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To: Natural Resources Subcommittee
From: Ben Ruef, Legislative Fiscal Office
Date: June 11, 2025
Subject: SB 688 – Relating to performance-based regulation of electric utilities
Work Session Recommendations

Senate Bill 688 authorizes the Public Utility Commission to implement a performance-based regulation framework for electric companies, excluding consumer-owned utilities. The framework allows the PUC to use incentives or penalties to align utility performance with policy goals such as reducing emissions, improving service reliability, supporting low-income customers, and controlling costs. It must include measurable standards and metrics, and the PUC must consider customer rate impacts when designing financial mechanisms.

PUC will hire one permanent full-time Utility Analyst 3 position (0.75 FTE) to manage consulting contracts, lead the public investigation required to develop a performance-based ratemaking framework, and support implementation through rate case proceedings. A one-time expenditure limitation of \$750,000 is also provided for consulting services to support the development and adoption of the regulatory framework.

The -A7 amendment adds \$974,013 in Other Fund expenditure limitation to the PUC budget for the 2025-27 biennium. Funding comes from assessed annual fees on regulated utilities.

Amendment

LFO recommends adoption of the –A7 amendment.

MOTION: I move adoption of the –A7 amendment to SB 688. *(vote)*

Final Subcommittee Action

LFO recommends that SB 688, as amended by the –A7 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 688, as amended, to the Full Committee with a do pass recommendation. *(vote)*

Carriers

Full Committee:

House Floor:

Senate Floor: