

BILL ANALYSIS

C.S.H.B. 3644
By: Puente
Regulated Industries
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, normal operations and maintenance expenses of a utility are, by law, superior to the obligation to pay bond indebtedness. It is a first lien against a utility's bond indebtedness. However, it is unclear if low-income, customer, bill-payer assistance programs qualify as a maintenance and operation expense.

These programs keep the poor, elderly, and disabled from having their electricity disconnected, particularly during the summer months. It can be more cost efficient for utilities to offer these programs, than it is to disconnect electricity and lose the customer completely. Customer assistance programs for low-income customers can keep maintenance and operations costs down, and in turn help utilities pay back their bonds. C.S.H.B. 3644 clarifies that bill-payer assistance programs do qualify as a maintenance and operation expense under the first lien against the revenue of an electric or gas utility system that secures the payment of public securities, for a municipality with a population of more than one million.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Section 1502.056(a), Government Code is amended by adding, for a municipality with a population of more than one million, the first lien against the revenue of an electric or gas utility system that secures the payment of public securities issued or obligations incurred under this chapter also applies to funding, as a necessary operations expense, for a bill payment assistance program for utility system customers who have been threatened with disconnection from service for nonpayment of bills and who have been determined by the municipality to be low-income customers.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds a sentence to line 14 that states, "for a municipality with a population of more than one million"