

Amend CSSB 408 by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Chapter 39, Subchapter E, Utilities Code, is amended to read as follows:

Section 39.2025 DEFAULT SERVICE STUDY. (a) It is the policy of this state to ensure that all electric customers in ERCOT, including low-income customers and customers in rural and other high-cost areas, have access to electric energy service at reasonable rates.

(b) The Public Utility Commission of Texas shall conduct a study to determine methods or mechanisms to ensure that residential customers who are currently being served by an affiliated retail electric provider at the "price-to-beat" rate will continue to have default electric service available at reasonable rates. On September 1, 2005, the commission shall begin the review required by this subsection. The review must include the methods other competitive regions, including Ohio, Maine, Maryland, Massachusetts, and New Jersey, use to provide default services to residential customer classes at reasonable rates.

(c) The study required by Subsection (b) of this section must:

(1) evaluate:

(A) competitive procurement load auctions; and

(B) local governmental aggregation, including municipal "opt-out" mechanisms; and

(2) compare, regarding various mechanisms or methods considered:

(A) resulting prices for service at wholesale;

(B) resulting prices for service at retail;

(C) key features of each mechanism or method and key differences between the mechanisms or methods;

(D) the level of wholesale supplier competition under each mechanism or method, measured by factors such as:

(i) numbers of participants;

(ii) volumes bid; or

(iii) other relevant factors; and

(E) any other factors or variables the commission considers necessary to arrive at a conclusion and to make recommendations under this section.

(d) The Public Utility Commission of Texas shall conclude the study under this section not later than February 1, 2006, and shall determine at that time a mechanism by which residential customers served by an affiliated retail electric provider will be able to receive the lowest cost default electric service on and after January 1, 2007.

(e) The Public Utility Commission of Texas shall present a report of the study and the recommendations made as a result of the study to the Joint Electric Utility Restructuring Legislative Oversight Committee on or before March 1, 2006.

(f) The Joint Electric Utility Restructuring Legislative Oversight Committee shall hold hearings on the study and recommendations in each region of the state served by an affiliated retail electric provider and, following the hearings, shall make recommendations to the 80th Legislature on the best means to provide residential customers default electric service at the lowest cost.