

By: Kolkhorst, et al.

S.B. No. 1022

A BILL TO BE ENTITLED

AN ACT

relating to the recovery of vegetation management costs by electric utilities.

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

SECTION 1. Subchapter E, Chapter 36, Utilities Code, is amended by adding Section 36.2031 to read as follows:

Sec. 36.2031. VEGETATION MANAGEMENT COST RECOVERY; ADJUSTMENT OF VEGETATION MANAGEMENT FACTOR. (a) Section 36.201 does not prohibit the commission from reviewing and providing for adjustments of an electric utility's vegetation management factor.

(b) The commission by rule shall implement procedures that provide for the timely adjustment of an electric utility's vegetation management factor. The rules must require that the findings required by Section 36.058 regarding vegetation management transactions with affiliated interests be made in a vegetation management reconciliation proceeding or in a rate case filed under Subchapter C or D. The rules must ensure that:

(1) the utility collects as contemporaneously as reasonably possible the vegetation management costs that the utility incurs and that the commission determines are eligible;

(2) the total of the utility's eligible vegetation management costs, including any under-collected or over-collected amounts to be recovered through an interim adjustment, is allocated among customer classes based on actual historical calendar month

1 usage;

2 (3) any material balance of amounts under-collected or
3 over-collected for eligible vegetation management costs is
4 collected from or refunded to customers through an interim
5 adjustment:

6 (A) not later than the 90th day after the date the
7 balance is accrued; or

8 (B) if the adjustment would result in a total
9 bill increase of 10 percent or more compared to the total bill in
10 the month before implementation, not later than a date ordered by
11 the commission which must be after the 90th day after the date the
12 balance is accrued; and

13 (4) an affected party will receive notice and have the
14 opportunity to request a hearing before the commission.

15 (c) Notwithstanding Subsection (b)(3), on a finding that an
16 electric utility has an under-collected balance that is the result
17 of extraordinary vegetation management costs that are unlikely to
18 continue, the commission may approve an interim vegetation
19 management adjustment that would defer recovery to take place over
20 a period longer than 90 days.

21 (d) The commission is not required to hold a hearing on the
22 adjustment of an electric utility's vegetation management factor
23 under this section. If the commission holds a hearing, the
24 commission may consider at the hearing any evidence that is
25 appropriate and in the public interest.

26 (e) A customer of the electric utility, a municipality with
27 original jurisdiction over the utility, or the office may protest a

1 vegetation management factor or interim adjustment proposed under
2 this section. The prudence of costs may not be considered in a
3 vegetation management factor or interim adjustment proceeding and
4 may only be considered in a vegetation management reconciliation
5 proceeding under Subsection (h) or another appropriate proceeding.

6 (f) The sole issue that may be considered on a protest of a
7 vegetation management factor under Subsection (e) is whether the
8 factor reasonably reflects costs the electric utility will incur so
9 that the utility will not substantially under-collect or
10 over-collect the utility's reasonably stated vegetation management
11 costs on an ongoing basis. The commission may adjust the utility's
12 vegetation management factor based on its determination on that
13 issue.

14 (g) The commission shall hold a hearing on a protest of an
15 interim adjustment under Subsection (e) if the adjustment would
16 result in a total bill increase of 10 percent or more as described
17 by Subsection (b)(3) or if the adjustment results from
18 extraordinary vegetation management costs as described by
19 Subsection (c). In response to a protest of an interim adjustment,
20 if the commission finds that the electric utility is in a state of
21 material under-collection or over-collection of the utility's
22 reasonably stated eligible vegetation management costs and is
23 projected to remain in that state on an ongoing basis, the
24 commission shall order the utility to establish or modify an
25 interim adjustment to address the under-collection or
26 over-collection in a manner consistent with this section.

27 (h) An electric utility shall apply to reconcile the

1 vegetation management costs at least once every two years. The
2 application must be made not later than the 180th day after the last
3 day of the period to be reconciled. The commission may by rule
4 establish the calendar year timing of the reconciliation period for
5 each electric utility subject to this section to facilitate
6 efficient work by the commission. To the extent a reconciliation
7 results in a change to the electric utility's under-collected or
8 over-collected vegetation management balance, that change may be
9 incorporated into an interim adjustment as directed by the
10 commission.

11 (i) A proceeding under this section is not a rate case under
12 Subchapter C.

13 SECTION 2. This Act takes effect September 1, 2025.