

1-1 By: Nelson S.B. No. 408  
1-2 (In the Senate - Filed February 14, 2005; February 15, 2005,  
1-3 read first time and referred to Committee on Government  
1-4 Organization; April 25, 2005, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;  
1-6 April 25, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 408 By: Eltife

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the continuation and functions of the Public Utility  
1-11 Commission of Texas, including regulation of certain utilities with  
1-12 delayed customer choice; providing a penalty.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 12.005, Utilities Code, is amended to  
1-15 read as follows:

1-16 Sec. 12.005. APPLICATION OF SUNSET ACT. The Public Utility  
1-17 Commission of Texas is subject to Chapter 325, Government Code  
1-18 (Texas Sunset Act). Unless continued in existence as provided by  
1-19 that chapter or by Chapter 39, the commission is abolished and this  
1-20 title expires September 1, 2011 [2005].

1-21 SECTION 2. Section 12.059, Utilities Code, is amended by  
1-22 adding Subsection (c) to read as follows:

1-23 (c) A person who is appointed to the commission is entitled  
1-24 to reimbursement, as provided by the General Appropriations Act,  
1-25 for the travel expenses incurred in attending the training program  
1-26 regardless of whether the attendance at the program occurs before  
1-27 or after the person qualifies for office.

1-28 SECTION 3. Section 12.102, Utilities Code, is amended to  
1-29 read as follows:

1-30 Sec. 12.102. DUTIES OF EMPLOYEES. The commission shall  
1-31 develop and implement policies that clearly separate [define] the  
1-32 policymaking [respective] responsibilities of the commission and  
1-33 the management responsibilities of the commission employees.

1-34 SECTION 4. Section 12.153, Utilities Code, is amended to  
1-35 read as follows:

1-36 Sec. 12.153. RELATIONSHIP WITH TRADE ASSOCIATION. A person  
1-37 may not serve as a commissioner or be a commission employee who is  
1-38 employed in a "bona fide executive, administrative, or professional  
1-39 capacity," as that phrase is used for purposes of establishing an  
1-40 exemption to the overtime provisions of the federal Fair Labor  
1-41 Standards Act of 1938 (29 U.S.C. Section 201 et seq.), [exempt from  
1-42 the state's position classification plan or is compensated at or  
1-43 above the amount prescribed by the General Appropriations Act for  
1-44 step 1, salary group 17, of the position classification salary  
1-45 schedule] if the person is:

1-46 (1) an officer, employee, or paid consultant of a  
1-47 trade association; or

1-48 (2) the spouse of an officer, manager, or paid  
1-49 consultant of a trade association.

1-50 SECTION 5. Subchapter A, Chapter 14, Utilities Code, is  
1-51 amended by adding Section 14.0025 to read as follows:

1-52 Sec. 14.0025. NEGOTIATED RULEMAKING AND ALTERNATIVE  
1-53 DISPUTE RESOLUTION. (a) The commission shall develop and  
1-54 implement a policy to encourage the use of:

1-55 (1) negotiated rulemaking procedures under Chapter  
1-56 2008, Government Code, for the adoption of commission rules; and

1-57 (2) appropriate alternative dispute resolution  
1-58 procedures under Chapter 2009, Government Code, to assist in the  
1-59 resolution of internal and external disputes under the commission's  
1-60 jurisdiction.

1-61 (b) The commission's procedures relating to alternative  
1-62 dispute resolution must conform, to the extent possible, to any  
1-63 model guidelines issued by the State Office of Administrative

Hearings for the use of alternative dispute resolution by state agencies.

(c) The commission shall designate a trained person to:

- (1) coordinate the implementation of the policy adopted under Subsection (a);
- (2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and
- (3) collect data concerning the effectiveness of those procedures, as implemented by the commission.

