

## **BILL ANALYSIS**

Senate Research Center

S.B. 1571  
By: Madla  
State Affairs  
4-18-97  
As Filed

### **DIGEST**

Wholesale competition was introduced in the electric utility industry by the passage of S.B. 373 during the 74th Legislature. During the rulemaking proceeding at the Public Utility Commission of Texas (PUC), PUC adopted substantive rules to implement pricing of transmission service as required by the statute. There are concerns that these rules create disproportionate and inequitable shifting of cost among electric transmission providers in this state. This bill sets forth requirements relating to transmission pricing methodology for wholesale wheeling.

### **PURPOSE**

As proposed, S.B. 1571 sets forth requirements for transmission pricing methodology for wheeling in the electric utility industry.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2.057(c), Article 1446c-0, V.T.C.S. (Public Utility Regulatory Act of 1995), to require the Public Utility Commission (PUC) to ensure that prices for transmission use do not result in a disproportionate shifting of cost responsibility among Electric Reliability Council of Texas transmission system, when measured by a utility's use of transmission facilities owned by others in comparison to others' use of its transmission system.

SECTION 2. Amends Section 2.105, Article 1446c-0, V.T.C.S., to require PUC to apply ratemaking principles based on the flow of funds set forth in the municipality's revenue bond ordinance and other debt ordinances to allow for a cash flow level sufficient to cover all items required to be paid from certain sources under certain conditions. Prohibits PUC from considering certain factors applicable to investor-owned utilities. Requires PUC to specifically acknowledge that provisions contained in certain sections of this Act do not apply to municipally owned utilities.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.