

BILL ANALYSIS

C.S.H.B. 550
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The system benefit fund was established in legislation intended to help low-income Texans afford electric services in a deregulated electricity market. Interested parties assert that subsequent changes in enrollment guidelines have reduced the number of customers who qualify for the program while thousands of low-income Texans and customers on fixed incomes struggle to pay their electric bills. Currently, the fund balance is approximately \$800 million.

C.S.H.B. 550 seeks to assist low-income Texans with the cost of electric service through the creation and administration of a low-income electric customers program fund outside of the state treasury and through the administration of certain other financing programs.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTIONS 1, 3, and 8 of this bill.

ANALYSIS

C.S.H.B. 550 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to adopt and enforce rules requiring transmission and distribution utilities to establish a low-income electric customers program fund under PUC oversight. The bill requires the rules to provide for the fund to be established as a trust fund outside of the state treasury, for the fund to be held by an administrator selected by the transmission and distribution utilities in accordance with standards adopted by the PUC, and for any interest earned on money in the fund to be credited to the fund. The bill authorizes the administrator, who serves as trustee of the fund for the benefit of low-income electric customer programs described by the bill, in accordance with PUC rules, to make any payments or reimbursements from the fund to further the programs. The bill requires PUC rules to 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 of the fund and expenditures and other transactions related to the fund. The bill authorizes the PUC or its agents at any time to examine any fund-related records or investigate any fund-related expenditures or expenses and requires the administrator and each transmission and distribution utility to fully cooperate with any investigation regarding the fund conducted by the PUC or its agents.

C.S.H.B. 550 requires the PUC by rule to impose a nonbypassable low-income electric customers program fund fee to be set by the PUC in an amount not to exceed 50 cents per megawatt hour, allocated to customers based on the amount of kilowatt hours used, and to provide for a nonbypassable fee in the same amount as the low-income electric customers program fund fee to be imposed on the retail electric customers of a municipally owned utility or electric cooperative beginning on the first day of the sixth month preceding the date on which the utility or cooperative implements customer choice. The bill requires the adopted PUC rules to provide that the low-income electric customers program fund fees collected for the applicable programs are collected through the rates of the transmission and distribution service providers

and deposited into the low-income electric customers program fund. The bill restricts the expenditure of the money in the low-income electric customers program fund to the following regulatory purposes and requires this money to be allocated as follows: not more than 96 percent of the money available in the fund must be used to provide a 15 percent reduced rate for low-income households for each billing period; and not more than 4 percent of the money available in the fund must be used for bill payment assistance for critical care residential customers with total household incomes not to exceed 400 percent of the federal poverty guidelines.

C.S.H.B. 550 authorizes only money appropriated for weatherization or other energy efficiency programs and transferred to the fund to be used to finance low-income electric customer weatherization programs. The bill requires the programs to be operated by a statewide network of federal weatherization program providers under federal weatherization program guidelines and authorizes the programs to include related low-income energy efficiency programs. The bill removes the requirement that the PUC adopt rules regarding programs assisting low-income electric customers on the introduction of customer choice and removes related program requirements.

C.S.H.B. 550 requires the PUC, in a provision requiring the PUC to adopt rules for a retail electric provider to determine a reduced rate for eligible customers to be discounted off the standard retail service package under statutory provisions relating to a provider of last resort, to require a retail electric provider to apply the same reduction to any rate plan under which an eligible low-income electric customer is receiving service. The bill removes a provision authorizing the retail electric provider, as an alternative to determining the reduced rate by discounting off the standard retail package, to determine the reduced rate by discounting off the price to beat. The bill, in a revised provision requiring the reduced rate for a retail electric provider to result in a total charge that is at least a certain percentage lower than the amount the customer would otherwise be charged, changes that minimum percentage from 10 percent to 15 percent, updates the provision to remove the condition that the maximum percentage be 20 percent if sufficient money in the system benefit fund is available, and provides that the lower total charge resulting from the reduced rate is for each billing period. The bill, in revised provisions authorizing the PUC to increase the low-income electric customers program fund fee by a certain amount and to reduce the percentage rate of the reduction if the fund is insufficient to pay for the 15 percent rate reduction, changes that fee amount from 65 cents to 50 cents per megawatt hour and requires, rather than authorizes, the PUC to reduce the 15 percent rate reduction.

