

1-1 By: Fraser S.B. No. 1494  
1-2 (In the Senate - Filed March 10, 2005; March 21, 2005, read  
1-3 first time and referred to Committee on Business and Commerce;  
1-4 April 6, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 6, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1494 By: Fraser

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

1-10 relating to the unbundling of electric utilities in the transition  
1-11 to competitive retail electric markets.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 39.051, Utilities Code, is amended by  
1-14 amending Subsection (c) and adding Subsection (c-1) to read as  
1-15 follows:

1-16 (c) An electric utility may accomplish the separation  
1-17 required by Subsection (b) either through the creation of separate  
1-18 nonaffiliated companies or separate affiliated companies owned by a  
1-19 common holding company or through the sale of assets to a third  
1-20 party. An electric utility may create separate transmission and  
1-21 distribution utilities. Notwithstanding any other provision of  
1-22 this chapter, an electric utility that on September 1, 2005, has not  
1-23 finalized unbundling may also meet the requirements of Subsection  
1-24 (b) for its existing generation business activities in the Electric  
1-25 Reliability Council of Texas if it meets and maintains compliance  
1-26 with the following requirements:

1-27 (1) the electric utility has no more than 400  
1-28 megawatts of Texas jurisdictional capacity from generating units  
1-29 within the Electric Reliability Council of Texas that have not been  
1-30 mothballed or retired;

1-31 (2) the electric utility has a contract or contracts  
1-32 with separate nonaffiliated companies or separate affiliated  
1-33 companies for the sale of all of the output from its generating  
1-34 units that have not been mothballed or retired with a contract term  
1-35 that is no shorter than 20 years or the life of the generating  
1-36 units, whichever is shorter; and

1-37 (3) the electric utility has a separate division  
1-38 within the electric utility for its generation business activities.

1-39 (c-1) A separate division described by Subsection (c)(3) is  
1-40 subject to Subsection (d) and, for the purposes of this chapter, is  
1-41 considered a separate affiliated power generation company and a  
1-42 competitive affiliate.

1-43 SECTION 2. This Act takes effect September 1, 2005.

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