

AN ACT

relating to a financing mechanism allowing electric utilities to obtain recovery of costs associated with a weather-related event or other natural disaster; granting authority to issue bonds.

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

SECTION 1. Section 36.451, Utilities Code, is amended by amending Subsection (b) and adding Subsection (i) to read as follows:

(b) The purpose of this subchapter is to make available a lower-cost, supplemental financing mechanism to allow an electric utility ~~[operating solely outside of ERCOT]~~ to obtain timely recovery of system restoration costs under Subchapter I through securitization and the issuance of transition bonds or system restoration bonds by an issuer other than the electric utility or an affiliated special purpose entity. Financing of system restoration costs under this subchapter is a valid and essential public purpose.

(i) Notwithstanding Section 36.403(j), an electric utility may apply for securitization and the issuance of system restoration bonds under this subchapter for estimated and actual system restoration costs of \$50 million or more in any calendar year.

SECTION 2. Section 36.456, Utilities Code, is amended by adding Subsections (b-1), (b-2), and (b-3) to read as follows:

(b-1) Notwithstanding Sections 36.405(c) and (d), an

1 electric utility may file an application with the commission under  
2 this subchapter for:

3 (1) a determination of the amount of estimated and  
4 actual system restoration costs eligible for recovery and  
5 securitization; and

6 (2) a financing order that authorizes the  
7 securitization of estimated and actual system restoration costs,  
8 the issuance of system restoration bonds, and the creation of  
9 system restoration charges for the recovery of qualified costs.

10 (b-2) For an application filed under Subsection (b-1), the  
11 commission shall issue an order that determines the amount of  
12 estimated and actual system restoration costs eligible for recovery  
13 and securitization and a financing order that authorizes the  
14 securitization of estimated and actual system restoration costs,  
15 the issuance of system restoration bonds, and the creation of  
16 system restoration charges for the recovery of qualified costs not  
17 later than the 150th day after the date the application is filed.

18 (b-3) For an application filed under Subsection (b-1), the  
19 estimated system restoration costs shall be subject to true-up and  
20 reconciliation and system restoration charges shall be adjusted  
21 after the actual system restoration costs are known.

22 SECTION 3. This Act takes effect immediately if it receives  
23 a vote of two-thirds of all the members elected to each house, as  
24 provided by Section 39, Article III, Texas Constitution. If this  
25 Act does not receive the vote necessary for immediate effect, this  
26 Act takes effect September 1, 2025.

S.B. No. 1963

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

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

I hereby certify that S.B. No. 1963 passed the Senate on April 23, 2025, by the following vote: Yeas 27, Nays 4.

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

I hereby certify that S.B. No. 1963 passed the House on May 2, 2025, by the following vote: Yeas 99, Nays 24, one present not voting.

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

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor