

## **BILL ANALYSIS**

H.B. 631  
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State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The collapse last summer of four Texas retail electric providers (REPs) affected over 40,000 customers. The lack of transparency concerning these companies' financial integrity, managerial and technical ability, and day-to-day operations was largely to blame for their failure. When these REPs went out of business, their customers were switched over to a provider of last resort. When that happens, the customer will almost always temporarily pay a higher rate and lose any advantages of his or her previous service contract until he or she takes affirmative action to switch to a new provider. H.B. 631 allows the Public Utility Commission of Texas (PUC) more oversight and transparency. It is the intention of the author that this bill provide another tool for the PUC to help prevent future similar occurrences of what happened last summer when the four retail electric providers went out of business.

The Utilities Code contains provisions that provide for the certification of REPs in the competitive retail electricity market by the PUC. Certification is granted to an applicant who demonstrates adequate financial and technical resources, sufficient managerial and technical ability, the resources needed to meet the customer protection requirements of the Utilities Code, and ownership or lease of an office in Texas. The certification provisions require that any person applying for certification comply with all applicable rules established by PUC and the Utilities Code.

H.B. 631 amends such provisions to require that a REP maintain compliance with such requirements and with all other applicable requirements prescribed by the PUC and the Utilities Code. The PUC would be responsible for reviewing annually a REP's report concerning the REP's financial viability. At any time, the PUC could investigate the financial viability and managerial and technical performance of the REP and inspect the books and records of the REP.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 631 amends the Utilities Code to require a retail electric provider, at all times, to maintain compliance with the certification requirements pertaining to retail electric providers and with all other applicable requirements prescribed by the Public Utility Regulatory Act or by a Public Utility Commission (PUC) order or rule, including customer protection requirements, disclosure requirements, and marketing guidelines. The bill requires a retail electric provider, at least annually and at any other time the PUC may require, to submit a report to the PUC concerning the financial viability of the retail electric provider. The bill authorizes the PUC, at any time and on its own motion or on complaint, to investigate the financial, managerial, and technical performance of a retail electric provider and to inspect the books and records of a retail electric provider.

H.B. 631 repeals Section 39.352(e), Utilities Code, relating to a retail electric provider being authorized to apply for certification any time after September 1, 2000.

**EFFECTIVE DATE**

September 1, 2009.