

AN ACT

relating to electric service quality and reliability; providing an administrative penalty.

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

SECTION 1. Section 36.402, Utilities Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b), if an electric utility fails to comply with the standards required by Section 38.006 and the utility's system is damaged by a weather-related event or natural disaster, the commission may at the utility's next rate proceeding reduce the utility's return on equity for infrastructure used or installed to repair or replace the damaged portion of the system.

SECTION 2. Section 38.005(b), Utilities Code, is amended to read as follows:

(b) The commission may take appropriate enforcement action under this section, including action against a utility, if any of the utility's feeders with 10 or more customers has had a SAIDI or SAIFI average that is more than 200 ~~[300]~~ percent greater than the system average of all feeders during any two-year period~~beginning in the year 2000~~<sup>beginning in the year 2000</sup>. In determining the appropriate enforcement action, the commission shall consider:

- (1) the feeder's operating and maintenance history;
- (2) the cause of each interruption in the feeder's

1 service;

2 (3) the duration of each interruption in the feeder's  
3 service;

4 (4) any action taken by a utility to address the  
5 feeder's performance;

6 (5) ~~[(4)]~~ the estimated cost and benefit of  
7 remediating a feeder's performance; and

8 (6) ~~[(5)]~~ any other relevant factor as determined by  
9 the commission.

10 SECTION 3. Subchapter A, Chapter 38, Utilities Code, is  
11 amended by adding Section 38.006 to read as follows:

12 Sec. 38.006. STRUCTURAL INTEGRITY STANDARDS FOR  
13 TRANSMISSION AND DISTRIBUTION POLES. (a) This section applies  
14 only to an electric utility, municipally owned utility, or electric  
15 cooperative that operates transmission or distribution assets.

16 (b) The commission by rule shall adopt standards for the  
17 structural integrity of transmission and distribution poles.

18 (c) The standards adopted under this section must:

19 (1) require an electric utility to:

20 (A) inspect, maintain, remediate, and replace  
21 transmission and distribution poles as necessary on a timeline  
22 established by the commission; and

23 (B) maintain records of the actions described by  
24 Paragraph (A);

25 (2) account for geographic and weather  
26 characteristics of this state;

27 (3) consider national guidelines such as the National

1 Electrical Safety Code and guidelines developed by the Rural  
2 Utilities Service of the United States Department of Agriculture;

3 (4) establish a classification system to assess the  
4 serviceability of transmission and distribution poles that  
5 accounts for pole maintenance and extending the service life of  
6 transmission and distribution poles; and

7 (5) consider the characteristics of electric utility,  
8 municipally owned utility, and electric cooperative transmission  
9 and distribution systems throughout this state.

10 (d) The governing body of a municipally owned utility or an  
11 electric cooperative shall adopt for the utility or cooperative, as  
12 applicable, the standards adopted by the commission under  
13 Subsection (b). If the commission revises the standards adopted  
14 under Subsection (b), the governing body of each municipally owned  
15 utility and electric cooperative shall adopt the revised standards  
16 not later than the 120th day after the effective date of the  
17 commission's revised standards.

18 (e) Not later than May 1 of each year, each electric  
19 utility, municipally owned utility, and electric cooperative shall  
20 submit to the commission a report on:

21 (1) the implementation of the utility's or  
22 cooperative's transmission and distribution pole maintenance  
23 schedule;

24 (2) the results of the utility's or cooperative's  
25 inspection of transmission and distribution poles, including the  
26 number of poles inspected and any remediation or replacement action  
27 taken; and

1           (3) any other information the commission requires.

2           (f) A municipally owned utility or electric cooperative  
3 shall include with the first report required under Subsection (e)  
4 after the utility or cooperative adopts initial or revised  
5 standards under Subsection (d) an attestation from the utility's or  
6 cooperative's highest-ranking representative, official, or officer  
7 with binding authority over the utility or cooperative stating that  
8 the utility or cooperative has adopted standards in compliance with  
9 this section.

10          (g) The commission may impose an administrative penalty  
11 under Section 15.023 against a municipally owned utility or  
12 electric cooperative for a violation of this section or a rule  
13 adopted under this section.

14          SECTION 4. The heading to Subchapter E, Chapter 38,  
15 Utilities Code, is amended to read as follows:

16          SUBCHAPTER E. INFRASTRUCTURE IMPROVEMENT AND MAINTENANCE [~~REPORT~~]

17          SECTION 5. Section 38.101(a), Utilities Code, is amended to  
18 read as follows:

19          (a) Not later than May 1 of each year, each electric utility  
20 shall submit to the commission a report describing the utility's  
21 activities related to:

22                 (1) identifying areas that are susceptible to damage  
23 during severe weather and hardening transmission and distribution  
24 facilities in those areas; and

25                 (2) vegetation management [~~, and~~

26                 ~~[(3) inspecting distribution poles]~~].

27          SECTION 6. (a) The changes in law made by this Act to

1 Section 38.005, Utilities Code, apply only to an enforcement action  
2 initiated by the Public Utility Commission of Texas on or after the  
3 effective date of this Act. An enforcement action initiated before  
4 the effective date of this Act is governed by the law in effect  
5 immediately before the effective date of this Act, and the former  
6 law is continued in effect for that purpose.

7 (b) In adopting rules under Section 38.006, Utilities Code,  
8 as added by this Act, the Public Utility Commission of Texas shall  
9 allow an electric utility to complete any required inspection,  
10 remediation, or replacement of transmission and distribution poles  
11 installed before the effective date of the rules according to a  
12 reasonable timeline approved by the commission that allows the  
13 utility to prioritize high-risk transmission and distribution  
14 poles.

15 (c) A municipally owned utility or an electric cooperative  
16 operating on the effective date of the initial standards adopted by  
17 the Public Utility Commission of Texas under Section 38.006(b),  
18 Utilities Code, as added by this Act, shall adopt the standards as  
19 required by Section 38.006(d), Utilities Code, as added by this  
20 Act, not later than the 120th day after the date the Public Utility  
21 Commission of Texas adopts the standards required by Section  
22 38.006(b), Utilities Code, as added by this Act.

23 SECTION 7. This Act takes effect September 1, 2025.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1789 passed the Senate on April 23, 2025, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 26, 2025, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1789 passed the House, with amendments, on May 20, 2025, by the following vote: Yeas 107, Nays 40, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor