

BILL ANALYSIS

S.B. 1430
By: Van de Putte
Regulated Industries
Committee Report (Unamended)

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 whether low-income customer bill payment assistance programs qualify as a maintenance and operation expense.

S.B. 1430 amends the Government Code to specify that funding of low-income customer assistance program is a lawful operation and maintenance expense of a municipally owned electric or gas utility 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, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 1502.056(a), Government Code, to provide that, for a municipality with a population of more than one million, the first lien against the revenue of a municipally owned 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.

SECTION 2. Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

EFFECTIVE DATE

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