

By: Eiland

H.B. No. 2943

A BILL TO BE ENTITLED

AN ACT

relating to electric utility employee pension and other post retirement benefit expense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 36, Utilities Code, is amended by adding Section 36.065, to read as follows:

Sec. 36.065. EXPENSE FOR PENSION AND OTHER POST EMPLOYMENT BENEFITS. (a) Effective January 1, 2005, an electric utility may establish one or more reserve accounts for pension and other post employment benefits expenses and shall periodically record to such accounts a surplus (regulatory liability) or shortage (regulatory asset) between the annual amounts approved in the Company's last general rate proceeding as an operating expense and the annual amounts determined by actuarial or similar studies that are chargeable to operating expense. In a subsequent rate proceeding, the regulatory authority shall review the amounts booked to such reserve accounts to determine that the amounts are reasonable and necessary expenses and shall subtract any surplus from or add any shortage to the utility's rate base, with the surplus or shortage to be amortized over a reasonable time.

(b) The regulatory authority shall include in the rates of an electric utility expenses for pension and other post employment benefits as determined by actuarial or similar studies of such obligations, in an amount found reasonable by the regulatory

1 authority. With respect to all personnel who had been employed by
2 the predecessor integrated electric utility prior to the utility's
3 unbundling under Chapter 39 of this title, and irrespective of what
4 business activity they performed or which affiliate they may have
5 transferred to on or after unbundling, the portion of their pension
6 and other post employment benefit expense that arises from their
7 respective service with the predecessor integrated electric
8 utility shall be included in rates.

9 SECTION 2. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2005.