

1-1 By: Schwertner S.B. No. 1789
1-2 (In the Senate - Filed February 28, 2025; March 13, 2025,
1-3 read first time and referred to Committee on Business & Commerce;
1-4 April 14, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 10, Nays 0; April 14, 2025,
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Schwertner	X			
1-10	King			X	
1-11	Blanco	X			
1-12	Campbell	X			
1-13	Creighton	X			
1-14	Johnson	X			
1-15	Kolkhorst	X			
1-16	Menéndez	X			
1-17	Middleton	X			
1-18	Nichols	X			
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1789 By: Schwertner

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to electric service quality and reliability.
1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-25 SECTION 1. Section 36.402, Utilities Code, is amended by
1-26 adding Subsection (b-1) to read as follows:
1-27 (b-1) Notwithstanding Subsection (b), if an electric
1-28 utility fails to comply with the standards required by Section
1-29 38.006 and the utility's system is damaged by a weather-related
1-30 event or natural disaster, the commission may at the utility's next
1-31 rate proceeding reduce the utility's return on equity for
1-32 infrastructure used or installed to repair or replace the damaged
1-33 portion of the system.
1-34 SECTION 2. Section 38.005(b), Utilities Code, is amended to
1-35 read as follows:
1-36 (b) The commission may take appropriate enforcement action
1-37 under this section, including action against a utility, if any of
1-38 the utility's feeders with 10 or more customers has had a SAIDI or
1-39 SAIFI average that is more than 200 ~~[300]~~ percent greater than the
1-40 system average of all feeders during any two-year period~~[,~~
1-41 ~~beginning in the year 2000]~~. In determining the appropriate
1-42 enforcement action, the commission shall consider:
1-43 (1) the feeder's operating and maintenance history;
1-44 (2) the cause of each interruption in the feeder's
1-45 service;
1-46 (3) the duration of each interruption in the feeder's
1-47 service;
1-48 (4) any action taken by a utility to address the
1-49 feeder's performance;
1-50 (5) ~~[(4)]~~ the estimated cost and benefit of
1-51 remediating a feeder's performance; and
1-52 (6) ~~[(5)]~~ any other relevant factor as determined by
1-53 the commission.
1-54 SECTION 3. Subchapter A, Chapter 38, Utilities Code, is
1-55 amended by adding Section 38.006 to read as follows:
1-56 Sec. 38.006. STRUCTURAL INTEGRITY STANDARDS FOR
1-57 TRANSMISSION AND DISTRIBUTION POLES. (a) This section applies
1-58 only to an electric utility, municipally owned utility, or electric
1-59 cooperative that operates transmission or distribution assets.
1-60 (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 Electrical Safety Code and guidelines developed by the Rural Utilities Service of the United States Department of Agriculture;

(4) establish a classification system to assess the serviceability of transmission and distribution poles that accounts for pole maintenance and extending the service life of transmission and distribution poles; and

(5) consider the characteristics of electric utility, municipally owned utility, and electric cooperative transmission and distribution systems throughout this state.

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

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

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

(3) any other information the commission requires.

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 poles.

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

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