

BILL ANALYSIS

Senate Research Center

H.B. 1182
By: Turner, Sylvester et al. (Fraser)
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The system benefit fund (SBF) was established as a critical part of the 1999 legislation to introduce competition to the electricity industry. The purpose of SBF was to help ease the transition into the market by helping low-income Texans be able to afford electric services through a rate discount and weatherization funds. SBF was also intended to fund customer education.

H.B. 1182 creates an independent trust fund rather than an account in the general revenue fund, preventing money in the fund from being diverted from the programs created to help low-income ratepayers in deregulated electricity markets. The bill establishes the rate discount for low-income customers as a range from 10 to 20 percent and specifies an order of priority in which the funds must be used.

RULEMAKING AUTHORITY

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

Rulemaking authority previously granted to PUC is modified in SECTION 1 (Section 39.903, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 39.903(a) - (j-1), Utilities Code, as follows:

(a) Provides that the system benefit fund is a trust fund held by the Public Utility Commission of Texas (PUC) outside of the state treasury as trustee solely for the benefit of programs and purposes provided by this section. Deletes existing text providing that the system benefit fund is an account in the general revenue fund. Deletes existing text authorizing that money in the account be appropriated only for the purposes provided by this section or other law. Requires PUC to undertake to spend for the purposes of the system benefit fund programs and purposes all system benefit fund money available. Authorizes PUC to spend the money from the system benefit fund as provided by this section without additional legislative action, including an appropriation. Requires PUC to adopt and enforce rules requiring retail electric providers and transmission and distribution utilities to finance the system benefit fund by a nonbypassable fee set by the commission in an amount not to exceed 65 cents per megawatt hour and allocated to customers based on the amount of kilowatt hours used. Deletes existing text providing that Section 403.095 (Use of Dedicated Revenue), Government Code, does not apply to the system benefit fund. Deletes existing Subsection (b) designation. Makes nonsubstantive changes.

(b) Redesignates Subsection (c) as Subsection (b). Requires PUC to provide for the nonbypassable fee to be imposed also on the retail electric customers of a municipally owned utility or electric cooperative beginning on the first day of the sixth month preceding the date on which the utility or cooperative implements customer choice. Deletes existing text prohibiting the nonbypassable fee from being imposed on the retail electric customers of a municipality owner utility or electric cooperative before the sixth month preceding the date on which the utility or cooperative implements customer choice. Makes a conforming change.

(c) Redesignates Subsection (d) as Subsection (c). Makes a conforming change.

(d) Redesignates Subsection (e) as Subsection (d). Requires that rules of PUC provide that money in the system benefit fund may be used only for the following regulatory purposes, in the following order of priority:

(1) programs to assist low-income electric customers by providing the 10-20 percent reduced rate prescribed by Subsection (g) and provide bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low-income persons and who have been threatened with disconnection for nonpayment;

(2) programs to assist low-income electric customers by providing the targeted energy efficiency programs described by Subsection (e)(2); and

(3) customer education programs, administrative expenses incurred by the commission PUC in implementing and administering this chapter, and expenses incurred by the office under this chapter.

Deletes existing text authorizing money in the system benefit fund to be appropriated to provide funding solely for the following regulatory purposes, in the following order of priority:

(1) programs to assist low-income electric customers by providing the 10 percent reduced rate prescribed by Subsection (h) (relating to determining a reduced rate) and providing one-time bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low-income persons and who have been threatened with disconnection for nonpayment;

(2) customer education programs, administrative expenses incurred by PUC in implementing and administering this chapter, and expenses incurred by the office under this chapter;

(3) programs to assist low-income electric customers by providing the targeted energy efficiency programs described by Subsection (f)(2) (relating to targeted energy efficiency programs);

(4) programs to assist low-income electric customers by providing the 20 percent reduced rate prescribed by Subsection (h); and

(5) reimbursement to PUC and the Health and Human Services Commission for expenses incurred in the implementation and administration of an integrated eligibility process created under Section 17.007 (Eligibility Process for Customer Service Discounts) for customer service discounts relating to retail electric service, including outreach expenses PUC determines are reasonable and necessary.

(e) Redesignates Subsection (f) as Subsection (e). Makes a conforming change.

(f) Redesignates Subsection (g) as Subsection (f).

(g) Redesignates Subsection (h) as Subsection (g). Deletes existing text authorizing PUC to reduce the rate reduction for eligible customers to less than 10 percent if the fee is set at 65 cents per megawatt hour or if PUC determines that appropriations are insufficient to fund the 10 percent rate reduction. Makes conforming changes.

(h) Redesignates Subsection (i) as Subsection (h). Prohibits a retail electric provider, municipally owner utility, or electric cooperative seeking

reimbursement from the system benefit fund from charging an eligible low-income customer a rate higher than the appropriate reduced rate determined under Subsection (g), rather than Subsection (h). Requires that PUC rules provide for:

(1) Creates Subsection (h)(1) from existing text. Makes nonsubstantive changes; and

(2) Creates Subsection (h)(2) from existing text. Deletes existing text requiring PUC to adopt rules providing for the reimbursement. Makes nonsubstantive changes.

(i) Redesignates Subsection (j) as Subsection (i). Requires that PUC rules providing for methods of enrolling customers eligible to receive reduced rates under Subsection (g), rather than Subsection (h), provide that an electric customer eligible for the reduced rate determined under Subsection (g) is also eligible for reduced rates for telecommunications service offered for low-income customers and a customer eligible for reduced rates for telecommunications service offered for low-income customers is also eligible for the reduced rate determined under Subsection (g).

(j) Redesignates Subsection (j-1) as Subsection (j). Makes a conforming change.

SECTION 2. Requires PUC to adopt or revise rules governing the system benefit fund under Section 39.903, Utilities Code, as amended by this Act, not later than January 1, 2012.

SECTION 3. Requires that fees for the system benefit fund collected under Section 39.903, Utilities Code, before the effective date of this Act be remitted to the comptroller of public accounts for deposit in the general revenue fund. Requires that fees for the system benefit fund collected under Section 39.903, Utilities Code, on or after the effective date of this Act be remitted to PUC not later than 31 days after the fees are collected until PUC adopts rules governing the remittance of the fees to the trust fund established under that section, as amended by this Act. Requires PUC to hold fees remitted to it under this Act in trust for the benefit of the system benefit fund until that fund is established as provided by this Act and transfer those fees to the fund on the date the fund is established.

SECTION 4. Effective date: September 1, 2011.