

BILL ANALYSIS

C.S.H.B. 1182
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The system benefit fund was established as a critical part of 1999 legislation to deregulate Texas' electricity markets. The purpose of the fund was to help ease the transition into the deregulated electricity market. This was to be accomplished by helping low-income Texans afford electric services through a rate discount and weatherization funds. The fund was also intended to fund customer education in order to facilitate increased competition.

At its peak, the fund was successful in helping hundreds of thousands of Texans afford electricity. In 2003, enrollment guidelines were tightened, eliminating nearly 50 percent of low-income customers from the program. The majority of money collected by a nonbypassable fee was not appropriated by the 79th and 80th Legislatures, effectively sweeping the money designated for the fund programs into the general revenue fund. Given the current economic climate that stretches family budgets thin, hundreds of thousands of low-income Texans, including seniors living on fixed incomes, will continue to face additional economic hardship due to the cost of electricity.

C.S.H.B. 1182, by creating an independent trust fund rather than an account in the general revenue fund, prevents fund money from being diverted from the programs created to help low-income ratepayers in deregulated electricity markets. The bill establishes the rate discount for low-income electric customers as a range from 10 to 20 percent, and specifies an order of priority in which the funds must be used, including discounts as top priority, followed by bill payment assistance for households in which one or more seriously ill or disabled low-income persons live and which have been threatened with disconnection for nonpayment, energy efficiency programs for low-income customers, and customer education programs and administrative expenses.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTIONS 1 and 2 of this substitute.

ANALYSIS

C.S.H.B. 1182 amends the Utilities Code to revise the administration and purpose of the system benefit fund. The bill redesignates the fund to be, rather than an account in the general revenue fund as provided for under existing law, a trust fund held by the Public Utility Commission of Texas (PUC), as trustee, outside of the state treasury solely for the benefit of programs and purposes specified in the bill. The bill makes a conforming change to eliminate a provision that allows appropriations from the fund for purposes specified by separate law. The bill requires the PUC to undertake to spend all fund money available for the fund programs and purposes. The bill authorizes the PUC to spend such money according to the bill's provisions without additional legislative action or legislative appropriation. The bill requires the PUC to adopt and enforce rules requiring retail electric providers and transmission and distribution utilities to finance the fund by a nonbypassable fee. The bill makes clarifying changes requiring the PUC to provide

for the fee to be imposed on retail electric customers of a municipally owned utility or electric cooperative beginning on the first day of the sixth month preceding the utility's or cooperative's implementation of customer choice.

C.S.H.B. 1182 requires rules of the PUC to provide that money in the fund be used only for certain regulatory purposes. The bill revises the order of priority for some uses. The bill, expanding the scope of existing provisions, allows money from the fund to be used to provide bill payment assistance to electric customers who are or have in their households one or more seriously ill or disabled low-income persons and who have been threatened with disconnection for nonpayment, eliminating provisions that authorize only one-time assistance of that nature. The bill retains authorization for use of the fund for customer education programs, administrative expenses incurred by the PUC, and administrative expenses incurred by the Office of Public Utility Counsel, but moves such uses to a lower priority than programs to assist low-income customers via targeted energy efficiency programs. The bill retains authorization to assist low-income customers through discounts on electric rates in the range of 10 to 20 percent, but establishes such discounts, in that full range, as the number one priority for fund expenditures, giving expenditures for discount rates above 10 percent a higher priority than before and eliminating provisions that allow discounts below 10 percent in certain instances. The bill removes authorization for use of the fund for reimbursement to the PUC and the Health and Human Services Commission for expenses incurred in the implementation and administration of an integrated eligibility process for customer service discounts. The bill requires the PUC rules to provide that an electric customer eligible for a discount electric rate is also eligible for reduced rates for telecommunications service offered for low-income customers and, conversely, a customer eligible for reduced rates for telecommunications service is also eligible for an electric rate discount offered to low-income electric customers.

C.S.H.B. 1182 requires the PUC to adopt or revise rules governing the fund not later than January 1, 2012.

C.S.H.B. 1182 requires fees for the fund collected before the bill's effective date to be remitted to the comptroller of public accounts for deposit in the general revenue fund. The bill requires fees for the fund collected after the bill's effective date to be remitted to the PUC not later than 31 days after the fees are collected, until the PUC adopts rules governing the remittance of the fees to the fund. The bill requires the PUC to hold fees remitted to it in trust for the fund until the fund is established, and requires the PUC to transfer those fees to the fund on the date that it is established.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1182 requires the PUC to adopt or revise rules governing the fund not later than January 1, 2012, whereas the deadline in the original was January 1, 2010. The substitute changes the effective date to September 1, 2011, whereas the original had an effective date of September 1, 2009.