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To: Legislative Budget Board

Re: PUCT

From: Cyrus Reed, Legislative and Conservation Chair, Lone Star Chapter of the Sierra Club, cyrus.reed@sierraclub.org, 512-888-9411.

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Public Utility Commission's 2026 Legislative Appropriations Request

The PUCT is requesting a base budget of $2.427 billion over the upcoming biennium though it is important to note that the majority of this funding ($2.345 billion) is carry-over funding for the Texas Energy Fund, a one-time $10 billion dollar fund to facilitate four separate programs. In fact, if we subtract this one-time funding request, the agency is relatively lean at about $112 million in all funds over the biennium. In addition the agency is requesting some $18.7 million in exceptional items.

The PUCT is a key agency for many issues of importance to Sierra Club members. As the primary agency responsible for assuring electricity supply and reliability, transmission planning and buildout, and water rates, the agency touches on many aspects of importance to our organization. In the last few sessions, we have been very involved in the sunset legislation - HB 1500 - and subsequent rulemakings, as well as SB 6, and ongoing rulemakings. In addition, because SB 2627 and voter approval led to creation of a $10 billion Texas Energy Fund, which has led to significant work for the agency. Other bills, such as HB 5323 (Texas Energy Waste Advisory Committee) have also led to additional work for the agency. We are appreciative of the new Office of Public Engagement and Office of Energy Efficiency which were implemented in the last few years and have helped better engage the public on key customer issues.

Currently, there is a discussion about additional future legislation related to transmission lines and data centers. We believe that expected legislation on, for example, required registration and reporting of water and energy use by large computational loads will likely lead to the need for more PUCT staff, and we hope that will be considered in the coming session. Any major change to require more alternative analysis and on-the-ground analysis of transmission line routing could also lead to the need for more staff. In addition, the current process of CCNs for new large transmission lines - 765 kV lines - have been controversial with lots of confusion about the process and how to participate for landowners. We believe that specific funding dedicated to assuring the public knows how and can participate will be key moving forward.

Exceptional Item Requests

The PUCT has requested a number of Exceptional Item Requests. In all, these EIRs will add some $18.7 million to the base budget. The Sierra Club does not take a position on all of the EIRs but does support the majority of them. Our comments on those we specifically support can be found below.

Restoration of the 3% Budget Cut: Support

The PUCT is requesting restoration of the 3% statewide budget cut. The Sierra Club agrees that the PUCT's volume of work continues to grow, and the agency needs additional resources to maintain the standards of public service that the Legislature and the public expect. To meet the 3% budget cut requirement, the PUCT reports would eliminate the Division of Utility Outreach and its related contract, and reduce funding for the Consumer Protection Division provides a resource to Texans for questions or assistance with their electric, water and wastewater, and telecommunications utility services. The Sierra Club supports restoration of the

Contract Costs for Implementation of HB 145 and HB 144/SB 1789 from the 89th Legislature: Support

The PUCT did not receive funding to implement HB 145 from the 89th Legislature related to wildfire mitigation plans and received only partial funding for implementation of HB 144 and SB 1789 relating to distribution pole management and inspection plans. Sierra Club supports continued funding to fully implement and oversee the legislative requirements established by these bills.

Electronic Document Management System: Support

The Sierra Club is a user of the “Interchange” system on a nearly weekly basis, but it is old and in need of reform. While relatively easy to use, we support the creation of a more modern Electronic Document Management System to replace and supplement its legacy filing platform. The current system was originally designed in the late 1990s for legal filings and has been expanded over time to store a wide variety of records and regulatory data. A modern solution would increase transparency and public access to PUCT records and filings. The project will also improve the agency's ability to manage the growing volume and complexity of information submitted by staff, stakeholders, and regulated entities.

Customer Relationship Management Application: Support

The PUCT proposes to expand its Customer Relationship Management (CRM) application to improve handling of inquiries from the public, legislators, media, and regulated entities. By integrating the CRM with the agency's Case Management System and other regulatory applications, staff will be able to identify related contested cases, access relevant information more efficiently, and improve coordination across divisions. The project will enhance customer service, improve response accuracy and consistency, support reporting and trend analysis, and provide a more comprehensive view of stakeholder interactions with the agency.

Texas Energy Fund Staffing: Support

While Sierra Club did not support the Texas Energy Fund itself, we are supportive of the need to implement the Texas Backup Power Package. The PUCT is requesting an increase of 11 FTEs to its FTE cap for work on the Texas Backup Power Package program. The actual salary costs for these staff will be covered by the provision for administrative costs from within the Texas Energy Fund.

Self-Funded, Self-Leveling Designation: Support need to evaluate mechanisms

Sierra Club is in favor of finding mechanisms to support in particular the water and wastewater activities of the PUCT. We support looking at any mechanism which could free up the need to rely on GR funds and better support the agency. One potential solution mentioned in the LAR is the PUCT Gross Receipts Assessment, which generates revenues significantly exceeding the agency's appropriated General Revenue

amounts. While we are not opposed to this particular idea, we think a more robust look at other mechanisms to better fund the agency should be undertaken.

Other

As mentioned, we would support additional staff as needed related to transmission cases and education of the public and how to participate and regulations related to large computational loads, assuming significant action in the next legislative session.

Conclusions

The Sierra Club is supportive of the PUCT's base budget request, as well as several EIR items related to the 3% cut, implementation of the Texas Energy Fund backup power packages, wildfire mitigation and several new management systems for customers and documentation. We support looking at mechanisms to better fund the agency without the need for GR. Finally we believe there may be a need for additional monies related to transmission planning and CCN cases and for regulations of large computational loads.