SECTION 6. Subchapter B, Chapter 14, Utilities Code, is amended by adding Section 14.059 to read as follows:

Sec. 14.059. TECHNOLOGY POLICY. The commission shall implement a policy requiring the commission to use appropriate technological solutions to improve the commission's ability to perform its functions. The policy must ensure that the public is able to interact with the commission on the Internet.

SECTION 7. Section 15.023, Utilities Code, is amended by amending Subsections (b) and (c) and adding Subsection (d) to read as follows:

(b) The penalty for a violation may be in an amount not to exceed \$25,000 [~~\$5,000~~]. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(c) The commission by rule shall establish a classification system for violations that includes a range [~~The amount~~] of [~~an~~] administrative penalties that may be assessed for each class of violation [~~penalty shall be~~] based on:

- (1) the seriousness of the violation, including:
  - (A) the nature, circumstances, extent, and gravity of a prohibited act; and
  - (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;
- (2) the economic harm to property or the environment caused by the violation;
- (3) the history of previous violations;
- (4) the amount necessary to deter future violations;
- (5) efforts to correct the violation; and
- (6) any other matter that justice may require.

(d) The classification system established under Subsection (c) shall provide that a penalty in an amount that exceeds \$5,000 may be assessed only if the violation is included in the highest class of violations in the classification system.

SECTION 8. Subsection (b), Section 15.051, Utilities Code, is amended to read as follows:

(b) The commission shall keep for a reasonable period information about each complaint filed with the commission that the commission has authority to resolve. The information shall include:

- (1) the date the complaint is received;
- (2) the name of the complainant;
- (3) the subject matter of the complaint;
- (4) a record of each person contacted in relation to the complaint;
- (5) a summary of the results of the review or investigation of the complaint; and
- (6) if the commission took no action on the complaint, an explanation of the reason the complaint was closed without action.

SECTION 9. Section 39.151, Utilities Code, is amended by amending Subsections (b) through (e), (g), and (h) and adding Subsections (d-1) and (g-1) to read as follows:

(b) "Independent organization" means an independent system operator or other person that is sufficiently independent of any producer or seller of electricity that its decisions will not be unduly influenced by any producer or seller. [~~An entity will be deemed to be independent if it is governed by a board that has three representatives from each segment of the electric market, with the consumer segment being represented by one residential customer, one commercial customer, and one industrial retail customer.~~]

(c) The commission shall certify an independent organization or organizations to perform the functions prescribed by this section. The commission shall apply the provisions of this section and Sections 39.1511, 39.1512, and 39.1515 so as to avoid conflict with a ruling of a federal regulatory body.

(d) The commission shall adopt and enforce rules [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, or may delegate to an independent organization responsibilities for establishing or enforcing such rules. Any such rules adopted by an independent organization and any enforcement actions taken by the organization are[. 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 commission has complete authority to oversee and investigate the organization's finances, budget, and operations as necessary to ensure the organization's accountability and to ensure that the organization adequately performs the organization's functions and duties. The organization shall fully cooperate with the commission in the commission's oversight and investigatory functions. The commission may take appropriate action against an organization that does not adequately perform the organization's functions or duties or does not comply with this section, including decertifying the organization or assessing an administrative penalty against the organization. The commission by rule shall adopt procedures governing decertification of an independent organization, selecting and certifying a successor organization, and transferring assets to the successor organization to ensure continuity of operations in the region. The commission may not implement, by order or by rule, a requirement that is contrary to an applicable federal law or rule.

(d-1) The commission may:

(1) require an independent organization to provide reports and information relating to the independent organization's performance of the functions prescribed by this section and relating to the organization's revenues, expenses, and other financial matters;

(2) prescribe a system of accounts for an independent organization;

(3) conduct audits of an independent organization's performance of the functions prescribed by this section or relating to its revenues, expenses, and other financial matters and may require an independent organization to conduct such an audit;

(4) inspect an independent organization's facilities, records, and accounts during reasonable hours and after reasonable notice to the independent organization;

(5) assess administrative penalties against an independent organization that violates this title or a rule or order adopted by the commission and, at the request of the commission, the attorney general may apply for a court order to require an independent organization to comply with commission rules and orders in the manner provided by Chapter 15; and

(6) resolve disputes between an affected person and an independent organization and adopt procedures for the efficient resolution of such disputes.