C.S.H.B. 550 requires the adopted PUC rules to provide that an electric customer eligible for the reduced rates is also eligible for reduced rates for telecommunications services offered for low-income customers and, conversely, a customer eligible for reduced rates for telecommunications services offered for low-income customers is also eligible for the reduced rates offered to low-income electric customers. The bill requires the PUC to adopt rules governing the bill payment assistance program for critical care residential customers with total household income not exceeding 400 percent of the federal poverty guidelines, as established by the bill. The bill specifies that the rules must provide that a customer is eligible to receive the assistance only if the assistance is necessary to prevent the disconnection of service for nonpayment of bills for a critical care residential customer, rather than to prevent such disconnection for an electric customer who is or has in the customer's household one or more seriously ill or disabled low-income persons whose health or safety may be injured by the disconnection. The bill defines "critical care residential customer" as a residential customer who has a person permanently residing in the customer's home who is diagnosed by a physician as being dependent on an electric-powered medical device to sustain life. The bill prohibits the low-income electric customers program fund fee from being imposed after August 31, 2023, and requires the PUC and the administrator, after that date, to continue the low-income electric customers programs until the balance of the fund is exhausted.

C.S.H.B. 550, in a provision relating to the purposes for which money in the system benefit fund

may be appropriated, removes the option of appropriating money in the account for purposes provided by other law not included in the statutory provisions directly relating to the system benefit fund. The bill, in a provision relating to a nonbypassable fee set by the PUC to finance the system benefit fund, reduces the fee from 65 cents per megawatt hour to two cents per megawatt hour. The bill requires the PUC to adopt rules providing for reimbursements from appropriated system benefit fund money for activities authorized for funding. The bill removes funding for certain low-income electric customer programs from the regulatory purposes for which the appropriation of money in the system benefit fund is authorized and removes a provision imposing an order of priority on those regulatory purposes. The bill authorizes the legislature to appropriate from the system benefit fund not more than \$50 million each state fiscal biennium for the purpose of assisting low-income electric customers by providing weatherization or other energy efficiency programs and requires the money appropriated from the system benefit fund for that purpose to be transferred to the low-income electric customers program fund for disbursement.

C.S.H.B. 550 makes statutory provisions relating to low-income energy efficiency programs and low-income weatherization programs apply to the weatherization programs funded by the low-income electric customers program fund. The bill exempts its provisions relating to the low-income electric customers program fund from the applicability of statutory provisions governing the transition to and the establishment of a fully competitive electric power industry for municipally owned utilities and electric cooperatives. The bill expands the list of purposes for which the PUC has jurisdiction over municipally owned utilities and electric cooperatives to include collection of the nonbypassable fees established by the bill's provisions.

C.S.H.B. 550 requires the PUC to adopt or revise rules governing the system benefit fund and the low-income electric customers program fund not later than January 1, 2014.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 550 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 17.007, Utilities Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Section 39.002, Utilities Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Subchapter Z, Chapter 39, Utilities Code, is amended by amending Section 39.903 and adding Section 39.9035 to read as follows: Sec. 39.903. SYSTEM BENEFIT FUND. (a) The system benefit fund is an account in the general revenue fund. Money in the account may be appropriated only for the	SECTION 3. Subchapter Z, Chapter 39, Utilities Code, is amended by amending Section 39.903 and adding Section 39.9035 to read as follows: Sec. 39.903. SYSTEM BENEFIT FUND. (a) The system benefit fund is an account in the general revenue fund. Money in the account may be appropriated only for the

purposes provided by this section [~~or other law~~]. Interest earned on the system benefit fund shall be credited to the fund. Section 403.095, Government Code, does not apply to the system benefit fund.

(b) The system benefit fund is financed by a nonbypassable system benefit fund fee set by the commission in an amount not to exceed two [~~65~~] cents per megawatt hour. The system benefit fund fee is allocated to customers based on the amount of kilowatt hours used.

