

By: Bettencourt

S.B. No. 1438

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the procedure for a periodic rate adjustment by an  
3 electric utility.

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

5 SECTION 1. Sections 36.210(a) and (i), Utilities Code, are  
6 amended to read as follows:

7 (a) The commission, on the petition of an electric utility,  
8 may approve a tariff or rate schedule in which a nonfuel rate may be  
9 periodically adjusted upward or downward, based on changes in the  
10 parts of the utility's invested capital, as described by Section  
11 36.053, that are categorized or functionalized as distribution  
12 plant, distribution-related intangible plant, and  
13 distribution-related communication equipment and networks in  
14 accordance with commission rules adopted after consideration of the  
15 uniform system of accounts prescribed by the Federal Energy  
16 Regulatory Commission. A periodic rate adjustment must:

17 (1) be approved or denied in accordance with a  
18 procedure that:

19 (A) allows for participation by the office and  
20 affected parties; and

21 (B) extends for 90 days, except as provided by  
22 Subsection (i);

23 (2) take into account changes in the number of an  
24 electric utility's customers and the effects, on a

1 weather-normalized basis, that energy consumption and energy  
2 demand have on the amount of revenue recovered through the electric  
3 utility's base rates;

4 (3) be consistent with the manner in which costs for  
5 invested capital described by this subsection were allocated to  
6 each rate class, as approved by the commission, in an electric  
7 utility's most recent base rate statement of intent proceeding with  
8 changes to residential and commercial class rates reflected in  
9 volumetric charges to the extent that residential and commercial  
10 class rates are collected in that manner based on the electric  
11 utility's most recent base rate statement of intent proceeding;

12 (4) not diminish the ability of the commission or a  
13 regulatory authority, on its own motion or on complaint by an  
14 affected person as provided by Subchapter D, after reasonable  
15 notice and hearing, to change the existing rates of an electric  
16 utility for a service after finding that the rates are unreasonable  
17 or in violation of law;

18 (5) be applied by an electric utility on a system-wide  
19 basis; and

20 (6) be supported by the sworn statement of an  
21 appropriate employee of the electric utility that affirms that:

22 (A) the filing is in compliance with the  
23 provisions of the tariff or rate schedule; and

24 (B) the filing is true and correct to the best of  
25 the employee's knowledge, information, and belief.

26 (i) The commission shall enter a final order on a request  
27 for a periodic rate adjustment under this section not later than the

1 90th [~~60th~~] day after the date the request is filed. The commission  
2 may extend the deadline for not more than 15 days for good cause.

3         SECTION 2. The changes in law made by this Act apply only to  
4 a proceeding before the Public Utility Commission of Texas or other  
5 regulatory authority described by Section [11.003](#), Utilities Code,  
6 that commences on or after the effective date of this Act. A  
7 proceeding before the Public Utility Commission of Texas or other  
8 regulatory authority described by Section [11.003](#), Utilities Code,  
9 that commenced before the effective date of this Act is governed by  
10 the law in effect on the date the proceeding commenced, and that law  
11 is continued in effect for that purpose.

12         SECTION 3. This Act takes effect September 1, 2025.