(e) The commission may authorize an independent organization that is certified under this section to charge a reasonable and competitively neutral rate to wholesale buyers and sellers to cover the independent organization's costs. The commission shall investigate the organization's cost efficiencies, salaries and benefits, and use of debt financing and may require the organization to provide any information needed to effectively evaluate the organization's budget and the reasonableness and neutrality of a rate or proposed rate or to evaluate the effectiveness or efficiency of the organization. The commission

shall work with the organization to establish the detail of information, both current and historical, and the time frames the commission needs to effectively evaluate a rate or a rate request.

(g) ~~To maintain certification as an independent organization under this section, an organization's [If it amends its governance rules to provide that its governing body is composed as prescribed by this subsection, the existing independent system operator in ERCOT will meet the criteria provided by Subsection (a) with respect to ensuring access to the transmission systems for all buyers and sellers of electricity in the ERCOT region and ensuring the reliability of the regional electrical network. To comply with this subsection, the]~~ governing body must be composed of persons specified by this section and selected in accordance with formal bylaws or protocols of the organization. The bylaws or protocols must be approved by the commission and must reflect the input of the commission. The bylaws must specify the process by which appropriate stakeholders elect members and, for unaffiliated members, prescribe professional qualifications for selection as a member. The bylaws must require the use of a professional search firm to identify candidates for membership of unaffiliated members. The process must allow for commission input in identifying candidates. The governing body must be composed of:

(1) the chairman of the commission as an ex officio nonvoting member;

(2) the counsellor as an ex officio voting member representing residential and small commercial consumer interests;

(3) the chief executive officer ~~[director]~~ of the independent organization ~~[system operator]~~ as an ex officio voting member;

(4) six market participants elected by their respective market segments to serve one-year terms, with:

(A) one representing independent generators;

(B) one representing investor-owned utilities;

(C) one representing power marketers;

(D) one representing retail electric providers;

(E) one representing municipally owned utilities; and

(F) one representing electric cooperatives ~~[four representatives of the power generation sector as voting members];~~

(5) one member representing industrial consumer interests and elected by the industrial consumer market segment to serve a one-year term ~~[four representatives of the transmission and distribution sector as voting members];~~

(6) one member representing large commercial consumer interests selected in accordance with the bylaws to serve a one-year term ~~[four representatives of the power sales sector as voting members];~~ and

(7) five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms ~~[the following people as voting members, appointed by the commission:~~

~~[(A) one representative of residential customers;~~

~~[(B) one representative of commercial customers;~~

and

~~[(C) one representative of industrial customers].~~

~~[The four representatives specified in each of Subdivisions (4), (5), and (6) shall be selected in a manner that ensures equitable representation for the various sectors of industry participants.]~~

(g-1) The presiding officer of the governing body must be one of the members described by Subsection (g)(7).

(h) The ERCOT independent system operator may meet the criteria relating to the other functions of an independent organization provided by Subsection (a) by adopting procedures and acquiring resources needed to carry out those functions, consistent with any rules or orders of the commission.

SECTION 10. Subchapter D, Chapter 39, Utilities Code, is

amended by adding Sections 39.1511, 39.1512, and 39.1515 to read as follows:

Sec. 39.1511. PUBLIC MEETINGS OF THE GOVERNING BODY OF AN INDEPENDENT ORGANIZATION. (a) Meetings of the governing body of an independent organization certified under Section 39.151 and meetings of a subcommittee that includes a member of the governing body must be open to the public. The bylaws of the independent organization and the rules of the commission may provide for the governing body or subcommittee to enter into executive session closed to the public to address sensitive matters such as confidential personnel information, contracts, lawsuits, competitively sensitive information, or other information related to the security of the regional electrical network.

