

BILL ANALYSIS

S.B. 1963
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State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Storm activity continues to create significant costs for utilities, particularly as Texas continues to add residents, businesses, and corresponding utility infrastructure. The bill sponsor has informed the committee that each storm is a one-time event that results in calculable costs, making it appropriate to securitize those costs at as low a rate as possible, and that securitization benefits consumers by reducing the costs of borrowing needed funds, while providing the necessary cash flow for storm recovery. S.B. 1963 seeks to further secure consumer savings while enhancing the financial health of the utility by providing for the lower-cost financing mechanism of securitization for ERCOT utilities to be treated in the same manner as is currently authorized for utilities operating outside of ERCOT.

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

ANALYSIS

S.B. 1963 amends the Utilities Code to remove language limiting the electric utilities to which a lower-cost financing mechanism allowing such utilities to obtain recovery of system restoration costs associated with a weather-related event or other natural disaster is available to those operating solely outside of ERCOT. The bill authorizes an electric utility to apply for securitization and the issuance of system restoration bonds under provisions relating to that lower-cost financing mechanism for estimated and actual system restoration costs of \$50 million or more in any calendar year.

S.B. 1963 authorizes an electric utility to file an application with the Public Utility Commission of Texas (PUC) under provisions relating to the lower-cost financing mechanism for the following purposes:

- a determination of the amount of estimated and actual system restoration costs eligible for recovery and securitization; and
- a financing order that authorizes the securitization of estimated and actual system restoration costs, the issuance of system restoration bonds, and the creation of system restoration charges for the recovery of qualified costs.

The bill requires the PUC to issue an order that makes such a determination and a financing order providing such authorizations not later than the 150th day after the date the application is filed. With respect to such an application, the estimated system restoration costs must be subject

to true-up and reconciliation and system restoration charges must be adjusted after the actual system restoration costs are known.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.