

BILL ANALYSIS

C.S.S.B. 1789
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that regular inspection and maintenance of the poles and wires that support the state's vast transmission and distribution system is essential to ensuring overall grid resiliency, and that proactively identifying and addressing vulnerabilities can help mitigate damage from severe weather events and protect Texas homes and businesses. However, the bill sponsor has further informed the committee that Texas currently lacks basic standards for pole inspections, repairs, reinforcements, or replacements. C.S.S.B. 1789 seeks to address this gap by requiring the Public Utility Commission of Texas (PUC) to establish standards for the structural integrity of transmission and distribution poles, by requiring electric utilities, municipally owned utilities, and electric cooperatives to report annually on pole maintenance and repair efforts, and by authorizing the PUC to take certain action when an electric utility fails to comply with the standards and the utility's system is damaged by a weather-related event or natural disaster.

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 rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 3 of this bill.

ANALYSIS

C.S.S.B. 1789 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) by rule to adopt standards for the structural integrity of transmission and distribution poles, and to require those standards to do the following:

- require an electric utility, municipally owned utility, or electric cooperative that operates transmission or distribution assets to inspect, maintain, remediate, and replace transmission and distribution poles as necessary on a timeline established by the PUC and to maintain records of those actions;
- account for geographic and weather characteristics of Texas;
- 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;
- 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
- consider the characteristics of electric utility, municipally owned utility, and electric cooperative transmission and distribution systems throughout Texas.

The bill requires the PUC, in adopting such rules, to allow an electric utility, electric cooperative, or municipally owned utility to complete any required inspection, remediation, or replacement

of transmission and distribution poles installed before the rules' effective date according to a reasonable timeline approved by the PUC that allows the utility or cooperative to prioritize high-risk transmission and distribution poles.

C.S.S.B. 1789 requires each electric utility, municipally owned utility, and electric cooperative that operates transmission or distribution assets, not later than May 1 of each year, to submit to the PUC a report on the following:

- 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.

The bill authorizes such a utility or cooperative to implement an appropriate program to provide for the inspection, maintenance, remediation, and replacement of the utility's or cooperative's transmission and distribution poles. The bill requires that program to ensure compliance with the structural integrity standards adopted under the bill.

C.S.S.B. 1789 authorizes the PUC, if an electric utility fails to comply with the structural integrity standards adopted under the bill and the utility's system is damaged by a weather-related event or natural disaster, to reduce the utility's return on equity for infrastructure used or installed to repair or replace the damaged portion of the system at the utility's next rate proceeding.

C.S.S.B. 1789 revises provisions authorizing the PUC to take appropriate enforcement action if any of an electric utility's or transmission and distribution utility's feeders with 10 or more customers has had a system-average interruption duration index (SAIDI) or system-average interruption frequency index (SAIFI) average that is more than 300 percent greater than the system average of all feeders during any two-year period by doing the following:

- lowering that threshold percentage to 200 percent greater than the system average of all feeders during any two-year period; and
- requiring the PUC, in determining the appropriate enforcement action, to consider the duration of each interruption in the feeder's service.

These provisions apply only to an enforcement action initiated by the PUC on or after the bill's effective date. An enforcement action initiated before the bill's effective date is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

C.S.S.B. 1789 removes from the required infrastructure improvement and maintenance report submitted by each electric utility to the PUC not later than May 1 of each year the utility's activities related to inspecting distribution poles.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1789 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 omits the following provisions in the engrossed that established the following:

- the bill's provisions relating to the structural integrity standards for transmission and distribution poles do not expand the PUC's jurisdiction over an electric cooperative

beyond the jurisdiction previously granted under statutory provisions governing such cooperatives; and

- a report submitted under those bill provisions is considered a report to ensure public safety for purposes of the statutory restrictions on the PUC's authority to require reports of an electric cooperative's operations.