(b) The bylaws of the independent organization and rules of the commission must ensure that a person interested in the activities of the independent organization has an opportunity to obtain at least seven days' advance notice of meetings and the planned agendas of the meetings and an opportunity to comment on matters under discussion at the meetings. The bylaws and commission rules governing meetings of the governing body may provide for a shorter period of advance notice and for meetings by teleconference technology for governing body meetings to take action on urgent matters. The bylaws and rules must require actions taken on short notice or at teleconference meetings to be ratified at the governing body's next regular meeting. The notice requirements may be met by a timely electronic posting on the Internet.

Sec. 39.1512. DISCLOSURE OF INTEREST IN MATTER BEFORE INDEPENDENT ORGANIZATION'S GOVERNING BODY; PARTICIPATION IN DECISION. (a) If a matter comes before the governing body of an independent organization certified under Section 39.151 and a member has a direct interest in that matter or is employed by or has a substantial financial interest in a person who has a direct interest in that matter, that member shall publicly disclose the fact of that interest to the governing body at a public meeting of the body. The member shall recuse himself or herself from the governing body's deliberations and actions on the matter and may not vote on the matter or otherwise participate in a governing body decision on the matter.

(b) A disclosure made under Subsection (a) shall be entered in the minutes of the meeting at which the disclosure is made.

(c) The fact that a member is recused from a vote or decision by application of this section does not affect the existence of a quorum.

Sec. 39.1515. WHOLESALE ELECTRIC MARKET MONITOR. (a) An independent organization certified under Section 39.151 shall contract with an entity selected by the commission to act as the commission's wholesale electric market monitor to detect and prevent market manipulation strategies and recommend measures to enhance the efficiency of the wholesale market.

(b) The independent organization shall provide to the personnel of the market monitor:

(1) full access to the organization's main operations center and the organization's records that concern operations, settlement, and reliability; and

(2) other support and cooperation the commission determines is necessary for the market monitor to perform the market monitor's functions.

(c) The independent organization shall use money from the rate authorized by Section 39.151(e) to pay for the market monitor's activities.

(d) The commission is responsible for ensuring that the market monitor has the resources, expertise, and authority necessary to monitor the wholesale electric market effectively and shall adopt rules and perform oversight of the market monitor as necessary. The market monitor shall operate under the supervision and oversight of the commission. The commission shall retain all enforcement authority conferred under this title, and this section may not be construed to confer enforcement authority on the market

monitor or to authorize the commission to delegate the commission's enforcement authority to the market monitor. The commission by rule shall define:

(1) the market monitor's monitoring responsibilities, including reporting obligations and limitations;

(2) the standards for funding the market monitor, including staffing requirements;

(3) qualifications for personnel of the market monitor; and

(4) ethical standards for the market monitor and the personnel of the market monitor.

(e) In adopting rules governing the standards for funding the market monitor, the commission shall consult with a subcommittee of the independent organization's governing body to receive information on how money is or should be spent for monitoring functions. Rules governing ethical standards must include provisions designed to ensure that the personnel of the market monitor are professionally and financially independent from market participants. The commission shall develop and implement policies that clearly separate the policymaking responsibilities of the commission and the monitoring, analysis, and reporting responsibilities of the market monitor.

(f) The market monitor immediately shall report directly to the commission any potential market manipulations and any discovered or potential violations of commission rules or rules of the independent organization.

(g) The personnel of the market monitor may communicate with commission staff on any matter without restriction.

(h) The market monitor annually shall submit to the commission and the independent organization a report that identifies market design flaws and recommends methods to correct the flaws. The commission and the independent organization shall review the report and evaluate whether changes to rules of the commission or the independent organization should be made.

