

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006**

**May 4, 2006**

**TO:** Honorable Phil King, Chair, House Committee on Regulated Industries

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB32** by Turner (Relating to the system benefit fund and to eligibility for and enrollment for benefits under the fund.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB32, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative)<br/>Impact to General Revenue Related<br/>Funds</b> |
|--------------------|---|
| 2008               | \$0   |
| 2009               | \$0   |
| 2010               | \$0   |
| 2011               | \$0   |
| 2012               | \$0   |

**All Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Revenue Gain/(Loss) from<br/>System Benefit Account<br/>5100</b> |
|--------------------|--|
| 2008               | (\$149,577,378)  |
| 2009               | (\$155,002,898)  |
| 2010               | (\$155,002,898)  |
| 2011               | (\$157,932,226)  |
| 2012               | (\$160,932,939)  |

**Fiscal Analysis**

The bill would require the Public Utility Commission (PUC) to stop collecting the System Benefit Fee for any fiscal year in which the PUC does not provide a 10 to 20 percent rate reduction through the low-income discount (LID) program during each quarter of the fiscal year. The bill would eliminate statutory language authorizing the PUC to set the LID program rate reduction below 10 percent when the System Benefit Fee is set at the statutory maximum or when appropriations are not sufficient to fund a 10 percent rate reduction.

The bill would authorize expenditures from the System Benefit Account for the purpose of educating residential and small business customers about available benefits of the fund until August 31, 2008.

The bill would establish a goal to enroll at least 95 percent of eligible LID customers, require the PUC

to estimate the total number of eligible LID customers by December 1st of each even-numbered year, and prepare a report on enrollment efforts to be published biannually each odd-numbered year.

The bill would expand the criteria for eligibility in the PUC's LID program to include customers whose household includes a person who is eligible for Health and Human Services Commission programs, receives federal housing assistance, or is enrolled in the national school lunch program of free or reduced-price lunches.

The bill would require the PUC to adopt necessary rules to implement the provisions of the bill no later than January 1, 2008.

The bill would take effect September 1, 2007.

### **Methodology**

The analysis reflected above assumes that funding for the low-income discount (LID) program would continue at the same level reflected in the current 2006-07 General Appropriations Act. Therefore, it also assumes that the LID program would not provide a rate reduction of 10 percent or more and that the Public Utility Commission (PUC) would stop collection of the System Benefit Fee.

Based on information provided by the PUC, this would result in revenue losses to the GR-Dedicated System Benefit Account No. 5100 of \$149,577,378 in fiscal year 2008, \$155,002,898 in fiscal year 2009, \$155,002,898 in fiscal year 2010, \$157,932,226 in fiscal year 2011, and \$160,932,939 in fiscal year 2012.

However, if LID program funding were implemented at the 10 percent rate reduction level, it is assumed that costs associated with the program would be \$233,590,417 in fiscal year 2008, \$255,291,026 in fiscal year 2009, \$278,962,385 in fiscal year 2010, \$305,162,595 in fiscal year 2011, and \$336,111,505 in fiscal year 2012 for rate reductions and to contract for administration of the program based on information provided by the PUC. Assuming the System Benefit Fee would continue at the statutory maximum rate of 65 cents per megawatt hour, it is anticipated that the revenue amounts reflected in the table above would be deposited to the credit of the System Benefit Account No. 5100 through fiscal year 2010 and partially in 2011 at which time costs for the program at the 10 percent rate reduction level would exceed net available resources in the Account during the fiscal year.

It is anticipated that any costs to the PUC related to rulemakings required by the bill, educating residential and small business customers about available benefits of the fund, and establishing, estimating, and publishing information related to LID enrollment rates could be absorbed within the agency's existing resources.

### **Technology**

This bill should have no impact to the technology budget of the Public Utility Commission.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** JOB, CL, MW, RB