

119TH CONGRESS
1ST SESSION

H. R. 4603

To amend the Public Utility Regulatory Policies Act of 1978 to prohibit State regulatory authorities from approving rates charged by electric utilities that engage in certain diversity, equity, or inclusion practices, or that consider environmental, social, or governance factors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2025

Mr. MCGUIRE introduced the following bill; which was referred to the
Committee on Energy and Commerce

A BILL

To amend the Public Utility Regulatory Policies Act of 1978 to prohibit State regulatory authorities from approving rates charged by electric utilities that engage in certain diversity, equity, or inclusion practices, or that consider environmental, social, or governance factors, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair, Affordable and
5 Inclusive Rates Act” or the “FAIR Act”.

1 **SEC. 2. PROHIBITION ON APPROVAL OF CERTAIN RATES**
2 **UNDER PURPA.**

3 Section 111(d) of the Public Utility Regulatory Poli-
4 cies Act of 1978 (16 U.S.C. 2621) is amended by adding
5 at the end the following:

6 “(22) DIVERSITY, EQUITY, OR INCLUSION (DEI)
7 PRACTICE.—No State regulatory authority shall ap-
8 prove the rate of a State regulated electric utility if
9 such State regulated electric utility engages in, or
10 retains or employs a consultant or an advisor to pro-
11 mote or enforce, a diversity, equity, or inclusion
12 practice, such as a practice—

13 “(A) discriminating for or against any per-
14 son on the basis of race, color, ethnicity, reli-
15 gion, biological sex, or national origin; or

16 “(B) requiring, as a condition of employ-
17 ment, promotion, advancement, or the ability to
18 speak, make presentations, or submit written
19 materials, that an employee—

20 “(i) undergo training, education,
21 coursework, or other pedagogy asserting
22 that any particular race, color, ethnicity,
23 religion, biological sex, or national origin is
24 inherently or systemically superior or infe-
25 rior, oppressive or oppressed, or privileged
26 or unprivileged; or

1 “(ii) sign or assent to any statement,
2 code of conduct, work program, plan, or
3 similar device that asserts that any par-
4 ticular race, color, ethnicity, religion, bio-
5 logical sex, or national origin is inherently
6 or systemically superior or inferior, oppres-
7 sive or oppressed, or privileged or
8 unprivileged.

9 “(23) ENVIRONMENTAL, SOCIAL, OR GOVERN-
10 ANCE (ESG) FACTORS.—

11 “(A) IN GENERAL.—Subject to subpara-
12 graph (B), no State regulatory authority shall
13 approve the rate of a State regulated electric
14 utility if such State regulated electric utility
15 considers environmental, social, or governance
16 factors in establishing rates or making oper-
17 ational decisions that affect rates.

18 “(B) COMPLIANCE.—Nothing in this para-
19 graph shall be construed to prohibit a State
20 regulated electric utility from complying with—

21 “(i) a Federal law or regulation re-
22 quiring specific ESG factors if complying
23 with such Federal law or regulation—

1 “(I) is limited to fulfilling the di-
2 rect legal obligation of such Federal
3 law or regulation; and

4 “(II) does not involve discre-
5 tionary consideration of ESG factors
6 beyond such direct legal obligation; or

7 “(ii) a State law or regulation that re-
8 quire such State regulated electric utility
9 to purchase from certain types of genera-
10 tion sources if complying with such State
11 law or regulation—

12 “(I) is limited to fulfilling the di-
13 rect legal obligation; and

14 “(II) does not involve discre-
15 tionary consideration of ESG factors
16 beyond such obligation.

17 “(C) ENVIRONMENTAL, SOCIAL, OR GOV-
18 ERNANCE FACTOR OR ESG FACTOR DEFINED.—

19 The term ‘environmental, social, or governance
20 factor’ or ‘ESG factor’ means any factor relat-
21 ing to—

22 “(i) environmental considerations, in-
23 cluding climate change policies, carbon
24 emissions reductions, or environmental jus-
25 tice initiatives, unless directly tied to pecu-

1 niary impacts such as cost reduction, reli-
2 ability enhancement, or compliance with
3 Federal or State law or regulation;

4 “(ii) social considerations, including—

5 “(I) corporate board or workforce
6 composition quotas based on race,
7 color, ethnicity, sex, or national ori-
8 gin; or

9 “(II) supplier diversity programs
10 that grant preferences based on race,
11 color, ethnicity, sex, or national ori-
12 gin, unless such programs are re-
13 quired by applicable Federal or State
14 law; or

15 “(iii) governance considerations, in-
16 cluding the adoption of corporate govern-
17 ance policies primarily for the purpose of
18 advancing political, ideological, or social
19 objectives unrelated to pecuniary outcomes
20 relevant to State regulated electric utility
21 operations, customer service, or ratepayer
22 cost impacts.”.

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