(c) The nonbypassable fee may not be imposed on the retail electric customers of a municipally owned utility or electric cooperative before the sixth month preceding the date on which the utility or cooperative implements customer choice. Money distributed from the system benefit fund to a municipally owned utility or an electric cooperative shall be proportional to the nonbypassable fee paid by the municipally owned utility or the electric cooperative [~~, subject to the reimbursement provided by Subsection (i)~~]. On request by a municipally owned utility or electric cooperative, the commission shall reduce the nonbypassable fee imposed on retail electric customers served by the municipally owned utility or electric cooperative by an amount equal to the amount provided by the municipally owned utility or electric cooperative or its ratepayers for [~~local low-income programs and~~] local programs that educate customers about the retail electric market in a neutral and nonpromotional manner. The commission shall adopt rules providing for reimbursements from appropriated system benefit fund money for activities authorized for funding under this section.

(d) The commission shall annually review and approve system benefit fund accounts, projected revenue requirements, and proposed nonbypassable fees. The commission shall report to the electric utility restructuring legislative oversight committee if the system benefit fund fee is insufficient to fund the purposes set forth in Subsection (e) to the extent required by this section.

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

purposes provided by this section [~~or other law~~]. Interest earned on the system benefit fund shall be credited to the fund. Section 403.095, Government Code, does not apply to the system benefit fund.

(b) The system benefit fund is financed by a nonbypassable system benefit fund fee set by the commission in an amount not to exceed two [~~65~~] cents per megawatt hour. The system benefit fund fee is allocated to customers based on the amount of kilowatt hours used.

(c) The nonbypassable system benefit fund fee may not be imposed on the retail electric customers of a municipally owned utility or electric cooperative before the sixth month preceding the date on which the utility or cooperative implements customer choice. Money distributed from the system benefit fund to a municipally owned utility or an electric cooperative shall be proportional to the nonbypassable fee paid by the municipally owned utility or the electric cooperative [~~, subject to the reimbursement provided by Subsection (i)~~]. On request by a municipally owned utility or electric cooperative, the commission shall reduce the nonbypassable fee imposed on retail electric customers served by the municipally owned utility or electric cooperative by an amount equal to the amount provided by the municipally owned utility or electric cooperative or its ratepayers for [~~local low-income programs and~~] local programs that educate customers about the retail electric market in a neutral and nonpromotional manner. The commission shall adopt rules providing for reimbursements from appropriated system benefit fund money for activities authorized for funding under this section.

(d) The commission shall annually review and approve system benefit fund accounts, projected revenue requirements, and proposed nonbypassable fees. The commission shall report to the electric utility restructuring legislative oversight committee if the system benefit fund fee is insufficient to fund the purposes set forth in Subsection (e) to the extent required by this section.

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

(1) [~~programs to:~~
[~~(A)~~ assist low income electric customers by providing the 10 percent reduced rate prescribed by Subsection (h); and
[~~(B)~~ provide one time bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low income persons and who have been threatened with disconnection for nonpayment;
[~~(2)~~] customer education programs;
(2) [;] administrative expenses incurred by the commission in implementing and administering this chapter;
(3) [~~and~~] expenses incurred by the office under this chapter; ~~and~~
(4) [~~(3)~~] ~~programs to assist low income electric customers by providing the targeted energy efficiency programs described by Subsection (f)(2);~~

[~~(4)~~] ~~programs to assist low income electric customers by providing the 20 percent reduced rate prescribed by Subsection (h); and~~
[~~(5)~~] reimbursement to the commission and the Health and Human Services Commission for expenses incurred in the implementation and administration of an integrated eligibility process created under Section 17.007 for customer service discounts relating to retail electric service, including outreach expenses the commission determines are reasonable and necessary.

~~No equivalent provision.~~

Sec. 39.9035. LOW-INCOME ELECTRIC CUSTOMERS PROGRAM FUND.

~~No equivalent provision.~~

(1) [~~programs to:~~
[~~(A)~~ assist low income electric customers by providing the 10 percent reduced rate prescribed by Subsection (h); and
[~~(B)~~ provide one time bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low income persons and who have been threatened with disconnection for nonpayment;
[~~(2)~~] customer education programs;
(2) [;] administrative expenses incurred by the commission in implementing and administering this chapter;
(3) [~~and~~] expenses incurred by the office under this chapter;
(4) [~~(3)~~] ~~programs to assist low-income electric customers by providing weatherization or other [the targeted] energy efficiency programs [described by Subsection (f)(2);~~

[~~(4)~~] ~~programs to assist low income electric customers by providing the 20 percent reduced rate prescribed by Subsection (h); and~~
(5) reimbursement to the commission and the Health and Human Services Commission for expenses incurred in the implementation and administration of an integrated eligibility process created under Section 17.007 for customer service discounts relating to retail electric service, including outreach expenses the commission determines are reasonable and necessary.

