

BILL ANALYSIS

C.S.H.B. 4309
By: Crownover
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Public Utility Commission of Texas (PUC) recently authorized electric utilities and transmission and distribution utilities to charge their customers a fee in order to install smart meters in their coverage areas. Under the federal American Recovery and Reinvestment Act there are stimulus funds for the implementation of smart meter technology, and obtaining such funds could lower charges to customers.

C.S.H.B. 4309 requires an electric utility that deploys smart meter technology by PUC, and a utility or river authority that has been designated to construct transmission capacity, to the extent practicable, to obtain federal stimulus funds. The bill also requires PUC to reflect such revenue from the federal government in establishing, and authorizes PUC to reflect such revenue in modifying, the amount of surcharges and rates charged to customers.

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. 4309 amends the Utilities Code to require an electric utility or transmission and distribution utility that deploys advanced metering and meter information networks, to the extent practicable, to obtain grants, loans, and loan guarantees available from the federal government specifically for that purpose, and other available revenue that would reduce the utility's cost of deployment. The bill requires the Public Utility Commission of Texas (PUC) to reflect the revenue obtained when establishing the amount of a surcharge for a utility to use to recover reasonable and necessary costs incurred in deploying advanced metering and meter information networks and authorizes the PUC to reduce the amount of a surcharge approved before the utility received the revenue, if necessary.

C.S.H.B. 4309 requires an electric utility, transmission and distribution utility, or river authority that has been designated by the PUC to construct transmission capacity, to the extent practicable, to obtain grants, loans, and loan guarantees available from the federal government specifically for that purpose, and other available revenue to reduce the utility's or authority's cost of construction. The bill requires the PUC to reflect the revenue obtained when establishing or modifying the rates of the utility or authority and authorizes PUC to propose a rate reduction under provisions relating to a rate change proposed by a regulatory authority, if necessary.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4309 differs from the original by requiring an electric utility or transmission and distribution utility that deploys advanced metering and meter information networks, to the extent practicable, to obtain grants, loans, and loan guarantees available from the federal government specifically for that purpose, and other revenue that would reduce the utility's cost of deployment, whereas the original requires such utilities to seek to obtain and utilize funds made available by the federal government if such funds would lower the overall cost of deployment. The substitute differs from the original by authorizing the Public Utility Commission of Texas (PUC) to reduce the amount of a surcharge approved before the utility received such revenue, rather than including timely ordering reductions to surcharges approved prior to the receipt of funds when reflecting obtained funds as required in the original.

C.S.H.B. 4309 requires an electric utility or transmission and distribution utility, or river authority that has been designated by the PUC to construct transmission capacity, to the extent practicable, to obtain grants, loans, and loan guarantees available from the federal government specifically for that purpose, and other revenue that would reduce the utility's or authority's cost of construction, whereas the original requires such utilities or authority to seek to obtain and utilize funds made available by the federal government if such funds would lower the overall cost of construction. The substitute requires the PUC to reflect the revenue obtained when establishing or modifying the rates of the utility or authority and authorizes the PUC to propose a rate reduction under provisions relating to a rate change proposed by a regulatory authority, whereas the original requires the PUC to reflect the funds obtained by the utilities or authority when establishing or modifying the rates of the utilities, including timely ordering reductions to rates approved prior to the receipt of the funds.