

By: Turner of Harris

H.B. No. 630

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation and governing bodies of independent
3 organizations that govern power regions.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 39.151, Utilities Code, is amended by
6 amending Subsections (e) and (g) and by adding Subsection (g-2) to
7 read as follows:

8 (e) The commission may authorize an independent
9 organization that is certified under this section to charge a
10 reasonable and competitively neutral rate to wholesale buyers and
11 sellers to cover the independent organization's costs. The
12 commission shall investigate the organization's cost efficiencies,
13 salaries and benefits, and use of debt financing and may require the
14 organization to provide any information needed to effectively
15 evaluate the organization's budget and the reasonableness and
16 neutrality of a rate or proposed rate or to evaluate the
17 effectiveness or efficiency of the organization. The commission
18 may require prior approval of the use of debt financing by the
19 organization. The commission shall work with the organization to
20 establish the detail of information, both current and historical,
21 and the time frames the commission needs to effectively evaluate a
22 rate or a rate request.

23 (g) To maintain certification as an independent
24 organization under this section, an organization's governing body

1 must be composed of persons specified by this section and selected
2 in accordance with formal bylaws or protocols of the
3 organization. The bylaws or protocols must be approved by the
4 commission and must reflect the input of the commission. The
5 bylaws must specify the process by which appropriate stakeholders
6 elect members and, for unaffiliated members, prescribe
7 professional qualifications for selection as a member. [~~The~~
8 ~~bylaws must require the use of a professional search firm to~~
9 ~~identify candidates for membership of unaffiliated members.~~] The
10 process must allow for commission input in identifying
11 candidates. The governing body must be composed of:

12 (1) the chairman of the commission as an ex officio
13 voting [~~nonvoting~~] member;

14 (1-a) the other two commissioners as ex officio
15 nonvoting members;

16 (2) the counsellor as an ex officio voting member
17 representing residential and small commercial consumer interests;

18 (3) the chief executive officer of the independent
19 organization as an ex officio voting member;

20 (4) four [~~six~~] market participants elected by their
21 respective market segments to serve one-year terms, with:

22 (A) one representing [~~independent~~] generators;

23 (B) one representing investor-owned utilities;

24 (C) [~~one representing power marketers;~~

25 [~~(D)~~] one representing retail electric
26 providers; and

27 (D) [~~(E)~~] one representing municipally owned

1 utilities and electric cooperatives; ~~and~~

2 [~~(F) one representing electric cooperatives,~~]

3 (5) one member representing industrial consumer
4 interests and elected by the industrial consumer market segment to
5 serve a one-year term;

6 (6) one member representing large commercial consumer
7 interests selected in accordance with the bylaws to serve a
8 one-year term; and

9 (7) five members unaffiliated with any market segment,
10 nominated ~~[and selected]~~ by the other members of the governing body
11 and selected by the commission to serve three-year terms.

12 (g-2) The commission may require removal of a member of the
13 governing body if the member:

14 (1) does not have at the time of appointment or
15 maintain during service the qualifications required by this section
16 and by the formal bylaws or protocols of the organization;

17 (2) fails to comply with the requirements of Section
18 39.1512; or

19 (3) fails to impartially and adequately discharge the
20 member's duties and responsibilities.

21 SECTION 2. An independent organization certified by the
22 Public Utility Commission of Texas before September 1, 2009, shall
23 modify the organization's governing body to comply with Section
24 39.151(g), Utilities Code, as amended by this Act, not later than
25 September 1, 2010. On or after September 1, 2010, the Public
26 Utility Commission of Texas may decertify an independent
27 organization whose governing body does not comply with Section

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1 39.151(g), Utilities Code, as amended by this Act.

2 SECTION 3. This Act takes effect September 1, 2009.