(f) The legislature may appropriate from the system benefit fund not more than \$50 million each state fiscal biennium for the purposes of Subsection (e)(4). Money appropriated from the system benefit fund for the purposes of Subsection (e)(4) must be transferred to the low-income electric customers program fund for disbursement under Section 39.9035.

Sec. 39.9035. LOW-INCOME ELECTRIC CUSTOMERS PROGRAM FUND.

(a) In this section, "critical care residential customer" means a residential customer who has a person permanently residing in the customer's home who is diagnosed by a physician as being dependent on an electric-powered medical device to sustain life.

(a) The commission shall adopt and enforce rules requiring transmission and distribution utilities to establish a low-income electric customers program fund under commission oversight. The rules must provide for:

(1) the fund to be established as a trust fund outside of the state treasury;

(2) the fund to be held by an administrator selected by the transmission and distribution utilities in accordance with standards adopted by the commission; and

(3) any interest earned on money in the fund to be credited to the fund.

(b) The administrator serves as trustee of the fund for the benefit of low-income electric customer programs described by this section, and in accordance with commission rules, the administrator may make any payments or reimbursements from the fund to further the programs. Commission rules must 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 of the fund and expenditures and other transactions related to the fund. The commission or its agents may at any time examine any records related to the fund or investigate any fund-related expenditures or expenses. The administrator and each transmission and distribution utility shall fully cooperate with any investigation regarding the fund conducted by the commission or its agents.

(c) The commission by rule shall impose a nonbypassable low-income electric customers program fund fee to be set by the commission in an amount not to exceed 65 cents per megawatt hour, allocated to customers based on the amount of kilowatt hours used.

(d) The commission shall provide for a nonbypassable fee in the same amount as the fee imposed under Subsection (c) to be imposed on the retail electric customers of a municipally owned utility or electric cooperative beginning on the first day of the sixth month preceding the date on which the utility or cooperative implements customer choice.

(e) Commission rules adopted under this section must provide that the low-income electric customers program fund fees collected for the programs described by this section are collected through the rates of the

(b) The commission shall adopt and enforce rules requiring transmission and distribution utilities to establish a low-income electric customers program fund under commission oversight. The rules must provide for:

(1) the fund to be established as a trust fund outside of the state treasury;

(2) the fund to be held by an administrator selected by the transmission and distribution utilities in accordance with standards adopted by the commission; and

(3) any interest earned on money in the fund to be credited to the fund.

(c) The administrator serves as trustee of the fund for the benefit of low-income electric customer programs described by this section, and in accordance with commission rules, the administrator may make any payments or reimbursements from the fund to further the programs. Commission rules must 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 of the fund and expenditures and other transactions related to the fund. The commission or its agents may at any time examine any records related to the fund or investigate any fund-related expenditures or expenses. The administrator and each transmission and distribution utility shall fully cooperate with any investigation regarding the fund conducted by the commission or its agents.

(d) The commission by rule shall impose a nonbypassable low-income electric customers program fund fee to be set by the commission in an amount not to exceed 50 cents per megawatt hour, allocated to customers based on the amount of kilowatt hours used.

(e) The commission shall provide for a nonbypassable fee in the same amount as the fee imposed under Subsection (d) to be imposed on the retail electric customers of a municipally owned utility or electric cooperative beginning on the first day of the sixth month preceding the date on which the utility or cooperative implements customer choice.

(f) Commission rules adopted under this section must provide that the low-income electric customers program fund fees collected for the programs described by this section are collected through the rates of the

transmission and distribution service providers and deposited into the low-income electric customers program fund.

(f) Money in the low-income electric customers program fund may be spent only for the following regulatory purposes and must be allocated as follows:

(1) not more than 85 percent of the money available in the fund must be used to provide a 10 to 20 percent reduced rate for low-income households over a 12-month period;

(2) not more than 4 percent of the money available in the fund must be used for bill payment assistance for customers on life support with total household income not to exceed 400 percent of the federal poverty guidelines; and

(3) not less than 11 percent of the money available in the fund must be used to finance low-income electric customer weatherization programs to be operated by a statewide network of federal weatherization program providers under federal weatherization program guidelines.