SECTION 11. Chapter 39, Utilities Code, is amended by adding Subchapters J and K to read as follows:

#### SUBCHAPTER J. STATUS OF COMPETITION IN CERTAIN NON-ERCOT AREAS

Sec. 39.451. APPLICABILITY. (a) This subchapter applies to an investor-owned electric utility:

(1) that is operating solely outside of ERCOT in areas of this state that were included in the Southwest Power Pool on January 1, 2004;

(2) that was not affiliated with the Southeastern Electric Reliability Council on January 1, 2004; and

(3) to which Subchapter I does not apply.

(b) The legislature finds that circumstances exist that require that areas served by an electric utility described by Subsection (a) not be transitioned to full retail customer choice at this time.

Sec. 39.452. REGULATION OF UTILITY AND TRANSITION TO COMPETITION. (a) Until the later of January 1, 2012, or the date on which an electric utility subject to this subchapter is authorized by the commission to implement customer choice, the rates of the electric utility shall be regulated under traditional cost of service regulation and the electric utility is subject to all applicable regulatory authority prescribed by this subtitle and Subtitle A, including Chapters 14, 32, 33, 36, and 37. Until the date on which an electric utility subject to this subchapter implements customer choice, the provisions of this chapter do not apply to that electric utility, other than this subchapter, Sections 39.904 and 39.905, and the provisions relating to the duty to obtain a permit from the Texas Commission on Environmental Quality for an electric generating facility and to reduce emissions from an electric generating facility.

(b) On or after January 1, 2012, the commission may require an electric utility subject to this subchapter to file a transition to competition plan with the commission. The transition to competition plan must identify how electric utilities subject to this subchapter intend to achieve full customer choice, including

an evaluation of the transmission facilities, an explanation of how certification of the power region under Section 39.152 will be achieved, auctioning rights to generation capacity, or any other measure that is consistent with the public interest. The utility must also include in the transition to competition plan a provision to establish a price to beat for residential customers and commercial customers having a peak load of 1,000 kilowatts or less. The commission may prescribe additional information or provisions that must be included in the plan. The commission shall approve, modify, or reject a plan within 180 days after the date of a filing under this section unless a hearing is requested by any party to the proceeding. If a hearing is requested, the 180-day deadline will be extended one day for each day of the hearing. The transition to competition plan may be updated or amended, subject to commission approval, until the applicable power region is certified as a qualifying power region under Section 39.152 and the plan is approved.

(c) On implementation of customer choice, an electric utility subject to this subchapter is subject to the provisions of this subtitle and Subtitle A to the same extent as other electric utilities, including the provisions of Chapter 37 concerning certificates of convenience and necessity.

Sec. 39.453. CUSTOMER CHOICE AND RELEVANT MARKET AND RELATED MATTERS. The commission may not authorize customer choice until the later of January 1, 2012, or the date the applicable power region has been certified as a qualifying power region under Section 39.152.

#### SUBCHAPTER K. TRANSITION TO COMPETITION FOR CERTAIN AREAS OUTSIDE OF ERCOT

Sec. 39.501. APPLICABILITY. (a) This subchapter applies to any multistate electric utility operating solely outside of ERCOT that is serving customers in areas of this state within the Western Electric Coordinating Council.

(b) The legislature finds that the power region in which an electric utility subject to this subchapter provides electric service is unable at this time to offer fair competition and reliable service to all retail customer classes in this state. As a result, the introduction of retail competition for the portions of that power region in this state is delayed until fair competition and reliable service are available to all retail customer classes.

Sec. 39.502. COST-OF-SERVICE REGULATION. (a) Until the date on which an electric utility subject to this subchapter is authorized by the commission to implement retail customer choice, the rates of the utility are subject to regulation under Chapter 36.

(b) Until the date on which an electric utility subject to this subchapter implements customer choice, the provisions of this chapter, other than this subchapter and Sections 39.904 and 39.905, do not apply to that utility.

(c) In accordance with Section 39.904, an electric utility subject to this subchapter shall obtain, at a minimum, renewable energy credits in an amount sufficient to meet the requirements for the compliance period beginning January 1, 2006, and for each compliance period after that date.

