

1-1 By: Hancock S.B. No. 735
 1-2 (In the Senate - Filed February 3, 2017; February 21, 2017,
 1-3 read first time and referred to Committee on Business & Commerce;
 1-4 April 10, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 10, 2017,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Hancock	X			
1-9 Creighton	X			
1-10 Campbell	X			
1-11 Estes	X			
1-12 Nichols	X			
1-13 Schwertner	X			
1-14 Taylor of Galveston	X			
1-15 Whitmire	X			
1-16 Zaffirini	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 735 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to periodic rate adjustment by and to certain transactions
 1-22 involving electric utilities.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter D, Chapter 36, Utilities Code, is
 1-25 amended by adding Section 36.157 to read as follows:

1-26 Sec. 36.157. RATE REVIEW SCHEDULE. (a) This section
 1-27 applies only to an electric utility, other than a river authority,
 1-28 that operates solely inside ERCOT.

1-29 (b) Notwithstanding any other provision of this title, not
 1-30 later than March 1, 2018, the commission by rule shall establish a
 1-31 schedule that requires an electric utility to make periodic filings
 1-32 with the commission to modify or review a base rate charged by the
 1-33 electric utility. The schedule may be established on the basis of:

1-34 (1) the period since the commission entered the
 1-35 commission's final order in the electric utility's most recent base
 1-36 rate proceeding;

1-37 (2) whether the electric utility has earned materially
 1-38 more than the utility's authorized rate of return as demonstrated
 1-39 by earnings monitoring reports; or

1-40 (3) other criteria that the commission determines is
 1-41 in the public interest.

1-42 (c) The commission shall extend the date for the proceeding
 1-43 required by Subsection (b) by one year on a year-to-year basis if,
 1-44 180 days before the date the proceeding is required, the electric
 1-45 utility's most recent earnings monitoring report shows the electric
 1-46 utility is earning, on a weather-normalized basis, less than 50
 1-47 basis points above:

1-48 (1) for a transmission and distribution utility, the
 1-49 average of the most recent commission-approved return on equity for
 1-50 each transmission and distribution utility with 175,000 or more
 1-51 metered customers; and

1-52 (2) for a transmission-only utility, the average of
 1-53 the most recent commission-approved return on equity for each
 1-54 transmission-only utility.

1-55 (d) The commission may extend the date for the proceeding
 1-56 required by Subsection (b) for good cause shown or because of
 1-57 resource constraints of the commission.

1-58 (e) This section does not limit the ability of a regulatory
 1-59 authority to initiate a base rate proceeding at any time under this
 1-60 title.

2-1 SECTION 2. Section 36.210, Utilities Code, is amended by
2-2 amending Subsection (d) and adding Subsection (d-1) to read as
2-3 follows:

2-4 (d) Except as provided by Subsection (d-1), an [An] electric
2-5 utility may adjust the utility's rates under this section not more
2-6 than once per year and not more than four times between
2-7 comprehensive base rate proceedings.

2-8 (d-1) For an electric utility subject to Section 36.157,
2-9 beginning on the effective date of the schedule adopted by the
2-10 commission under Section 36.157(b), the electric utility may adjust
2-11 the utility's rates under this section more than four times between
2-12 base rate proceedings.

2-13 SECTION 3. Section 39.262(m), Utilities Code, is amended to
2-14 read as follows:

2-15 (m) The commission shall approve a transaction under
2-16 Subsection (l) if the commission finds that the transaction is in
2-17 the public interest. In making its determination, the commission
2-18 shall consider whether the transaction will adversely affect the
2-19 reliability of service, availability of service, or cost of service
2-20 of the electric utility or transmission and distribution utility.
2-21 The commission shall make the determination concerning a
2-22 transaction under this subsection not later than the 180th day
2-23 after the date the commission receives the relevant report. The
2-24 commission may extend the deadline provided by this subsection for
2-25 not more than 60 days if the commission determines the extension is
2-26 needed to evaluate additional information, to consider actions
2-27 taken by other jurisdictions concerning the transaction, to provide
2-28 for administrative efficiency, or for other good cause. If the
2-29 commission has not made a determination before the expiration of
2-30 the deadline provided by or extended under this subsection [~~181st~~
2-31 ~~day after that date~~], the transaction is considered approved.

2-32 SECTION 4. Section 39.915(b), Utilities Code, is amended to
2-33 read as follows:

2-34 (b) The commission shall approve a transaction under
2-35 Subsection (a) if the commission finds that the transaction is in
2-36 the public interest. In making its determination, the commission
2-37 shall consider whether the transaction will adversely affect the
2-38 reliability of service, availability of service, or cost of service
2-39 of the electric utility or transmission and distribution utility.
2-40 The commission shall make the determination concerning a
2-41 transaction under this subsection not later than the 180th day
2-42 after the date the commission receives the relevant report. The
2-43 commission may extend the deadline provided by this subsection for
2-44 not more than 60 days if the commission determines the extension is
2-45 needed to evaluate additional information, to consider actions
2-46 taken by other jurisdictions concerning the transaction, to provide
2-47 for administrative efficiency, or for other good cause. If the
2-48 commission has not made a determination before the expiration of
2-49 the deadline provided by or extended under this subsection [~~181st~~
2-50 ~~day after that date~~], the transaction is considered approved.

2-51 SECTION 5. Sections 36.210(h), (h-1), and (i), Utilities
2-52 Code, are repealed.

2-53 SECTION 6. This Act takes effect immediately if it receives
2-54 a vote of two-thirds of all the members elected to each house, as
2-55 provided by Section 39, Article III, Texas Constitution. If this
2-56 Act does not receive the vote necessary for immediate effect, this
2-57 Act takes effect September 1, 2017.

2-58 * * * * *