[Notwithstanding Section 39.106(b), the commission shall adopt rules regarding programs to assist low-income electric customers on the introduction of customer choice. The programs may not be targeted to areas served by municipally owned utilities or electric cooperatives that have not adopted customer choice. The programs shall include:

[(1) reduced electric rates as provided by Subsections (h)-(1); and

[(2) targeted energy efficiency programs to be administered by the Texas Department of Housing and Community Affairs in coordination with existing weatherization programs.]

(g) Until customer choice is introduced in a power region, an electric utility may not reduce, in any manner, programs already offered to assist low-income electric customers. Until a municipally owned utility or electric cooperative implements customer choice, the utility or cooperative may not reduce, in any manner, programs already offered to assist low-income electric

transmission and distribution service providers and deposited into the low-income electric customers program fund.

(g) Except as provided by Subsection (h), money in the low-income electric customers program fund may be spent only for the following regulatory purposes and must be allocated as follows:

(1) not more than 96 percent of the money available in the fund must be used to provide a 15 percent reduced rate for low-income households for each billing period; and

(2) not more than 4 percent of the money available in the fund must be used for bill payment assistance for critical care residential customers with total household incomes not to exceed 400 percent of the federal poverty guidelines.

(h) Only money appropriated for the purposes of Section 39.903(e)(4) and transferred to the fund may be used to finance low-income electric customer weatherization programs under this section. The programs must be operated by a statewide network of federal weatherization program providers under federal weatherization program guidelines and may include related low-income energy efficiency programs.

(i) [(f) Notwithstanding Section 39.106(b), the commission shall adopt rules regarding programs to assist low-income electric customers on the introduction of customer choice. The programs may not be targeted to areas served by municipally owned utilities or electric cooperatives that have not adopted customer choice. The programs shall include:

[(1) reduced electric rates as provided by Subsections (h)-(1); and

[(2) targeted energy efficiency programs to be administered by the Texas Department of Housing and Community Affairs in coordination with existing weatherization programs.]

[(g)] Until customer choice is introduced in a power region, an electric utility may not reduce, in any manner, programs already offered to assist low-income electric customers.

customers. A retail electric provider or electric utility may not reduce programs offered to assist low-income electric customers on or after September 11, 2015, except as provided by commission rules.

(h) The commission shall adopt rules for a retail electric provider to determine a reduced rate for eligible customers to be discounted off the standard retail service package as approved by the commission under Section 39.106 and shall require a retail electric provider to apply the same reduction to any rate plan under which an eligible low-income electric customer is receiving service [~~or the price to beat established by Section 39.202, whichever is lower~~]. Municipally owned utilities and electric cooperatives shall establish a reduced rate for eligible customers to be discounted off the standard retail service package established under Section 40.053 or 41.053, as appropriate. The reduced rate for a retail electric provider shall result in a total charge for 12 months of service that is at least 10 percent and, if sufficient money in the low-income electric customers program [system benefit] fund is available, up to 20 percent, lower than the amount the customer would otherwise be charged for 12 months of service. To the extent the low-income electric customers program [system benefit] fund is insufficient to pay for [fund] the initial 10 percent rate reduction, the commission may increase the fee to an amount not more than 65 cents per megawatt hour, as provided by Subsection (c) [~~(h)~~]. If the fee is set at 65 cents per megawatt hour or if the commission determines that revenues anticipated to be due for deposit to the fund are [appropriations are] insufficient to pay for [fund] the 10 percent rate reduction, the commission may reduce the rate of the reduction to less than 10 percent. For a municipally owned utility or electric cooperative, the reduced rate shall be equal to an amount that can be fully funded by that portion of the nonbypassable fee proceeds paid by the municipally owned utility or electric cooperative that is allocated to the utility or cooperative by the commission under Subsection (f) [~~(e)~~] for programs for low-income customers of the utility or cooperative. The reduced rate for municipally owned utilities and electric

(j) [~~(h)~~] The commission shall adopt rules for a retail electric provider to determine a reduced rate for eligible customers to be discounted off the standard retail service package as approved by the commission under Section 39.106 and shall require a retail electric provider to apply the same reduction to any rate plan under which an eligible low-income electric customer is receiving service [~~or the price to beat established by Section 39.202, whichever is lower~~]. Municipally owned utilities and electric cooperatives shall establish a reduced rate for eligible customers to be discounted off the standard retail service package established under Section 40.053 or 41.053, as appropriate. The reduced rate for a retail electric provider shall result in a total charge for each billing period that is at least 15 [40] percent [and, if sufficient money in the system benefit fund is available, up to 20 percent,] lower than the amount the customer would otherwise be charged for each billing period.

