

SUBJECT: Revising provisions for periodic rate adjustments by electric utilities

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Hunter, Hernandez, Dean, Geren, Guillen, Metcalf, Raymond, Slawson, Smithee, Spiller, S. Thompson, Turner

1 nay — Anchía

SENATE VOTE: On final passage (April 5) — 31 - 0

WITNESSES: For — Mark Bell, Association of Electric Companies of Texas; Jason Ryan, CenterPoint Energy; Lino Mendiola, Entergy Texas; Matt Henry, Oncor Electric Delivery (*Registered, but did not testify*: Isaac Albarado, Oscar Garza, Kelly Sadler, AEP Texas; Michael Ruggieri, Southwestern Elec. Power Co.; Roy Jackson, TNMP; Damon Withrow, Xcel Energy)

Against — (*Registered, but did not testify*: Nikolaus Fehrenbach, Don Knight, Clifford Sparks, City of Dallas; Guadalupe Cuellar, City of El Paso; Sandra Haverlah, Texas Consumer Association; Susan Stewart)

On — John Gordon (*Registered, but did not testify*: Bill Kelly, Mayor's Office, City of Houston; Thomas Gleeson, Public Utility Commission of Texas)

BACKGROUND: Utilities Code sec. 36.210 authorizes the Public Utility Commission or a regulatory authority, on the petition of an electric utility, to approve a tariff or rate schedule in which a nonfuel rate may be periodically adjusted, based on changes in the parts of the utility's invested capital that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks.

Some have suggested that the statutory procedure for electric utility rate adjustments based on a distributed cost recovery factor should be updated for efficiency and consistency with other cost recovery processes.

DIGEST: CSSB 1015 would allow an electric utility to file a request for a periodic rate adjustment under Utilities Code sec. 36.210 on any day on which the Public Utility Commission (PUC) was open for business, except that if the utility had a base rate proceeding pending, the utility could not file the request until 185 days after the proceeding began. The utility could revise a request to reflect a final order issued in the proceeding. The fact that a utility had a base rate proceeding pending during a proceeding under Utilities Code sec. 36.210 would not establish grounds for dismissal of either proceeding.

The bill would revise the Utilities Code to authorize only PUC, rather than any regulatory authority, to approve a periodic rate adjustment. The bill also would allow for periodic rate adjustments up to twice per year, rather than once per year, and eliminate the restriction limiting such adjustments to no more than four times between comprehensive base rate proceedings. The bill also would eliminate the requirement that PUC use an expedited procedure for approving or denying a periodic rate adjustment that provided for appropriate updates of information and extended for no less than 60 days.

The bill would require PUC to enter a final order on a periodic rate adjustment request by 60 days after the request was filed. PUC could extend the deadline for up to 15 days for good cause.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2023. CSSB 1015 would apply only to a proceeding that commenced on or after the bill's effective date.