

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2305 by Turner, Sylvester (Relating to security deposits for customers of retail electric providers.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 39.101(a) of the Utilities Code and would require the refund of any security deposit or other money owed to the customer upon the exit of a retail electric provider (REP) from the market.

The bill would add Section 39.110 to the Utilities Code to establish a customer deposit fund outside of the state treasury to be financed by customer deposits remitted to their REPs and to be used by REPs for refunding deposits plus interest on the deposit to customers upon exit from the market. The bill would require the Public Utility Commission (PUC) to deposit each customer deposit remitted to an REP; to remit to an REP an amount equal to the amount of a customer's security deposit plus interest when the REP demonstrates that the security deposit has been returned to the customer; and to conduct an annual review of the customer deposit fund, including a review of the interest projected to be earned by the fund. The bill would require the PUC to publish quarterly a report of customer deposit fund deposits, disbursements, and earnings.

The bill would require the PUC to: adopt rules to conform existing regulations to the bill's provisions; provide for the customer deposit fund to be held by a financial institution eligible to be a depository for state funds under Chapter 404 of the Government Code; adopt rules regarding reporting requirements, payment schedules, and review procedures to ensure the fund is financed by deposits collected from customers by REPs and that disbursements from the fund to customers are made properly; and annually review the customer deposit fund accounts and projected interest credited to the customer deposit interest fund.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Based on information provided by the PUC, it is assumed that the agency could absorb the costs associated with implementing the provisions of the bill within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

LBB Staff: JOB, ES, KJG, MW