

By: Zaffirini

S.B. No. 65

A BILL TO BE ENTITLED

AN ACT

1
2 relating to reconstituting the system benefit fund as a trust fund
3 and to uses of the fund.

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

5 SECTION 1. Sections 39.903(a), (b), (d), (e), and (h),
6 Utilities Code, are amended to read as follows:

7 (a) The commission shall adopt and enforce rules requiring
8 electric utilities to establish a system benefit fund as a trust
9 fund outside of the state treasury to be used [~~is an account in the~~
10 ~~general revenue fund. Money in the account may be appropriated~~]
11 only for the purposes provided by this section [~~or other law~~]. The
12 commission shall provide for the fund to be held by a financial
13 institution eligible to be a depository for state funds under
14 Chapter 404, Government Code. Interest earned on the [~~system~~
15 ~~benefit~~] fund shall be credited to the fund. [~~Section 403.095,~~
16 ~~Government Code, does not apply to the system benefit fund.~~]

17 (b) The [~~system benefit~~] fund established under Subsection
18 (a) is financed by a nonbypassable fee set by the commission in an
19 amount not to exceed 65 cents per megawatt hour and [~~. The system~~
20 ~~benefit fund fee is~~] allocated to customers based on the amount of
21 kilowatt hours used. An electric utility shall remit the fees to
22 the fund in accordance with procedures approved by the commission.

23 (d) The commission shall annually review and approve system
24 benefit fund accounts, projected revenue requirements, and

1 proposed nonbypassable fees. The commission by rule shall adopt
2 review procedures, including a method for administrative review, as
3 the commission determines is necessary to ensure that the fund is
4 funded and that disbursements from the fund are properly made. The
5 commission may provide for the fund to be operated by a contractor.
6 The commission may require an electric utility or retail electric
7 provider to provide information as necessary to assess
8 contributions to and disbursements from the fund, and that
9 information is not subject to disclosure under Chapter 552,
10 Government Code. The commission shall provide for disbursements
11 from the fund to be made promptly and efficiently so that an
12 electric utility or retail electric provider does not experience an
13 unnecessary cash-flow problem as a result of administrative delay.
14 ~~[The commission shall report to the electric utility restructuring~~
15 ~~legislative oversight committee if the system benefit fund fee is~~
16 ~~insufficient to fund the purposes set forth in Subsection (c) to the~~
17 ~~extent required by this section.]~~

18 (e) Money in the ~~[system benefit]~~ fund may be used
19 ~~[appropriated to provide funding]~~ solely for the following
20 ~~[regulatory]~~ purposes, in the following order of priority:

21 (1) programs to:

22 (A) assist low-income electric customers by
23 providing the 10 percent reduced rate prescribed by Subsection (h);
24 and

25 (B) provide one-time bill payment assistance to
26 electric customers who are or who have in their households one or
27 more seriously ill or disabled low-income persons and who have been

1 threatened with disconnection for nonpayment;

2 (2) ~~[customer education programs, administrative~~
3 ~~expenses incurred by the commission in implementing and~~
4 ~~administering this chapter, and expenses incurred by the office~~
5 ~~under this chapter,~~

6 [~~3~~] programs to assist low-income electric customers
7 by providing the targeted energy efficiency programs described by
8 Subsection (f)(2); and

9 (3) [~~4~~] programs to assist low-income electric
10 customers by providing the 20 percent reduced rate prescribed by
11 Subsection (h) [~~, and~~

12 [~~5~~] ~~reimbursement to the commission and the Health~~
13 ~~and Human Services Commission for expenses incurred in the~~
14 ~~implementation and administration of an integrated eligibility~~
15 ~~process created under Section 17.007 for customer service discounts~~
16 ~~relating to retail electric service, including outreach expenses~~
17 ~~the commission determines are reasonable and necessary].~~

18 (h) The commission shall adopt rules for a retail electric
19 provider to determine a reduced rate for eligible customers to be
20 discounted off the standard retail service package as approved by
21 the commission under Section 39.106, or the price to beat
22 established by Section 39.202, whichever is lower. Municipally
23 owned utilities and electric cooperatives shall establish a reduced
24 rate for eligible customers to be discounted off the standard
25 retail service package established under Section 40.053 or 41.053,
26 as appropriate. The reduced rate for a retail electric provider
27 shall result in a total charge that is at least 10 percent and, if

1 sufficient money in the system benefit fund is available, up to 20
2 percent, lower than the amount the customer would otherwise be
3 charged. To the extent the system benefit fund is insufficient to
4 fund the initial 10 percent rate reduction, the commission may
5 increase the fee to an amount not more than 65 cents per megawatt
6 hour, as provided by Subsection (b). If the fee is set at 65 cents
7 per megawatt hour and ~~[or if]~~ the commission determines that money
8 in the fund is ~~[appropriations are]~~ insufficient to fund the 10
9 percent rate reduction, the commission may reduce the rate
10 reduction to less than 10 percent. For a municipally owned utility
11 or electric cooperative, the reduced rate shall be equal to an
12 amount that can be fully funded by that portion of the nonbypassable
13 fee proceeds paid by the municipally owned utility or electric
14 cooperative that is allocated to the utility or cooperative by the
15 commission under Subsection (e) for programs for low-income
16 customers of the utility or cooperative. The reduced rate for
17 municipally owned utilities and electric cooperatives under this
18 section is in addition to any rate reduction that may result from
19 local programs for low-income customers of the municipally owned
20 utilities or electric cooperatives.

21 SECTION 2. The Public Utility Commission of Texas shall
22 adopt rules under Section 39.903, Utilities Code, as amended by
23 this Act, as soon as is practicable. Fees for the system benefit
24 fund collected under Section 39.903, Utilities Code, before the
25 effective date of this Act shall be remitted to the comptroller of
26 public accounts for deposit in the general revenue fund. Fees for
27 the system benefit fund collected under Section 39.903, Utilities

1 Code, after the effective date of this Act shall be remitted to the
2 Public Utility Commission of Texas not later than 31 days after the
3 fees are collected until the commission adopts rules governing the
4 remittance of the fees to the trust fund established under that
5 section, as amended by this Act. The Public Utility Commission of
6 Texas shall hold fees remitted to it under this section in trust for
7 the benefit of the system benefit fund until that fund is
8 established as provided by this Act and shall transfer those fees to
9 the fund on the date the fund is established.

10 SECTION 3. This Act takes effect September 1, 2007.