

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

May 27, 2007

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: SB482 by Fraser (Relating to competition and customer choice in the retail electric power market; providing an administrative penalty.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code relating to competition and customer choice in the retail electric power market and provide certain administrative penalties. The PUC would be authorized to impose an administrative penalty if a retail electric provider (REP) states or implies that it can provide a level of reliability or preferential treatment in restoring services following an outage better than another provider can provide.

The bill would require PUC, by rule, to prohibit a customer who receives a certain deferred payment plan and who owes a past due deferred balance from switching to a different REP. The PUC would also be required, by rule, to require REPs to waive the requirement that an elderly low-income customer applying for residential electric services provide a security deposit or advance payment as a condition of service.

The bill would require PUC to impose a charge on REPs if the gross number of residential customers the provider gained during a calendar year meets certain conditions. The money collected from this charge is only authorized to be appropriated for certain programs and the PUC would be authorized to adopt rules relating to this provision.

The bill provides that an electric utility or transmission and distribution utility must report to and obtain PUC approval before closing certain transactions and requires PUC to approve a transaction if it is found to be in the public interest. PUC would be required to make a determination concerning a transaction within a certain time period; otherwise the transaction is considered approved.

The bill would require PUC to take certain actions, relating to certain residential customers who have not affirmatively chosen a retail electric provider or electric service plan. The PUC would be authorized to review the price of certain electric service plans, reduce an REP's prices under certain circumstances based on the finding of this review, and adopt and enforce rules necessary to carry out these provisions. The PUC would be authorized to require a transmission and distribution utility to issue certain public service announcements regarding reliability and restoration of service following an outage.

The bill would provide that money in the System Benefit Fund (SBF) may only be appropriated for certain programs and expenses which includes providing for a 10-20 percent reduced rate to low-income electric customers. The bill also provides that SBF funding of certain customer education programs would expire on September 1, 2011. PUC would be required to prepare a report each calendar quarter regarding customer enrollment for reduced rates, as well as an annual report to be published for distribution not later than January 1 of each odd-numbered year. PUC would be required to provide a copy of each report to each member of the legislature and the electric utility restructuring legislative oversight committee.

Based on the analysis of the PUC, it is assumed that duties and responsibilities associated with implementing the provisions of this bill could be accomplished by utilizing existing resources. The Comptroller of Public Accounts indicates that the total fiscal impact to the state from the bill cannot be determined because the number of retail electric providers and retail customers affected cannot be projected.

This bill would take effect immediately 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

LBB Staff: JOB, SD, JRO, TGI