

By: Hinojosa

S.B. No. 265

A BILL TO BE ENTITLED

AN ACT

relating to benefits and protections for certain residential electric customers.

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

SECTION 1. Section 39.101, Utilities Code, is amended by adding Subsections (i)-(1) to read as follows:

(i) A retail electric provider, power generation company, aggregator, or other entity that provides retail electric service shall waive any deposit requirement for a residential customer who:

(1) is at least 62 years of age; or

(2) has a payment history for electric service in this state that includes not more than one late payment in the preceding 12 months.

(j) During the period beginning July 1 and ending September 30 of each year, a retail electric provider, power generation company, aggregator, or other entity that provides retail electric service may not disconnect service to a residential customer who requests a deferred payment plan and who:

(1) is a low-income electric customer, as defined by Section 39.903(1); or

(2) is a person or resides with a person who, if electric service is disconnected, is likely to become seriously ill or become more seriously ill.

(k) A retail electric provider, power generation company,

1 aggregator, or other entity that provides retail electric service
2 shall offer to a residential customer described by Subsection
3 (j)(1) who requests a deferred payment plan a payment plan that
4 allows the customer to avoid disconnection of service during the
5 period described by Subsection (j) if:

6 (1) the customer pays at least 25 percent of the
7 current month's service charges; and

8 (2) the customer agrees to pay remaining balances in
9 equal installments over the next five billing cycles.

10 (1) A retail electric provider, power generation company,
11 aggregator, or other entity that provides retail electric service
12 shall offer to a residential customer described by Subsection
13 (j)(1) and is at least 62 years of age or by Subsection (j)(2) a
14 deferred payment plan that allows the customer to avoid
15 disconnection of service during the period described by Subsection
16 (j) without any payment of the current month's service charges
17 until after September 30 if the customer agrees to pay:

18 (1) 25 percent of the deferred charges when the first
19 bill issued after September 30 is due; and

20 (2) the remaining balances in equal installments over
21 the next five billing cycles after the bill issued after September
22 30.

23 SECTION 2. Sections 39.903(a), (b), (d), (e), and (h),
24 Utilities Code, are amended to read as follows:

25 (a) The commission shall adopt and enforce rules requiring
26 electric utilities to establish a system benefit fund as a trust
27 fund outside of the state treasury to be used ~~[is an account in the~~

1 ~~general revenue fund. Money in the account may be appropriated]~~
2 only for the purposes provided by this section [~~or other law~~]. The
3 commission shall provide for the fund to be held by a financial
4 institution eligible to be a depository for state funds under
5 Chapter 404, Government Code. Interest earned on the [~~system~~
6 ~~benefit~~] fund shall be credited to the fund. [~~Section 403.095,~~
7 ~~Government Code, does not apply to the system benefit fund.~~]

8 (b) The system benefit fund is financed by a nonbypassable
9 fee set by the commission in an amount not to exceed 65 cents per
10 megawatt hour and[~~. The system benefit fund fee is~~] allocated to
11 customers based on the amount of kilowatt hours used. An electric
12 utility shall remit the fees to the fund in accordance with
13 procedures approved by the commission.

14 (d) The commission shall annually review and approve system
15 benefit fund accounts, projected revenue requirements, and
16 proposed nonbypassable fees. The commission by rule shall adopt
17 review procedures, including a method for administrative review, as
18 the commission determines is necessary to ensure that the fund is
19 funded and that disbursements from the fund are properly made. The
20 commission may provide for the fund to be operated by a contractor.
21 The commission may require an electric utility or retail electric
22 provider to provide information as necessary to assess
23 contributions to and disbursements from the fund, and that
24 information is not subject to disclosure under Chapter 552,
25 Government Code. The commission shall provide for disbursements
26 from the fund to be made promptly and efficiently so that an
27 electric utility or retail electric provider does not experience an

1 unnecessary cash-flow problem as a result of administrative delay.

