

By: Guillen

H.B. No. 1487

A BILL TO BE ENTITLED

AN ACT

relating to the system benefit fund and to eligibility for and enrollment for benefits provided under the system benefit fund programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.903, Utilities Code, is amended by amending Subsections (a), (b), (e), (h), (j), and (l) and adding Subsections (e-1) and (e-2) to read as follows:

(a) The system benefit fund is a trust fund held outside the state treasury by the commission solely for the benefit of programs and ~~[an account in the general revenue fund. Money in the account may be appropriated only for the]~~ purposes provided by this section ~~[or other law]~~. Interest earned on the system benefit fund shall be credited to the fund. The commission shall administer the system benefit fund as trustee and may act as necessary to make payments from the system benefit fund as necessary to accomplish the purposes of this section ~~[Section 403.095, Government Code, does not apply to the system benefit fund]~~.

(b) The system benefit fund is financed by a nonbypassable fee set by the commission in an amount not to exceed 65 cents per megawatt hour. The system benefit fund fee is allocated to customers based on the amount of kilowatt hours used. The commission by rule shall provide necessary procedures for fees collected under this section to be deposited in the system benefit

1 fund and credited properly. The commission may establish separate
2 accounts in the system benefit fund for purposes authorized by this
3 section.

4 (e) Money in the system benefit fund may be spent
5 ~~[appropriated to provide funding]~~ solely for the purpose described
6 by Subsection (e-1) and for the following ~~[regulatory]~~ purposes, in
7 the following order of priority:

8 (1) programs to:

9 (A) assist low-income electric customers by
10 providing the 10-20 ~~[10]~~ percent reduced rate prescribed by
11 Subsection (h); and

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

16 (2) customer education programs, subject to
17 Subsection (e-2);

18 (3) [7] administrative expenses incurred by the
19 commission in implementing and administering this chapter, and
20 expenses incurred by the office under this chapter; and

21 (4) [3] programs to assist low-income electric
22 customers by providing the targeted energy efficiency programs
23 described by Subsection (f)(2) ~~[7]~~

24 ~~[(4) programs to assist low-income electric customers~~
25 ~~by providing the 20 percent reduced rate prescribed by Subsection~~
26 ~~(h); and~~

27 ~~[(5) reimbursement to the commission and the Health~~

~~and Human Services Commission 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].~~

(e-1) The commission by rule shall develop and implement a program through which a retail electric provider shall provide a rate reduction for an eligible nursing home customer. The commission shall accept applications from nursing homes for a rate reduction under this subsection and shall determine the rate reduction for each retail electric provider that supplies electricity to each approved nursing home so that each nursing home receives an equal percentage reduction from the rate the nursing home otherwise would be charged. The percentage reduction must be the maximum percentage reduction, not to exceed 20 percent, that the commission may finance from an amount equal to five percent of the annual income of the system benefit fund, including the costs of administering this subsection. A nursing home is eligible for a rate reduction under this subsection only if the nursing home is a nonprofit entity and at least half of the entity's nursing residents are Medicaid eligible.

(e-2) The commission may not use money in the system benefit fund for customer education programs described by Subsection (e)(2) on or after September 1, 2009.

(h) The commission shall adopt rules for a retail electric provider to determine a reduced rate for eligible customers to be discounted off the standard retail service package as approved by

1 the commission under Section 39.106, or the price to beat
2 established by Section 39.202, whichever is lower. Municipally
3 owned utilities and electric cooperatives shall establish a reduced
4 rate for eligible customers to be discounted off the standard
5 retail service package established under Section 40.053 or 41.053,
6 as appropriate. The reduced rate for a retail electric provider
7 shall result in a total charge that is at least 10 percent and, if
8 sufficient money in the system benefit fund is available, up to 20
9 percent, lower than the amount the customer would otherwise be
10 charged. ~~[To the extent the system benefit fund is insufficient to~~
11 ~~fund the initial 10 percent rate reduction, the commission may~~
12 ~~increase the fee to an amount not more than 65 cents per megawatt~~
13 ~~hour, as provided by Subsection (b). If the fee is set at 65 cents~~
14 ~~per megawatt hour or if the commission determines that~~
15 ~~appropriations are insufficient to fund the 10 percent rate~~
16 ~~reduction, the commission may reduce the rate reduction to less~~
17 ~~than 10 percent.]~~ For a municipally owned utility or electric
18 cooperative, the reduced rate shall be equal to an amount that can
19 be fully funded by that portion of the nonbypassable fee proceeds
20 paid by the municipally owned utility or electric cooperative that
21 is allocated to the utility or cooperative by the commission under
22 Subsection (e) for programs for low-income customers of the utility
23 or cooperative. The reduced rate for municipally owned utilities
24 and electric cooperatives under this section is in addition to any
25 rate reduction that may result from local programs for low-income
26 customers of the municipally owned utilities or electric
27 cooperatives.

(j) The commission shall adopt rules providing for methods of enrolling customers eligible to receive reduced rates under Subsection (h). The rules must provide for automatic enrollment as one enrollment option. On ~~[The Texas Department of Human Services, or]~~ request of the commission, each appropriate governmental entity shall assist in the adoption and implementation of these rules. Each assisting governmental entity ~~[The commission and the Texas Department of Human Services]~~ shall enter into a memorandum of understanding with the commission establishing the respective duties of the commission and the entity ~~[department]~~ in relation to the automatic enrollment. Each assisting governmental entity shall supply to the commission any information necessary for the commission to implement automatic enrollment for reduced rates under Subsection (h). The commission shall prepare a report each calendar quarter with information concerning the enrollment of customers eligible for the reduced rates. The commission shall compile the information into an annual report to be published for periodic distribution not later than January 1 of each odd-numbered year. The commission shall send a copy of each annual and quarterly report to each member of the legislature and the electric utility restructuring legislative oversight committee.

(1) For the purposes of this section, a "low-income electric customer" is an electric customer:

(1) whose household income is not more than 125 percent of the federal poverty guidelines; or

(2) in whose household resides a person who:

(A) receives food stamps from the Health and

1 Human Services Commission [~~Texas Department of Human Services~~] or
2 medical assistance from a state agency administering a part of the
3 medical assistance program;

4 (B) receives federal housing assistance;

5 (C) has a child enrolled in the national school
6 lunch program for free or reduced-price lunches; or

7 (D) receives lifeline telephone service.

8 SECTION 2. (a) For the state fiscal year beginning
9 September 1, 2007, the Public Utility Commission of Texas shall
10 spend at least \$12 million from the system benefit fund for the
11 purposes of customer education programs described by Section
12 39.903(e)(2), Utilities Code.

13 (b) For the state fiscal year beginning September 1, 2008,
14 the Public Utility Commission of Texas shall spend at least \$12
15 million from the system benefit fund for the purposes of customer
16 education programs described by Section 39.903(e)(2), Utilities
17 Code.

18 SECTION 3. The Public Utility Commission of Texas shall
19 adopt rules required by Section 39.903, Utilities Code, as amended
20 by this Act, not later than January 1, 2008.

21 SECTION 4. This Act takes effect September 1, 2007.