

- SUBJECT:** Authorizing the PUC to retain consultants in certain FERC proceedings
- COMMITTEE:** State Affairs — committee substitute recommended
- VOTE:** 11 ayes — Cook, Menendez, Craddick, Frullo, Gallego, Harless, Hilderbran, Huberty, Oliveira, Smithee, Turner
- 0 nays
- 2 absent — Geren, Solomons
- WITNESSES:** For — (*Registered, but did not testify:* Jack Blakley, Entergy Texas, Inc.; Eric Craven, Texas Electric Cooperatives; John W. Fainter, Jr., Association of Electric Companies of Texas, Inc.; Phillip Oldham, Texas Association of Manufacturers; David Power, Public Citizen)
- Against — None
- On — (*Registered, but did not testify:* Ken Anderson, Public Utility Commission of Texas)
- BACKGROUND:** Entergy Texas, Inc. is part of a four-state electric system within Entergy Corporation. The companies together acquire generation and build integrated transmission through a system agreement. The companies in Arkansas and Mississippi have elected to leave the system, and a replacement for the system agreement may be required. Entergy Texas and the other operating companies are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) on issues involving their coordinated operations. The Entergy companies, including Entergy Texas, are evaluating several options for continued system operation.
- Currently, the Public Utility Commission (PUC) must use the state Attorney General's Office, at state expense, to represent it before FERC. The nature of these proceedings often requires specialized expertise to ensure that the PUC is adequately represented.
- DIGEST:** CSHB 2264 would amend the Utilities Code to allow the Public Utility Commission (PUC) to retain any consultant, accountant, auditor, engineer, or attorney necessary to represent the PUC in a proceeding before the

Federal Energy Regulatory Commission (FERC) or before the courts on matters related to power regions, regional transmission organizations or independent system operators or FERC approval of an agreement among Entergy Texas and its affiliates.

Assistance for which a consultant, accountant, auditor, engineer, or attorney could be retained could include conducting a study, conducting an investigation, presenting evidence, advising the PUC, or representing the PUC. The PUC would be required to consult the attorney general before retaining services, and retention of an attorney would be subject to the approval of the attorney general.

Entergy Texas would be required to pay the costs of the services up to a total of \$1.5 million in a 12-month period. Entergy Texas would be allowed to recover both the total costs and the carrying charges for those costs through an annual rider. The rider could not be implemented before it was reviewed and approved by the PUC.

These provisions would expire on December 31, 2017.

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, 2011.

NOTES:

The companion bill, SB 1153 by Williams, passed the Senate by 31-0 on April 7 and was reported favorably, without amendment, by the House State Affairs Committee on April 20, making it eligible to be considered in lieu of HB 2264.