2 ~~[The commission shall report to the electric utility restructuring~~
3 ~~legislative oversight committee if the system benefit fund fee is~~
4 ~~insufficient to fund the purposes set forth in Subsection (e) to the~~
5 ~~extent required by this section.]~~

6 (e) Money in the system benefit fund may be used
7 ~~[appropriated to provide funding]~~ solely for the following
8 ~~[regulatory]~~ purposes, in the following order of priority:

9 (1) programs to:

10 (A) assist low-income electric customers by
11 providing the 10 percent reduced rate prescribed by Subsection (h);
12 and

13 (B) provide one-time bill payment assistance to
14 electric customers who are or who have in their households one or
15 more seriously ill or disabled low-income persons and who have been
16 threatened with disconnection for nonpayment;

17 (2) customer education programs, administrative
18 expenses incurred by the commission in implementing and
19 administering this chapter, and expenses incurred by the office
20 under this chapter;

21 (3) programs to assist low-income electric customers
22 by providing the targeted energy efficiency programs described by
23 Subsection (f)(2);

24 (4) programs to assist low-income electric customers
25 by providing the 20 percent reduced rate prescribed by Subsection
26 (h); and

27 (5) reimbursement to the commission and the Health and

1 Human Services Commission for expenses incurred in the
2 implementation and administration of an integrated eligibility
3 process created under Section 17.007 for customer service discounts
4 relating to retail electric service, including outreach expenses
5 the commission determines are reasonable and necessary.

6 (h) The commission shall adopt rules for a retail electric
7 provider to determine a reduced rate for eligible customers to be
8 discounted off the standard retail service package as approved by
9 the commission under Section 39.106, or the price to beat
10 established by Section 39.202, whichever is lower. Municipally
11 owned utilities and electric cooperatives shall establish a reduced
12 rate for eligible customers to be discounted off the standard
13 retail service package established under Section 40.053 or 41.053,
14 as appropriate. The reduced rate for a retail electric provider
15 shall result in a total charge that is at least 10 percent and, if
16 sufficient money in the system benefit fund is available, up to 20
17 percent, lower than the amount the customer would otherwise be
18 charged. To the extent the system benefit fund is insufficient to
19 fund the initial 10 percent rate reduction, the commission may
20 increase the fee to an amount not more than 65 cents per megawatt
21 hour, as provided by Subsection (b). If the fee is set at 65 cents
22 per megawatt hour and ~~[or if]~~ the commission determines that money
23 in the fund is ~~[appropriations are]~~ insufficient to fund the 10
24 percent rate reduction, the commission may reduce the rate
25 reduction to less than 10 percent. For a municipally owned utility
26 or electric cooperative, the reduced rate shall be equal to an
27 amount that can be fully funded by that portion of the nonbypassable

1 fee proceeds paid by the municipally owned utility or electric
2 cooperative that is allocated to the utility or cooperative by the
3 commission under Subsection (e) for programs for low-income
4 customers of the utility or cooperative. The reduced rate for
5 municipally owned utilities and electric cooperatives under this
6 section is in addition to any rate reduction that may result from
7 local programs for low-income customers of the municipally owned
8 utilities or electric cooperatives.

9 SECTION 3. The Public Utility Commission of Texas shall
10 adopt rules to implement Sections 39.101(j)-(l), as added by this
11 Act, as quickly as practicable so that low-income electric
12 customers and elderly or vulnerable electric customers are provided
13 protections prescribed by those sections before September 30, 2009.

14 SECTION 4. The Public Utility Commission of Texas shall
15 adopt rules under Section 39.903, Utilities Code, as amended by
16 this Act, as quickly as practicable. Fees for the system benefit
17 fund collected under Section 39.903, Utilities Code, before the
18 effective date of this Act shall be remitted to the comptroller of
19 public accounts for deposit in the general revenue fund. Fees for
20 the system benefit fund collected under Section 39.903, Utilities
21 Code, after the effective date of this Act shall be remitted to the
22 Public Utility Commission of Texas not later than 31 days after the
23 fees are collected until the commission adopts rules governing the
24 remittance of the fees to the trust fund established under that
25 section, as amended by this Act. The Public Utility Commission of
26 Texas shall hold fees remitted to it under this Act in trust for the
27 benefit of the system benefit fund until that fund is established as

1 provided by this Act and shall transfer those fees to the fund on
2 the date the fund is established.

3 SECTION 5. This Act takes effect September 1, 2009.