

- SUBJECT:** Notice of natural gas utility rate increases
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 10 ayes — Cook, Giddings, Craddick, Farrar, Frullo, Geren, Harless, Huberty, Menéndez, Oliveira
- 0 nays
- 3 absent — Hilderbran, Smithee, Sylvester Turner
- WITNESSES:** For — Chris Felan, Atmos Energy; (*Registered, but did not testify:* Anne Billingsley, ONEOK; Thure Cannon, Texas Pipeline Association; Jim Grace, CenterPoint Energy, Inc.)
- Against — (*Registered, but did not testify:* Ashley Chadwick, Freedom of Information Foundation of Texas)
- On — (*Registered, but did not testify:* Bill Geise, Railroad Commission of Texas)
- BACKGROUND:** Utilities Code, sec. 104.103 describes the notification requirements for natural gas utilities proposing rate increases. Generally, gas utilities are required to publish, in a conspicuous form, notice of the proposed rate increase once each week for four successive weeks in a newspaper having general circulation in each county containing territory affected by the proposed increase. The gas utility must also provide notice to other affected parties as required by Railroad Commission rules.
- In areas outside affected cities, or in a city with a population less than 2,500, the gas utility instead may provide notice to the customer by prepaid mail or include conspicuous notice in the bill of each directly affected customer.
- DIGEST:** HB 1488 would removes the population bracket in existing law that limits alternatives to newspaper notification of proposed rate increases to cities of less than 2,500, and areas outside affected cities.

Instead of publishing newspaper notice or notifying customers by mail or in the customer's bill, gas utilities would be allowed to send notice of proposed rate increases by e-mail to each directly affected customer if that address was available to the utility.

HB 1488 would take effect September 1, 2013 and would apply to a notice of a proposed rate increases provided on or after that date.

**SUPPORTERS
SAY:**

HB 1488 would improve the ability of a gas utility to notify customers of a proposed rate increases. Gas utilities would be given the option to provide notice to any community, regardless of size, in a form other than printing an ad in a local newspaper over four successive weeks. Gas utilities could opt to provide notice directly to the customers by letter, or by e-mail if the company had the customer's e-mail address. The practice of notifying customers directly by mail is already common in communities with populations less than 2,500 where it is allowed under current law. Direct notification of customers has been successful, and HB 1488 would allow gas utilities to build upon an already existing, successful practice using modern methods of communication.

The change in notice requirements will benefit ratepayers by ensuring that a wider number of customers were reached. Newspapers have a declining readership, and not all customers subscribe to newspapers, much less read public notices. Publication of notices in newspapers remains an expensive and outdated method of communication. Most general readers do not peruse the notices, if they read a print newspaper at all.

Because the cost of notifying ratepayers is ultimately charged back to the customer as part of the recoverable expense, any money saved on notice requirements is ultimately less money that the ratepayer has to pay. One gas utility serving 400 communities reports that HB 1488 could save it, and ultimately the ratepayer, approximately \$700,000 per year in notification costs.

Customers who do not provide e-mail addresses to the gas company or participate in electronic billing would still receive their notice by mail, ensuring that those individuals who did not own computers were still notified. HB 1488 would modernizes notification, and there is little chance in today's age of e-mail, social media, neighborhood and community list serves, and advocacy organizations with e-mail notification systems, that a

proposed rate increase would go unnoticed.

OPPONENTS
SAY:

Publication of notice in newspapers of general circulation remains a valuable tool to inform citizens of proposed rate increases. Eliminating newspaper notice requirements could effectively leave in the dark those who rely on physical newspapers to get information about rate increases. Many people do not have access to online sources and could be placed at a disadvantage by a change in policy that eliminated the newspaper notice requirement. Further, many of the larger papers place postings both in print and online, where they are able to achieve maximum exposure.

If the utility did not send a written notice, a customer could remain uninformed about the proposed rate increase. Notices from the gas company provided by e-mail could be weeded out by spam filters or sent to an old e-mail address, preventing the customer from receiving proper notification.

The bill could disproportionately harm individuals living or serving in the military overseas who might not get mail in a timely manner, as well as the elderly and members of minority communities with limited or no internet access. HB 1488 would decrease the level of accountability in rate cases because it would take a greater effort on the part of the regulatory agency to check and ensure that notices had been properly issued. It is much easier to check to see if a newspaper notice has been printed. Ensuring that a gas utility has properly notified customers through mail or e-mail is a much more difficult task.

NOTES:

The Senate unanimously passed the companion bill, SB 885 Hinojosa, passed on March 27, and the House State Affairs Committee reported it favorably on April 17.

SB 885 differs from HB 1488 in that the Senate companion would require a gas utility seeking to provide rate increases notices by e-mail to a customer to do so only if the customer had consented in writing to the use of the e-mail address for that purpose.