

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1397
By: Phelan et al. (Nichols)
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1397 authorizes the Public Utility Commission of Texas (PUC) to approve a rider submitted by a non-ERCOT utility for an electric generation facility. The goal of a rider is to reduce regulatory lag—the time period between the date that infrastructure is placed in service and the date a utility may start recovering its investment. The rider authorized in H.B. 1397 provides discretionary authority to the PUC. (Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 1397 amends current law relating to the establishment of rates for certain non-ERCOT utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 (Section 36.213, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 36.112(g), Utilities Code, to provide that this section (Cost Recovery and Rate Adjustment Standards and Procedures For Certain Non-ERCOT Utilities) expires September 1, 2031, rather than September 1, 2023.

SECTION 2. Amends Section 36.211(f), Utilities Code, to provide that this section (Relation Back of Rates For Certain Non-ERCOT Utilities) expires September 1, 2031, rather than September 1, 2023.

SECTION 3. Amends Section 36.212(g), Utilities Code, to provide that this section (Rate Case Requirement For Certain Non-ERCOT Utilities) expires September 1, 2031, rather than September 1, 2023.

SECTION 4. Amends Subchapter E, Chapter 36, Utilities Code, by adding Section 36.213, as follows:

Sec. 36.213. RECOVERY OF GENERATION INVESTMENT BY NON-ERCOT UTILITIES. (a) Provides that this section applies only to an electric utility that operates solely outside of ERCOT.

(b) Authorizes an electric utility to file, and authorizes the Public Utility Commission of Texas (PUC) to approve, an application for a rider to recover the electric utility's investment in a power generation facility.

(c) Authorizes an application under Subsection (b) to be filed by the electric utility and approved by the PUC before the electric utility places the power generation investment in service.

(d) Requires any rider approved under Subsection (b) to take effect on the date the power generation facility begins providing service to the electric utility's customers.

(e) Provides that amounts recovered through a rider approved under Subsection (b) are subject to reconciliation in the first comprehensive base rate proceeding for the electric utility that occurs after approval of the rider. Requires the PUC, during the reconciliation, to determine if the amounts recovered through the rider are reasonable and necessary.

(f) Requires the electric utility that filed the rider, if a rider approved under Subsection (b) includes recovery for a power generation facility that provides greater than \$200 million of Texas jurisdictional generation capacity, to initiate a comprehensive base rate proceeding at the PUC not later than 18 months after the date the rider takes effect.

(g) Requires the PUC to adopt rules as necessary to implement this section.

(h) Provides that this section expires September 1, 2031.

SECTION 5. Requires the PUC, not later than September 1, 2020, to adopt rules required by Section 36.213(g), Utilities Code, as added by this Act.

SECTION 6. Effective date: upon passage or September 1, 2019.