

Amend Amendment No. 1 by King to **CSSB 408** as follows:

(1) In item (12) of the amendment, in the recital to the unnumbered SECTION that amends Section 39.151, Utilities Code (page 2, line 31), strike "Subsections (d-1) and (g-1)" and substitute "Subsection (g-1)".

(2) In item (12) of the amendment, strike Subsections (c), (d), (d-1), and (e), Section 39.151, Utilities Code, as amended by the unnumbered SECTION (page 3, line 9, through page 5, line 18), and substitute the following:

(c) The commission shall certify an independent organization or organizations to perform the functions prescribed by this section. The commission has complete authority to oversee, require the commission's approval of, and order modifications of any part of the finances, budget, or operations of an independent organization certified under this section.

(d) An independent organization certified by the commission for a power region shall establish and enforce procedures, consistent with this title and the commission's rules, relating to the reliability of the regional electrical network and accounting for the production and delivery of electricity among generators and all other market participants. The procedures shall be subject to commission oversight and review. An independent organization certified by the commission is directly responsible and accountable to the commission. The organization shall fully cooperate with the commission in the commission's oversight and investigatory functions. The commission may decertify an organization that does not adequately perform the organization's functions or duties or does not comply with this section.

(e) The commission by rule shall require an independent organization certified under this section to provide the commission with sufficiently detailed information to allow the commission to review and approve or disapprove the independent organization's budget for cost efficiencies and for the reasonableness and necessity of budget items. The rules must include a timetable for an independent organization to file its budget for review under the rules. The commission's budget review must include a review of salaries, employee benefits, and the independent organization's

use of debt financing. After determining the overall reasonableness and necessity of an independent organization's budget, the [The] commission, in the same proceeding, may authorize the [an] independent organization [~~that is certified under this section~~] to charge [~~a reasonable and competitively neutral rate~~] to wholesale buyers and sellers a reasonable and competitively neutral rate determined by the commission to allow [~~cover~~] the independent organization a reasonable opportunity to take in a reasonable and necessary amount of revenue, as determined by the commission in the budget review process. The independent organization may change the rate established by the commission in the budget review process only with the commission's approval. On the commission's own initiative or on receiving a complaint, the commission may inquire into the reasonableness of an independent organization's budget or rate [~~costs~~].