



Revisions to PUC Ratemaking Oversight Of Electric Utilities

March 28, 2017

AECT Position: Support

HB 2576 by S. Thompson

Overview of HB 2576

- HB 2576 eliminates the sunset date on the distribution cost recovery factor (DCRF) mechanism, as recommended by the Public Utility Commission of Texas (PUC).
 - The DCRF mechanism was created following the passage of SB 1693 in 2011, which Rep. Thompson sponsored in the House.
 - The expiration date for the DCRF mechanism was extended from January 31, 2017, to September 1, 2019, with the passage of SB 774 in 2015. SB 774 also required the PUC to study alternative ratemaking mechanisms adopted by other states; that study was completed and reported to the Legislature in January 2017.
- HB 2576 also removes from code two outdated studies related to alternative ratemaking, including the study included in SB 774.

AECT Supports Ratemaking Approaches that Promote a Reliable, Cost-Effective Electric System

- AECT supports all forms of efficient rate-making, including the reduction of rate case expenses.
- Efficient ratemaking allows for the timely recovery of the costs of critical investments made to meet the demands of a growing economy and to replace aging infrastructure.
- The DCRF has been used several times by electric utilities to more efficiently recover costs over the six years since SB 1693 was enacted in 2011.

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