

By: Darby

H.B. No. 3157

A BILL TO BE ENTITLED

AN ACT

relating to interim rates charged by electric utilities during a rate suspension period.

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

SECTION 1. Section 36.062, Utilities Code, is amended to read as follows:

Sec. 36.062. CONSIDERATION OF CERTAIN EXPENSES. The regulatory authority may not consider for ratemaking purposes:

(1) an expenditure for legislative advocacy, made directly or indirectly, including legislative advocacy expenses included in trade association dues;

(2) a payment made to cover costs of an accident, equipment failure, or negligence at a utility facility owned by a person or governmental entity not selling power in this state, other than a payment made under an insurance or risk-sharing arrangement executed before the date of loss;

(3) an expenditure for costs of processing a refund or credit under Section 36.1091 or 36.110, as applicable; or

(4) any other expenditure, including an executive salary, advertising expense, legal expense, or civil penalty or fine, the regulatory authority finds to be unreasonable, unnecessary, or not in the public interest.

SECTION 2. Section 36.109, Utilities Code, is amended by adding Subsection (c) to read as follows:

1        (c) This section does not apply to an electric utility that  
2 operates solely inside ERCOT.

3        SECTION 3. Subchapter C, Chapter 36, Utilities Code, is  
4 amended by adding Section 36.1091 to read as follows:

5        Sec. 36.1091. INTERIM RATES. (a) This section applies only  
6 to an electric utility that operates solely inside ERCOT.

7        (b) If the regulatory authority orders a rate suspension  
8 under Section 36.108, on the 90th day after the date the electric  
9 utility files a statement of intent under Section 36.102, and  
10 subject to Subsection (e), the utility shall put an interim rate  
11 into effect throughout the area in which the utility sought to  
12 change its rates. The interim rate must be calculated using:

13                (1) the utility's proposed test year cost of debt, rate  
14 base, and expenses, including depreciation expense at the current  
15 authorized depreciation rates;

16                (2) the return on equity, or debt service coverage,  
17 for the utility established in the commission's final order in the  
18 utility's most recent base rate proceeding;

19                (3) rate base or expense items the same in nature and  
20 kind as established in the commission's final order in the utility's  
21 most recent base rate proceeding; and

22                (4) the utility's current class cost allocation  
23 methodology and rate design.

24        (c) An electric utility that implements an interim rate for  
25 distribution services under this section must give notice to each  
26 retail electric provider in the utility's service area at least 45  
27 days before the effective date of the interim rate required by

1 Subsection (b).

2 (d) The electric utility shall refund money collected under  
3 the interim rates in excess of the rate finally ordered with  
4 interest on that money at the utility's last approved rate of  
5 return.

6 (e) The commission may modify or deny an interim rate  
7 charged under this section on a finding of exigent circumstances.

8 SECTION 4. Section 36.110, Utilities Code, is amended by  
9 adding Subsection (e) to read as follows:

10 (e) This section does not apply to an electric utility that  
11 operates solely inside ERCOT.

12 SECTION 5. Section 36.211(b), Utilities Code, is amended to  
13 read as follows:

14 (b) In a rate proceeding under Subchapter D, or if requested  
15 by an electric utility in the utility's statement of intent  
16 initiating a rate proceeding under Subchapter C, notwithstanding  
17 Section 36.109(a) or 36.1091, as applicable, the final rate set in  
18 the proceeding, whether a rate increase or rate decrease, shall be  
19 made effective for consumption on and after the 155th day after the  
20 date the rate-filing package is filed.

21 SECTION 6. The changes in law made by this Act apply only to  
22 a rate proceeding initiated on or after the effective date of this  
23 Act. A rate proceeding initiated before the effective date of this  
24 Act is governed by the law in effect on the date the proceeding was  
25 initiated, and the former law is continued in effect for that  
26 purpose.

27 SECTION 7. This Act takes effect immediately if it receives

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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, 2025.