

By: Schwertner  
(McQueeney, et al.)

S.B. No. 1789

Substitute the following for S.B. No. 1789:

By: Geren

C.S.S.B. No. 1789

A BILL TO BE ENTITLED

AN ACT

relating to electric service quality and reliability.

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>7</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 service;

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

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

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

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

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

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

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

(c) The standards adopted under this section must:

(1) require an electric utility, municipally owned utility, or electric cooperative to:

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

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

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

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

13 (1) the implementation of the utility's or  
14 cooperative's transmission and distribution pole maintenance  
15 schedule;

16 (2) the results of the utility's or cooperative's  
17 inspection of transmission and distribution poles, including the  
18 number of poles inspected and any remediation or replacement action  
19 taken; and

20 (3) any other information the commission requires.

21 (e) An electric utility, municipally owned utility, or  
22 electric cooperative may implement an appropriate program to  
23 provide for the inspection, maintenance, remediation, and  
24 replacement of the utility's or cooperative's transmission and  
25 distribution poles. The program must ensure compliance with the  
26 standards adopted under this section.

27 SECTION 4. The heading to Subchapter E, Chapter 38,

Utilities Code, is amended to read as follows:

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

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

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

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

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

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

SECTION 6. (a) The changes in law made by this Act to Section 38.005, Utilities Code, apply only to an enforcement action initiated by the Public Utility Commission of Texas on or after the effective date of this Act. An enforcement action initiated before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

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

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1 poles.

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