(d) In accordance with Section 39.905, an electric utility subject to this subchapter shall begin administering energy efficiency programs on January 1, 2006. The utility shall meet, at a minimum, five percent of its growth in demand through energy efficiency savings resulting from those programs by January 1, 2007, and 10 percent of its growth in demand by January 1, 2008, and each year after that date.

Sec. 39.503. TRANSITION TO COMPETITION. (a) The sequence of events prescribed by Subsections (b)-(f) shall be followed to introduce retail competition in the service area of an electric utility subject to this subchapter. All listed items in a subsection must be completed before the events provided by the next subsection are initiated. Full retail competition may not begin in the service area of the utility until all actions prescribed by those subsections are completed.

(b) The first stage for the transition to competition

consists of the following activities:

(1) approval of a regional transmission organization by the Federal Energy Regulatory Commission for the power region that includes the electric utility's service area and commencement of independent operation of the transmission network under the approved regional transmission organization;

(2) development of retail market protocols to facilitate retail competition; and

(3) completion of an expedited proceeding to develop non-bypassable delivery rates for the customer choice pilot project to be implemented under Subsection (c)(1).

(c) The second stage for the transition to competition consists of the following activities:

(1) initiation of the customer choice pilot project in accordance with Section 39.104;

(2) development of a balancing energy market, a market for ancillary services, and a market-based congestion management system for the wholesale market in the power region in which the regional transmission organization operates; and

(3) implementation of a seams agreement with adjacent power regions to reduce barriers to entry and facilitate competition.

(d) The third stage for the transition to competition consists of the following activities:

(1) the electric utility filing with the commission:

(A) an application for business separation in accordance with Section 39.051;

(B) an application for unbundled transmission and distribution rates in accordance with Section 39.201;

(C) an application for certification of a qualified power region in accordance with Section 39.152; and

(D) an application for price-to-beat rates in accordance with Section 39.202;

(2) the commission:

(A) approving a business separation plan for the utility;

(B) setting unbundled transmission and distribution rates for the utility;

(C) certifying a qualified power region, which includes conducting a formal evaluation of wholesale market power in the region, in accordance with Section 39.152;

(D) setting price-to-beat rates for the utility; and

(E) determining which competitive energy services must be separated from regulated utility activities in accordance with Section 39.051; and

(3) completion of the testing of retail and wholesale systems, including those systems necessary for switching customers to the retail electric provider of their choice and for settlement of wholesale market transactions, by the regional transmission organization, the statewide registration agent, and market participants.

(e) The fourth stage for the transition to competition consists of the following activities:

(1) commission evaluation of the results of the pilot project;

(2) initiation by the electric utility of a capacity auction in accordance with Section 39.153 at a time to be determined by the commission; and

(3) separation by the utility of competitive energy services from its regulated utility activities, in accordance with the commission order approving the separation of competitive energy services.

(f) The fifth stage for the transition to competition consists of the following activities:

(1) evaluation by the commission of whether the power region that includes the electric utility can offer fair competition and reliable service to all retail customer classes, and;



(A) if the commission concludes that the power region can offer fair competition and reliable service to all retail customer classes, the commission issuing an order initiating retail competition for the utility; and

(B) if the commission determines that the power region cannot offer fair competition and reliable service to all retail customer classes, the commission issuing an order further delaying retail competition for the utility; and

(2) on the issuance of an order from the commission initiating retail competition for the utility, completion by the utility of the business separation and unbundling in accordance with the commission order approving the unbundling.

