

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**February 26, 2007**

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

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

**IN RE: HB552** by Turner (Relating to electric market safeguards after the expiration of the price to beat.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Utilities Code to require the Public Utility Commission (PUC) to require a market-based rate, set by the PUC, for residential customers of the affiliated retail electric provider (REP), for any territory where the non-affiliated REPs serving residential customers collectively provide electric power in a quantity less than 60 percent of the electric power used by residential customers prior to customer choice. The bill would require the PUC to survey certain areas in which customer choice has been introduced to determine whether a competitive market exists and to take certain actions, including setting a market-based price if the PUC determines a competitive retail market does not exist in a certain area. The bill would require the PUC to conduct a review of certain areas in which customer choice has been introduced to determine if the retail price of electricity sold in all or part of the area is unreasonably high or a threat to public safety. The bill would require the PUC, within 30 days of the effective date of this bill, to determine if less than 60 percent of the electric power consumed in a certain service area before customer choice is committed to, is served by a non-affiliated REP and require the PUC, within 60 days of the effective date of this bill, to set a market-based rate for certain affiliated REPs.

Based on the analysis of the Public Utility Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

This bill would take effect July 1, 2007, upon receiving a vote of two-thirds of all members elected to each house or would otherwise take effect on September 1, 2007.

**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

**LBB Staff:** JOB, JRO, MW, TGI