

BILL ANALYSIS

C.S.H.B. 995
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, a retail electric provider is under no obligation to give a customer notification regarding the expiration of a fixed rate product. As a result, a customer can be presented with a higher electric bill from an unexpected rate change.

C.S.H.B. 995 ensures that a customer of a retail electric provider remains informed about an increased electric rate. The bill seeks to prevent an unexpected rate change by requiring a retail electric company to give its customers written notification of the expiration of a fixed rate product at least once during each of the two consecutive billing cycles preceding the contract's expiration date. The notification is to be sent by mail and e-mail, if available, and is to include information regarding public access to an Internet website with a comparative summary of various electric providers and electric rates.

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

C.S.H.B. 995 amends the Utilities Code to require a retail electric provider to provide a residential customer who has a fixed rate product with at least two written notices of the date the fixed rate product will expire. The bill requires that the notices be sent to the customer's billing address by mail and to the customer's e-mail address, if available to the provider, at least once during each of the two consecutive billing cycles preceding the date the contract will expire, and requires that the notices include on the outside of the envelope in which the notice is sent a statement that reads: "Important Notice: Your Contract Will Expire Soon. See Enclosed." The bill requires that the notices, if included with a customer's bill, be printed on a separate page that is immediately visible on opening the envelope. The bill requires a retail electric provider to include on each billing statement the beginning and end date of the fixed price contract. The bill adds a temporary provision, set to expire September 1, 2011, to require a retail electric provider to include a statement on the front of the first page of a customer's bill, in at least 12-point type, that reads: "For more information about residential electric service, please visit <http://www.powertochoose.org>."

C.S.H.B. 995 defines "fixed rate product" to mean a retail electric service product with a term of at least three months for which the price for each billing period, including recurring charges, does not change throughout the term of the contract, except that the price may vary to reflect actual changes in transmission and distribution utility charges, changes to ERCOT or Texas Regional Entity administrative fees charged to loads, or changes to federal, state, or local laws that result in new or modified fees or costs that are not within the retail electric provider's control.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 995 differs from the original by defining a "fixed rate product" rather than a "fixed price contract" as in the original. The substitute differs from the original by requiring a retail electric provider to provide a residential customer who has a fixed rate product with at least two written notices of the date the fixed rate product will expire, rather than a single notification of the date the contract is set to expire, the date the price is scheduled to change, if applicable, and the amount of the price change.

C.S.H.B. 995 differs from the original by requiring that the notices be sent by mail and by e-mail, if possible, at least once during each of the two consecutive billing cycles preceding the date the contract will expire, rather than not less than 60 days before the date the price is scheduled to change, as in the original. The substitute adds a requirement, not in the original, that the outside of the envelope include a statement alerting the customer to pending contract expiration. The substitute adds provisions, not in the original, to require that the notices, if included with a customer's bill, be printed on a separate page that is immediately visible on opening the envelope and to require the inclusion on each billing statement of the beginning and end date of the fixed price contract. The substitute deletes a requirement that the notice include a statement that reads, "You may shop for electricity providers at <http://www.powertochoose.org>," and instead adds a temporary provision not in the original to require a retail electric provider to include a statement on the front of the first page of a customer's bill, in at least 12-point type, that reads: "For more information about residential electric service, please visit <http://www.powertochoose.org>."