

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

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

IN RE: HB519 by Turner (Relating to financing programs for low-income electric customers and certain other electric customers.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB519, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>System Benefit Account</i> 5100	Probable Revenue Gain/(Loss) from <i>Low-Income Electric Customers Program</i> <i>Fund - Outside Treasury</i>
2012	\$0	\$0
2013	\$0	\$0
2014	(\$130,586,000)	\$130,586,000
2015	(\$143,793,000)	\$143,793,000
2016	(\$145,141,000)	\$145,141,000

Fiscal Analysis

The bill would amend the Utilities Code to reduce the amount of the nonbypassable fee that finances the System Benefit Fund from a maximum of 65 cents per megawatt hour to two cents per megawatt hour. The bill would also require the Public Utility Commission (PUC) to adopt rules providing for reimbursements from appropriated system benefit fund money for activities authorized for funding. The bill would amend the list of items for which system benefit fund money may be appropriated.

The bill would establish a Low-Income Electric Customers Program Fund as a trust fund outside the treasury. The PUC would prescribe the maximum percentage of money available in the fund that may be used for the expenses of administering the fund and for annual independent auditing and other expenditures. The bill would require the commission to impose a nonbypassable Low-Income Electric

Customers Program Fund fee to be set by the commission in an amount not to exceed 63 cents per megawatt hour.

The bill would require the money in the Low-Income Electric Customers Program Fund to be spent on reduced electric rates for low income customers, bill payment assistance for customers designated critical care customers by the commission, and low income electric customer weatherization programs under specific guidelines.

The bill would require the PUC to adopt rules to provide that an electric customer eligible for reduced rates is also eligible for reduced rates for telecommunications services and those customers eligible for reduced rates for telecommunications services are also eligible for reduced rates for electricity.

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. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect September 1, 2013, except for Section 8. Section 8 of the bill would take effect September 1, 2011.

Methodology

This analysis is based on information and an analysis provided by the Comptroller of Public Accounts (CPA). For the purpose of this analysis, it is assumed that the new fee would be assessed at the maximum 63 cents per megawatt hour and in the same manner as the fee assessed under current law.

According to the CPA, this analysis assumes that collections of that fee would begin in fiscal year 2014 and the revenue would be deposited to the Low-income Electric Customers Program Trust Fund. This analysis also assumes that the System Benefit collections would be set at the statutory maximum of 2 cents per megawatt hour and would begin to affect the System Benefit Fund beginning October 2013; September remittances would be assessments based on the 65 cent rate. This analysis assumes that the new trust fund would begin seeing collections in October 2013.

This bill does not specifically address the balance in GR Account 5100. This analysis assumes that the balance would remain in that General Revenue account, and therefore the costs only assume changes in fee revenue and do not take into account a reduction in the balance of the System Benefit Fund.

Based on the analysis of the PUC duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources. This analysis assumes that the costs associated with implementing the provisions of the bill related to the administration of the new Low-Income Electric Customers Program and Fund would be funded from that fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission

LBB Staff: JOB, KJG, MW, RAN, AG