To the extent the low-income electric customers program [system benefit] fund is insufficient to pay for [fund] the 15 [initial 40] percent rate reduction, the commission may increase the fee to an amount of not more than 50 [65] cents per megawatt hour, as provided by Subsection (d) [~~(h)~~]. If the fee is set at 50 [65] cents per megawatt hour or if the commission determines that revenues anticipated to be due for deposit to the fund are [appropriations are] insufficient to pay for [fund] the 15 [40] percent rate reduction, the commission shall [may] reduce the rate of the reduction to less than 15 [40] percent. For a municipally owned utility or electric cooperative, the reduced rate shall be equal to an amount that can be fully funded by that portion of the nonbypassable fee proceeds paid by the municipally owned utility or electric cooperative that is allocated to the utility or cooperative by the commission under Subsection (g) [~~(e)~~] for programs for low-income customers of the utility or cooperative. The reduced rate for municipally owned utilities and electric

cooperatives under this section is in addition to any rate reduction that may result from local programs for low-income customers of the municipally owned utilities or electric cooperatives.

(i) A retail electric provider, municipally owned utility, or electric cooperative seeking reimbursement from the low-income electric customers program [~~system benefit~~] fund may not charge an eligible low-income customer a rate higher than the appropriate rate determined under Subsection (h). Commission rules must provide for [~~A retail electric provider not subject to the price to beat, or~~] a municipally owned utility or electric cooperative subject to the nonbypassable fee under Subsection (d) to ~~[(e), shall]~~ be reimbursed from the [~~system benefit~~] fund for the difference between the reduced rate and the rate established under [~~Section 39.106 or, as appropriate, the rate established under~~] Section 40.053 or 41.053, as appropriate. A retail electric provider [~~who is subject to the price to beat~~] shall be reimbursed from the [~~system benefit~~] fund for the difference between the reduced rate and the rate plan under which the customer is receiving service [~~the price to beat~~]. The commission shall adopt rules providing for the reimbursement.

(j) The commission shall adopt rules providing for methods of enrolling customers eligible to receive the reduced rates determined under Subsection (h). The rules must provide for automatic enrollment as one enrollment option. The Health and [~~Texas Department of~~] Human Services Commission, on request of the commission, shall assist in the adoption and implementation of these rules. The commission and the Health and [~~Texas Department of~~] Human Services Commission shall enter into a memorandum of understanding establishing the respective duties of the agencies [~~commission and the department~~] in relation to the automatic enrollment. Rules adopted under this section must provide that:

- (1) an electric customer eligible for the reduced rates determined under Subsection (h) is also eligible for reduced rates for telecommunications services offered for low-income customers; and
- (2) a customer eligible for reduced rates for

cooperatives under this section is in addition to any rate reduction that may result from local programs for low-income customers of the municipally owned utilities or electric cooperatives.

~~(k)~~ [~~(i)~~] A retail electric provider, municipally owned utility, or electric cooperative seeking reimbursement from the low-income electric customers program [~~system benefit~~] fund may not charge an eligible low-income customer a rate higher than the appropriate rate determined under Subsection (j) [~~(h)~~]. Commission rules must provide for [~~A retail electric provider not subject to the price to beat, or~~] a municipally owned utility or electric cooperative subject to the nonbypassable fee under Subsection (e) to ~~[(e), shall]~~ be reimbursed from the [~~system benefit~~] fund for the difference between the reduced rate and the rate established under [~~Section 39.106 or, as appropriate, the rate established under~~] Section 40.053 or 41.053, as appropriate. A retail electric provider [~~who is subject to the price to beat~~] shall be reimbursed from the [~~system benefit~~] fund for the difference between the reduced rate and the rate plan under which the customer is receiving service [~~the price to beat~~]. The commission shall adopt rules providing for the reimbursement.