SECTION 12. Subsection (e), Section 39.903, Utilities Code, as amended by Chapters 1394, 1451, and 1466, Acts of the 77th Legislature, Regular Session, 2001, is reenacted and amended to read as follows:

(e) Money in the system benefit fund may be appropriated to provide funding solely for the following regulatory purposes, [and] in the following order of priority:

(1) programs to:

(A) assist low-income electric customers by providing the 10 percent reduced rate prescribed by Subsection (h); and

(B) provide one-time bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low-income persons and who have been threatened with disconnection for nonpayment;

(2) customer education programs, administrative expenses incurred by the commission in implementing and administering this chapter, and expenses incurred by the office under this chapter;

(3) programs to assist low-income electric customers by providing the targeted energy efficiency programs described by Subsection (f)(2);

(4) the school funding loss mechanism provided by Section 39.901;

(5) programs to assist low-income electric customers by providing the 20 percent reduced rate prescribed by Subsection (h); and

(6) reimbursement to the commission and the Health and Human Services Commission ~~[Texas Department of Human Services]~~ for expenses incurred in the implementation and administration of an integrated eligibility process created under Section 17.007 for customer service discounts relating to retail electric service, including outreach expenses the commission determines are reasonable and necessary.

SECTION 13. Section 39.903, Utilities Code, is amended by adding Subsection (j-1) to read as follows:

(j-1) The commission shall adopt rules governing the bill payment assistance program provided under Subsection (e)(1)(B). The rules must provide that a customer is eligible to receive the assistance only if the assistance is necessary to prevent the disconnection of service for nonpayment of bills and the electric customer is or has in the customer's household one or more seriously ill or disabled low-income persons whose health or safety may be injured by the disconnection. The commission may prescribe the documentation necessary to demonstrate eligibility for the assistance and may establish additional eligibility criteria. The Health and Human Services Commission, on request of the commission, shall assist in the adoption and implementation of these rules.

SECTION 14. (a) The Public Utility Commission of Texas shall conduct a comprehensive review of the reporting requirements relating to telecommunications providers that are prescribed by statute or commission rules.

(b) In conducting the review, the Public Utility Commission of Texas shall:

(1) solicit input and assistance from appropriate affected persons, as that term is defined by Section 11.003, Utilities Code; and

(2) consider:

(A) the manner in which information included in a report is used;

(B) whether information included in a report is duplicative of information included in a different report; and

(C) whether the requirements relating to a report the commission determines is necessary can be changed to make the reporting process more efficient.

(c) The Public Utility Commission of Texas shall conclude the review required by this section not later than September 30, 2006, and shall report to the legislature on the results of the review. The report must include:

(1) specific recommendations on which reports the commission determines are necessary and which are not necessary;

(2) for a report the commission determines is necessary, whether the requirements relating to the report can be changed to make the reporting process more efficient; and

(3) the actions the commission has taken or will take to amend commission rules to reflect the results of the review.

(d) If the Public Utility Commission of Texas determines that legislation is necessary or appropriate to eliminate or change reporting requirements prescribed by statute, the commission shall include those recommendations in the biennial report to the legislature required by Section 52.006, Utilities Code.

SECTION 15. Section 52.254, Utilities Code, is repealed.

SECTION 16. The change in law made by this Act relating to qualifications and eligibility to serve as a commissioner or to be employed with the Public Utility Commission of Texas applies only to a commissioner or employee appointed or employed after the effective date of this Act. A commissioner or employee of the Public Utility Commission of Texas who is serving or employed on the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 17. The change in law made by this Act to Section 15.023, Utilities Code, applies only to a violation committed on or after the effective date of this Act. A violation committed before the effective date of this Act is governed by the law in effect when the violation was committed, and the former law is continued in effect for that purpose.

SECTION 18. An independent organization certified by the Public Utility Commission of Texas before September 1, 2005, shall modify the organization's governing body to comply with Subsection (g), Section 39.151, Utilities Code, as amended by this Act, not later than September 1, 2006. On or after September 1, 2006, the Public Utility Commission of Texas may decertify an independent organization whose governing body does not comply with Subsection (g), Section 39.151, Utilities Code, as amended by this Act.

SECTION 19. This Act takes effect September 1, 2005.

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