

BILL ANALYSIS

Senate Research Center
82R5614 RWG-F

S.B. 555
By: Watson
Natural Resources
4/8/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are approximately 78 jurisdictional propane systems providing service to customers in Texas. These systems are not regulated, and while the Railroad Commission of Texas (railroad commission) has jurisdiction over the licensing and safety provisions for the storage tanks, as well as pipeline safety over the main and service lines, there is no entity with oversight of pricing, rate setting, or the service provided by these systems.

There is limited ability for the customers of these systems to address rates, complaints about service, or negotiate their contracts. Some of these systems have encountered problems ranging from bankruptcy to disruption of service during some of the coldest days of winter.

S.B. 555 defines certain LP-gas distribution systems as "gas utilities" for the purpose of regulating these entities and bringing such providers within the scope of the railroad commission's rate-setting authority.

As proposed, S.B. 555 amends current law relating to the regulation of LP-gas utility companies.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 101.002(b), Utilities Code, to provide that gas utilities, including LP-gas utilities, are by definition monopolies in the areas they serve.

SECTION 2. Amends Section 101.003, Utilities Code, by amending Subdivision (7) and adding Subdivision (7-a) to redefine "gas utility" and to define "LP-gas utility."

SECTION 3. Amends Section 102.001(a), Utilities Code, to provide that the Railroad Commission of Texas has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas, LP-gas, or synthetic natural gas in certain areas and that transmits, transports, delivers, or sells natural gas, LP-gas, or synthetic natural gas to a gas utility that distributes the gas to the public.

SECTION 4. Amends Section 104.2545, Utilities Code, by adding Subsection (e) to provide that this section does not apply to an LP-gas utility.

SECTION 5. Amends Section 104.258, Utilities Code, as follows:

Sec. 104.258. New heading: DISCONNECTION OF NATURAL GAS OR LP-GAS SERVICE. (a) Redefines "provider" in this section and makes no further changes.

(b) Prohibits a provider from disconnecting natural or LP-gas service to a residential customer on a weekend day unless personnel of the provider are available on that day to take payments and reconnect service.

(c) Prohibits a provider from disconnecting natural gas or LP-gas service to a residential customer during an extreme weather emergency.

SECTION 6. Effective date: September 1, 2011.