

## **BILL ANALYSIS**

Senate Research Center  
80R1701 JJT-D

S.B. 65  
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Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the System Benefit Fund (fund) helps low income customers benefit from reduced electric rates in the deregulated electricity provider market and continues weatherization programs funded by regulated utilities. During the 78th and 79th legislative sessions, a combined total of approximately \$600 million was diverted from the fund for the budget and general revenue resulting in lower income customers being denied benefits of rate discounts and weatherization programs.

As proposed, S.B. 65 modifies and protects the fund to ensure that lower income customers receive the benefits of rate discount and weatherization programs. The bill models the fund after the Universal Service Fund to prevent money in the fund from being used for general revenue.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Utility Commission in SECTION 1 (Section 39.903, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 39.903(a), (b), (d), (e), and (h), Utilities Code, as follows:

(a) Requires the Public Utility Commission (PUC) to adopt and enforce rules requiring electric utilities to establish of a system benefit fund (fund) as a trust fund outside of the state treasury only for the purposes of this section. Requires the PUC to provide for the fund to be held by a financial institution eligible to be a depository for state funds under Chapter 404 (State Treasury Operations of Comptroller), Government Code. Deletes existing text providing that Section 403.095 (Use of Dedicated Revenue), Government Code, does not apply to the fund.

(b) Sets forth the conditions under which the fund is financed. Requires an electric utility to remit fees to the fund in accordance with PUC procedures. Makes conforming changes.

(d) Requires the PUC by rule to adopt certain review procedures to ensure that the fund is funded and disbursements from the fund are properly made. Authorizes the PUC to provide for the fund's operation by a contractor. Authorizes the PUC to require an electric utility or retail electric provider to provide information to assess contributions to and disbursements of the fund, and provides that this information is not subject to disclosure under Chapter 552 (Public Information), Government Code. Requires the PUC to provide for disbursements from the fund to be made promptly and efficiently to prevent an unnecessary cash-flow problem for the electric utility or retail electric provider due to administrative delays. Deletes existing text requiring the PUC to report to the electric utility restructuring legislative oversight committee if the fee is insufficient.

(e) Authorizes money from the fund to be used for solely certain purposes, rather than appropriated for certain regulatory purposes. Deletes existing text authorizing the use of money for customer education programs and administrative expenses. Deletes existing text authorizing the use of money for the reimbursement to the PUC and the Health and Human Services Commission for expenses incurred during administration of an

integrated eligibility process, including outreach expenses deemed necessary by the PUC. Makes conforming changes.

(h) Authorizes the PUC to reduce the rate reduction to less than 10 percent if the fee is set at 65 cents per megawatt hour fee and the PUC determines that money in the fund is insufficient to fund the 10 percent rate reduction.

SECTION 2. Requires the PUC to adopt rules, under Section 39.903, Utilities Code, as amended by this Act, as soon as practicable. Sets forth provisions governing the remittance and allocation of fees before and after the effective date of this Act.

SECTION 3. Effective date: September 1, 2007.