

BILL ANALYSIS

S.B. 1495
By: Fraser
Regulated Industries
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, electric utilities are permitted to securitize any stranded costs that the utility may incur as a result of moving from a regulated market to a competitive environment. While there are several costs associated with the transition to competition, the statute addresses only the securitization of stranded costs. As proposed, this bill would permit utilities to securitize additional costs as a result of the transition to a competitive environment.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.262(c), Utilities Code, as follows:

(c) Requires each transmission and distribution utility, its affiliated retail electric provider, and its affiliated power generation company, as specified, to file in order to finalize stranded costs under Subsection (h) and (i) and to reconcile other costs as specified, after January 10, 2004. Requires that any resulting difference be applied to the nonbypassable delivery rates of the transmission and distribution utility, except that at the utility's option, any or all of the amount recovered under this section, rather than remaining stranded costs, may be securitized under Subchapter G.

SECTION 2. Amends Section 39.301, Utilities Code, as follows:

Sec. 39.301. PURPOSE. Provides that the purpose of this subchapter is to enable utilities to use securitization financing to recover regulatory assets. Adds that utilities are authorized to use securitization financing to recover all other amounts determined under Section 39.262 and any amounts being recovered under a competition transition charge determined as a result of the proceedings under Section 39.201 and 39.262. Provides that the policy of this state is to encourage electric utilities and transmission and distribution utilities to use securitization financing. Makes conforming changes.

SECTION 3. Amends Section 39.302(4), Utilities Code, to redefine "qualified costs."

SECTION 4. Amends Sections 39.303(a) and (b), Utilities Code, to make conforming changes.

SECTION 5. Effective date: upon passage or September 1, 2005.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each house. If the necessary vote is not received it takes effect September 1, 2005.