

- SUBJECT:** PUC enforcement discretion for electric service reliability standards
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 13 ayes — Solomons, Menendez, Cook, Craddick, Farabee, Gallego, Geren, Harless, Jones, Maldonado, Oliveira, Swinford, S. Turner
- 0 nays
- 2 absent — Hilderbran, Lucio
- WITNESSES:** For — Charles Brower, American Electric Power Texas; Terry Finley, CenterPoint Energy, Association of Electric Companies of Texas (AECT); Ray Marquez, AECT, El Paso Electric Company (EPEC); (*Registered, but did not testify*: Mindy Carr, Oncor Electric Delivery)
- Against — Rick Levy, International Brotherhood of Electrical Workers (IBEW); (*Registered, but did not testify*: Kristen Doyle, Cities Aggregation Power Project (CAPP), South Texas Aggregation Project (STAP), Texas Coalition of Cities for Utility Issues (TCCFUI), Oncor Cities)
- On — (*Registered, but did not testify*: Pam Whittington, Public Utility Commission)
- BACKGROUND:** The reliability of electric feeders — groups of electric distribution lines — is measured by a system average interruption duration index (SAIDI) and a system average interruption frequency index (SAIFI). SAIDI measures the average number of outage minutes experienced by the total number of customers being served. SAIFI measures the average number of interruptions experienced by the total number of customers being served.
- The Public Utility Commission (PUC) currently is required to take enforcement action against a utility if any electric feeder with 10 or more customers appears on the utility's list of worst 10 percent performing feeders for any two consecutive years, or has had a SAIDI or SAIFI average that is more than 300 percent greater than the system average of all feeders during any two-year period.

**DIGEST:** HB 2052 would amend the Utilities Code by authorizing, rather than requiring, the PUC to take enforcement action against an electric utility for having low-performing electric feeders and would remove the 10 percent worst-performing feeder criterion as a basis for an enforcement action.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS SAY:** HB 2052 would allow the PUC greater discretion to take enforcement action against electric utilities with low-performing feeders. The PUC currently is required to take an enforcement action against a utility for a feeder that appears on the utility's list of the worst 10 percent performing feeders for two consecutive years — regardless of the underlying cause and despite the fact that the feeder may have acceptable performance based on relatively good SAIDI and SAIFI averages.

Electric utilities always will have a list of worst-performing feeders regardless of their level of reliability. Many feeders are on a worst-performing feeders list due to circumstances beyond the control of the electric utility, such as car collisions, contact with wildlife, and weather events. Rural areas in particular have feeders that often are in violation because of highly exposed lines that are susceptible to outages as well as the time it takes to get out to a problem and fix it. Utilities should not be penalized for events beyond their control. Also, some feeders are difficult to remove from the list in a cost-effective manner due to location and geography. Costly improvements may do little to improve the reliability of these feeders. This should be taken into consideration because these costs eventually are passed on to customers.

HB 2052 would give the PUC discretion concerning whether to bring enforcement action against an electric utility after reviewing a utility's reliability. This would allow for the best use of resources to focus on the truly worst-performing feeders and would shift the focus to improving overall system reliability and away from punitive actions.

The bill also would promote collaborative efforts between the utilities and the PUC to discuss and address pertinent reliability issues, the utilities' corrective actions, and other efforts to improve feeder performance.

OPPONENTS  
SAY:

The original purpose of the existing requirement in the Utilities Code that the PUC take enforcement action against electric utilities with low-performing feeders was to ensure that the transition to deregulation did not result in a degradation of service, particularly to the less profitable areas of a utility's service territory. The existing law ensures that service reliability remains uniform throughout a utility's service territory. HB 2052 would diminish those safeguards and decrease system reliability and service quality. It is not in the best interest of the customer to allow feeders to show up on the worst-performing list over and over again. Every electric customer in Texas deserves reliable service.

OTHER  
OPPONENTS  
SAY:

HB 2052 would give the PUC the discretion not to assess fines when there is a legitimate explanation for an outage. While this may be a good practice, certain factors should have to be considered before it could be determined that an enforcement action was unwarranted. Having guidelines in place when making those decisions would ensure the most appropriate course of action for the utility and its customers.