

SUBJECT: Applying PUC rules on advanced metering to certain non-ERCOT utilities

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Phelan, Deshotel, Harless, Holland, Hunter, P. King, Parker,
Raymond, E. Rodriguez, Smithee, Springer

0 nays

2 absent — Hernandez, Guerra

WITNESSES: For — Erika Akpan, Association of Electric Companies of Texas;
(*Registered, but did not testify*: Gary Gibbs, AEP SWEPCO; June
Dadrick, CenterPoint Energy; Cyrus Reed, Lone Star Chapter Sierra
Club; Mia Hutchens, Texas Association of Business; Thomas Ratliff, Tri
Global Energy and Sunfinity Solar; David Hudson, Xcel Energy and
Southwestern Public Service Company; Adrian Shelley)

Against — None

On — (*Registered, but did not testify*: Therese Harris, Public Utility
Commission of Texas)

BACKGROUND: Utilities Code ch. 39, subch. I regulates certain investor-owned electric
utilities operating solely outside of the Electric Reliability Council of
Texas (ERCOT) with fewer than six synchronous interconnections with
voltage levels above 69 kilovolts systemwide on the effective date of the
subchapter (Southwestern Public Service Company).

Utilities Code sec. 39.107 requires the Public Utility Commission (PUC)
to establish a nonbypassable surcharge for an electric utility to use to
recover reasonable and necessary costs incurred in deploying advanced
metering and meter information networks. PUC must ensure that the
surcharge reflects no more than one-third of the utility's total meters over
a calendar year and does not result in the utility recovering more than its
actual, fully allocated meter and meter information network costs.

The statute also requires PUC to prohibit an electric utility from selling, sharing, or disclosing certain information generated or collected from an advanced metering system or meter information network, including customer information.

DIGEST:

HB 986 would allow certain investor-owned non-ERCOT electric utilities operating under ch. 39, subch. I of the Utilities Code that elected to deploy advanced metering and meter information networks to recover reasonable and necessary costs incurred from that deployment. The utility would be subject to Public Utility Commission (PUC) rules related to customer surcharges and privacy of customer information.

PUC would be required to ensure that the deployment plan and any related customer surcharge did not apply to customer accounts that received service at transmission voltage and were consistent with PUC rules related to advanced metering systems regarding customer protections, data security, and non-advanced meter options for customers.

An electric utility that elected to deploy an advanced meter information network under this bill would have to deploy that network as rapidly as practicable to allow customers to better manage energy use and control costs.

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, 2019.

**SUPPORTERS
SAY:**

HB 986 would allow the Southwestern Public Service Company (SPS) to deploy advanced metering and meter information networks in the same manner as utilities in the Electric Reliability Council of Texas (ERCOT) region. Currently, utilities in the ERCOT region, which encompasses most of the state, may deploy advanced meters and adopt surcharges to recover the cost of deployment if they adhere to certain Public Utility Commission (PUC) rules. It is unclear whether these rules also would apply to non-ERCOT utilities such as SPS.

The bill would clarify that those same rules applied to the service territory of SPS to ensure that surcharges were regulated and consumer data was protected consistently across the state, expressly allowing more utilities to use advanced meters. The Legislature extended PUC rules to cover another non-ERCOT electric utility in 2017 and should continue to expand coverage of advance metering rules.

Advanced meters provide several benefits to customers, including real-time data on grid operations, faster response times to outages, outage prevention measures, potential cost savings, and customer service upgrades. Customers served by non-ERCOT utilities also should be able to access these benefits.

HB 986 would not change the rate-setting process, since the rates of non-ERCOT utilities are under PUC regulation. A utility like SPS would have to develop a plan to deploy advanced metering and meter information networks, then get approval from PUC before the plan could go forward. Any time the utility raises rates or surcharges, they must get approval from PUC, and interested parties may intervene to ensure the proposed rate or surcharge is in the public's best interest. Municipally owned utilities and electric cooperatives do not follow the same PUC regulations and have more flexibility with rate setting. The bill simply would clarify that certain non-ERCOT utilities could go forward with deploying advanced metering like most other utilities already can.

**OPPONENTS
SAY:**

HB 986 essentially would allow certain non-ERCOT utilities to increase rates by adding a surcharge. Further, utilities would not have to prove that a surcharge was needed to recover the costs of deploying advanced metering. While advanced meters have several customer benefits, electric cooperatives and municipally owned utilities have been able to deploy systems without needing to assess surcharges, recovering the costs with base rates. This bill would add to the inconsistent rate setting process in the state.