may impact rates paid by retail customers in Texas.

H.B. 4668 would restore the statute describing the purposes for which the PUC may retain assistance. The bill also reinstates the provisions requiring an electric utility that was the subject of the proceeding to pay reasonable service costs in a timely manner, as determined by the PUC, up to a maximum of \$1.5 million per year. The PUC would be required to allow the electric utility to recover its approved costs and carrying charges through a rider established annually, based on amounts incurred in the prior year, with the rider being reviewed and approved by the PUC.

H.B. 4668 also restores the statute requiring the PUC to consult the attorney general before hiring certain experts and obtain the attorney general's approval to retain an attorney. The PUC could not engage any individual required to register as a lobbyist with the Texas Ethics Commission.

H.B. 4668 amends current law relating to the authority of the Public Utility Commission of Texas to retain assistance for regional proceedings affecting certain electric utilities and consumers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 39, Utilities Code, by adding Section 39.004, as follows:

Sec. 39.004. **HIRING ASSISTANCE FOR REGIONAL PROCEEDINGS.** (a) Authorizes the Public Utility Commission of Texas (PUC) to retain any consultant, accountant, auditor, engineer, or attorney the PUC considers necessary to represent the PUC in a proceeding before a regional transmission organization, or before a court reviewing

proceedings of a regional transmission organization, related to certain matters related to an electric utility.

(b) Authorizes assistance for which a consultant, accountant, auditor, engineer, or attorney may be retained under Subsection (a) to include conducting a study, conducting an investigation, presenting evidence, advising the PUC, or representing the PUC.

(c) Requires the electric utility that is the subject of the proceeding to pay timely the reasonable costs of the services of a person retained under Subsection (a), as determined by the PUC. Prohibits the costs an electric utility is required to pay under this subsection from exceeding \$1.5 million in a 12-month period.

(d) Requires the PUC to allow an electric utility to recover both the total costs the electric utility paid under Subsection (c) and the carrying charges for those costs through a rider established annually to recover the costs paid and carrying charges incurred during the preceding calendar year. Prohibits the rider from being implemented before the rider is reviewed and approved by the PUC.

(e) Requires the PUC to consult the attorney general before the PUC retains a consultant, accountant, auditor, or engineer under Subsection (a). Provides that the retention of an attorney under Subsection (a) is subject to the approval of the attorney general under Section 402.0212 (Provision of Legal Services--Outside Counsel), Government Code.

(f) Requires the PUC to be precluded from engaging any individual who is required to register under Section 305.003 (Persons Required to Register), Government Code.

(g) Provides that, notwithstanding Sections 39.402(a) (relating to requiring the rates of the utility to be regulated under traditional cost of service regulation and the utility is subject to all applicable regulatory authority), 39.452(d) (relating to providing that until the date on which an electric utility subject to Subchapter J (Transition to Competition in Certain Non-ERCOT Areas) implements customer choice the provisions of Chapter 39 (Restructuring of Electric Utility Industry) do not apply to certain entities or provisions and the electric utility is not subject to a rate freeze and is authorized to file for rate changes), and 39.502(b) (relating to providing that until the date on which an electric utility subject to this subchapter implements customer choice, the certain provisions do not apply to that utility), this section applies to an electric utility to which Subchapter I (Provisions for Certain Non-ERCOT Utilities), J, or K (Transition to Competition for Certain Areas Outside of ERCOT) applies.

SECTION 2. Effective date: upon passage or September 1, 2025.