

1-1 By: King, Swinford, Baxter, et al. H.B. No. 2548
1-2 (Senate Sponsor - Fraser)
1-3 (In the Senate - Received from the House May 12, 2003;
1-4 May 13, 2003, read first time and referred to Committee on Business
1-5 and Commerce; May 21, 2003, reported favorably by the following
1-6 vote: Yeas 9, Nays 0; May 21, 2003, sent to printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to electric transmission capacity.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 35.004(d), Utilities Code, is amended to
1-12 read as follows:

1-13 (d) The commission shall price wholesale transmission
1-14 services within ERCOT based on the postage stamp method of pricing
1-15 under which a transmission-owning utility's rate is based on the
1-16 ERCOT utilities' combined annual costs of transmission divided by
1-17 the total demand placed on the combined transmission systems of all
1-18 such transmission-owning utilities within a power region. An
1-19 electric utility subject to the freeze period imposed by Section
1-20 39.052 may treat transmission costs in excess of transmission
1-21 revenues during the freeze period as an expense for purposes of
1-22 determining annual costs in the annual report filed under Section
1-23 39.257. Notwithstanding Section 36.201, the commission may approve
1-24 wholesale rates that may be periodically adjusted to ensure timely
1-25 recovery of transmission investment. Notwithstanding Section
1-26 36.054(a), if the commission determines that conditions warrant the
1-27 action, the commission may authorize the inclusion of construction
1-28 work in progress in the rate base for transmission investment
1-29 required by the commission under Section 39.203(e).

1-30 SECTION 2. Section 37.056(c), Utilities Code, is amended to
1-31 read as follows:

1-32 (c) The commission shall grant each certificate on a
1-33 nondiscriminatory basis after considering:

1-34 (1) the adequacy of existing service;
1-35 (2) the need for additional service;
1-36 (3) the effect of granting the certificate on the
1-37 recipient of the certificate and any electric utility serving the
1-38 proximate area; and

1-39 (4) other factors, such as:
1-40 (A) community values;
1-41 (B) recreational and park areas;
1-42 (C) historical and aesthetic values;
1-43 (D) environmental integrity; ~~and~~
1-44 (E) the probable improvement of service or

1-45 lowering of cost to consumers in the area if the certificate is
1-46 granted; and

1-47 (F) to the extent applicable, the effect of
1-48 granting the certificate on the ability of this state to meet the
1-49 goal established by Section 39.904(a) of this title.

1-50 SECTION 3. Section 39.203(e), Utilities Code, is amended to
1-51 read as follows:

1-52 (e) The commission may require an electric utility or a
1-53 transmission and distribution utility to construct or enlarge
1-54 facilities to ensure safe and reliable service for the state's
1-55 electric markets and to reduce transmission constraints within
1-56 ERCOT in a cost-effective manner where the constraints are such
1-57 that they are not being resolved through Chapter 37 or the ERCOT
1-58 transmission planning process. In any proceeding brought under
1-59 Chapter 37, an electric utility or transmission and distribution
1-60 utility ordered to construct or enlarge facilities under this
1-61 subchapter need not prove that the construction ordered is
1-62 necessary for the service, accommodation, convenience, or safety of
1-63 the public and need not address the factors listed in Sections
1-64 37.056(c)(1)-(3) and (4)(E).

2-1 SECTION 4. This Act takes effect immediately if it receives
2-2 a vote of two-thirds of all the members elected to each house, as
2-3 provided by Section 39, Article III, Texas Constitution. If this
2-4 Act does not receive the vote necessary for immediate effect, this
2-5 Act takes effect September 1, 2003.

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