

BILL ANALYSIS

Senate Research Center

S.B. 1945
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Natural Resources & Economic Development
4/13/2015
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Municipally owned utilities under Chapter 33, Utilities Code, are granted special powers and exclusive jurisdiction to set rates and provide services outside of the regulatory oversight of the Public Utility Commission (PUC). They are also specifically protected from competition within the Texas competitive electricity market.

Most municipally owned utilities serving more than 400,000 customers are governed by an external board, separate from the city council, that represents the interests of all consumer classes as well as the utility. Austin Energy in particular, which is governed directly by its city council, has demonstrated a willingness to subsidize local government economic and environmental policies through the utility's rate base. This has resulted in ever increasing energy rates for the Texans served in this particular area.

S.B. 1945 provides a mechanism for a group of Austin Energy ratepayers to petition PUC for a review of their rates, and compare them against comparable rates within the competitive retail electricity market. If the rates offered by Austin Energy are not found to be just and reasonable, PUC could either set the rates, or allow the petitioning ratepayers to participate in the competitive market.

As proposed, S.B. 1945 amends current law relating to establishing competitive retail electricity options for customers served by certain municipally owned utilities.

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 33.122, Utilities Code, by adding Subsection (1), as follows:

(1) Provides that this section applies only to a municipally owned utility that has at least 400,000 customers, is governed by a municipality with a population of less than 1,300,000 and is located within the ERCOT power region. Authorizes a customer or group of customers with a total usage of more than 25,000,000 kwh per year, notwithstanding any other provision, to file a petition to have the Public Utility Commission of Texas (PUC) review current or proposed rates applicable to the petitioning customers. Requires the municipally owned utility to file a rate application with PUC that complies in all material respects with the rules and forms prescribed by PUC within 90 days of a petition being filed under this subsection. Authorizes the 90 period to be extended by PUC for good cause.

(2) Requires PUC to conduct a full review of the rates applicable to the petitioning customers consistent with the standards prescribed in Chapter 36 (Rates), to determine whether those rates are just and reasonable. Requires PUC to also consider whether the rates are consistent with the rates available to similarly situated customers in areas of the state that have access to customer choice.

(3) Requires PUC, if PUC finds that the rates are not just and reasonable, or not consistent with the rates available to similarly situated customer areas of the state that have access to customer choice, to either:

(a) set rates for the petitioning customer or customers that are just, reasonable, and consistent with the rates available to similarly situated customers in areas of the state that have access to customer choice, or

(b) set cost-based transmission and distribution rates for the municipally owned utility and allow a petitioning customer or customers to purchase electricity through a competitive retail electric provider.

SECTION 2. Effective date: upon passage or September 1, 2015.