

BILL ANALYSIS

Senate Research Center

C.S.S.B. 896
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Public Utility Commission of Texas (PUC) has no authority to review sales, transactions, or changes of ownership of public utilities. Some of these transactions could have negative implications for the safe, reliable delivery of electricity as well as being detrimental to the competitive market.

C.S.S.B. 896 provides PUC with additional administrative authority to review any sales or transactions that would transfer the majority ownership of a public utility to another entity. It ensures that PUC has the ability to review any change in ownership of a utility so as not to negatively impact the reliable delivery of electricity or the competitive market. This bill also provides PUC with the ability to review the transfer of certain certificates and ensure the new entity receiving the certificate has resources to provide reasonable and adequate service.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 14.101, Utilities Code, as follows:

Sec. 14.101. REPORT OF CERTAIN TRANSACTIONS; COMMISSION CONSIDERATION. (a) Prohibits a public utility, holding company, or affiliate, rather than just a public utility, from taking certain actions unless the transaction is reported to and approved by the Public Utility Commission of Texas (PUC).

(b) Requires a public utility, holding company, or affiliate to report each transaction that involves the sale of at least 50 percent of the stock to PUC prior to the close of each transaction and prior to the receipt of all necessary regulatory approvals. Makes conforming changes.

(c) Requires PUC to take appropriate action, including disapproving the transaction or, if appropriate, taking the effect of the transaction into consideration in ratemaking proceedings and disallowing the effect, if PUC finds a transaction is not in the public interest.

(d) Deletes existing Subdivision (3) providing that this section does not apply to transactions that facilitate unbundling, asset valuation, minimization of ownership or control of generation assets, or other purposes consistent with Chapter 39 (Restructuring of Electric Utility Industry).

(e) Requires PUC, in conducting the analysis under this section, to consider the extent to which the transaction facilitates the development of the competitive market, mitigates market power in either the retail or wholesale electricity market, or other purposes consistent with Chapter 39.

SECTION 2. Amends Section 37.154, Utilities Code, by adding Subsection (c), to require PUC, notwithstanding Subsection (a), to not approve the sale, assignment, or lease of a certificate or a right obtained under a certificate if PUC determines that the purchaser, assignee, or lessee has

debts or is capitalized in a manner that would adversely affect the rates or services of the purchaser, assignee, or lessee.

SECTION 3. Effective date: upon passage or September 1, 2007.