

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 14, 2005

TO: Honorable Phil King, Chair, House Committee on Regulated Industries

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB554 by Turner (Relating to the system benefit fund and to eligibility for and enrollment for benefits under the fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB554, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from SYSTEM BENEFIT ACCOUNT 5100
2006	(\$89,987,379)
2007	(\$101,286,559)
2008	(\$111,350,214)
2009	(\$122,420,236)
2010	(\$134,597,259)

Fiscal Analysis

The bill would expand the criteria for eligibility in the Public Utility Commission's (PUC) low-income electric discount (LID) program to include customers who have a person in their household that receives public housing assistance, have a child enrolled in the national school lunch program of free or reduced price lunches, or are eligible for Health and Human Services Commission programs, regardless of whether the electric customer is eligible for these programs.

The bill would also allow the expenditure of funds from the System Benefit Account for the purpose of educating residential and small business customers about available benefits of the fund until August 31, 2006.

The bill would establish a goal to enroll at least 95 percent of eligible LID customers, require the PUC

to estimate the total number of eligible LID customers by December 1 of each even-numbered year, and prepare a report on enrollment efforts to be published biannually each odd-numbered year.

The bill would take effect September 1, 2005.

Methodology

According to the Public Utility Commission (PUC), the bill would increase the number of customers eligible for the low-income electric discount (LID) program by 590,000 in fiscal year 2006, 649,000 in fiscal year 2007, 713,900 in fiscal year 2008, 785,290 in fiscal year 2009, and 863,819 in fiscal year 2010. At a cost per customer of \$151 in fiscal year 2006 and \$154 in fiscal years 2007-10, the bill would increase payments from the LID program by \$88,841,117 in fiscal year 2006, \$100,090,670 in fiscal year 2007, \$110,099,737 in fiscal year 2008, \$121,109,711 in fiscal year 2009, and \$133,220,682 in fiscal year 2010.

Also related to the increase in customer eligibility, the PUC would require \$650,000 each year for the LID program administration contract, and would require \$496,262 in fiscal year 2006, \$545,888 in fiscal year 2007, \$600,477 in fiscal year 2008, \$660,525 in fiscal year 2009, and \$726,577 in fiscal year 2010 for increased LID program mailout costs.

It is anticipated that any costs to the PUC related to rulemakings required by the bill, educating residential and small business customers about available benefits of the fund, and establishing, estimating, and publishing information related to LID enrollment rates, could be absorbed within the agency's existing resources.

Because the System Benefit Account fee is currently assessed at the statutory maximum rate of 65 cents per megawatt hour, it is assumed that no additional revenue would be generated above amounts currently estimated at that rate as a result of implementing the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel, 529 Health and Human Services Commission

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