~~(l)~~ [~~(j)~~] The commission shall adopt rules providing for methods of enrolling customers eligible to receive the reduced rates determined under Subsection (j) [~~(h)~~]. The rules must provide for automatic enrollment as one enrollment option. The Health and [~~Texas Department of~~] Human Services Commission, on request of the commission, shall assist in the adoption and implementation of these rules. The commission and the Health and [~~Texas Department of~~] Human Services Commission shall enter into a memorandum of understanding establishing the respective duties of the agencies [~~commission and the department~~] in relation to the automatic enrollment. Rules adopted under this section must provide that:

- (1) an electric customer eligible for the reduced rates determined under Subsection (j) is also eligible for reduced rates for telecommunications services offered for low-income customers; and
- (2) a customer eligible for reduced rates for

telecommunications services offered for low-income customers is also eligible for the reduced rates established under Subsection (h).

(k) [(j-1)] The commission shall adopt rules governing the bill payment assistance program provided under Subsection (f)(2) [(e)(1)(B)]. The rules must provide that a customer is eligible to receive the assistance only if the assistance is necessary to prevent the disconnection of service for nonpayment of bills for a household in which the customer or another member of the household is on life support and ~~[the electric customer is or has in the customer's household one or more seriously ill or disabled low-income persons]~~ whose health or safety may be injured by the disconnection. The commission may prescribe the documentation necessary to demonstrate eligibility for the assistance and may establish additional eligibility criteria. The Health and Human Services Commission, on request of the commission, shall assist in the adoption and implementation of these rules.

(l) [(k)] A retail electric provider is prohibited from charging the customer a fee for participation in the reduced rate program.

No equivalent provision.

~~[(1) For the purposes of this section, a "low-income electric customer" is an electric customer:~~

~~[(1) whose household income is not more than 125 percent of the federal poverty guidelines; or~~

~~[(2) who receives food stamps from the Texas Department of Human Services or medical assistance from a state agency administering a part of the medical assistance program.]~~

SECTION 4. Section 39.905(f), Utilities

83R 21918

Substitute Document Number: 83R 20784

telecommunications services offered for low-income customers is also eligible for the reduced rates established under Subsection (j).

(m) [(j-1)] The commission shall adopt rules governing the bill payment assistance program provided under Subsection (g)(2) [(e)(1)(B)]. The rules must provide that a customer is eligible to receive the assistance only if the assistance is necessary to prevent the disconnection of service for nonpayment of bills for a critical care residential customer ~~[and the electric customer is or has in the customer's household one or more seriously ill or disabled low-income persons~~

~~whose health or safety may be injured by the disconnection].~~

The commission may prescribe the documentation necessary to demonstrate eligibility for the assistance and may establish additional eligibility criteria. The Health and Human Services Commission, on request of the commission, shall assist in the adoption and implementation of these rules.

(n) [(k)] A retail electric provider is prohibited from charging the customer a fee for participation in the reduced rate program.

(o) Notwithstanding Subsections (d), (e), (f), and (j), the low-income electric customers program fund fee may not be imposed after August 31, 2023. After that date, the commission and the administrator shall undertake to continue the low-income electric customers programs described by this section until the balance of the fund is exhausted.

~~[(1) For the purposes of this section, a "low-income electric customer" is an electric customer:~~

~~[(1) whose household income is not more than 125 percent of the federal poverty guidelines; or~~

~~[(2) who receives food stamps from the Texas Department of Human Services or medical assistance from a state agency administering a part of the medical assistance program.]~~

SECTION 4. Section 39.905(f), Utilities

13.102.765

Code, is amended to read as follows:

(f) Unless funding is provided under Section 39.9035 [~~39.903~~], each unbundled transmission and distribution utility shall include in its energy efficiency plan a weatherization [~~targeted low-income energy efficiency~~] program as described by Section 39.9035(f)(3) [~~39.903(f)(2)~~], and the savings achieved by the program shall count toward the transmission and distribution utility's energy efficiency goal. The commission shall determine the appropriate level of funding to be allocated to both the required weatherization programs [~~targeted~~] and standard offer low-income energy efficiency programs in each unbundled transmission and distribution utility service area. The level of funding for the required weatherization programs and low-income energy efficiency programs shall be provided from money approved by the commission for the transmission and distribution utility's energy efficiency programs. The commission shall ensure that annual expenditures for the required weatherization programs and [~~targeted~~] low-income energy efficiency programs of each unbundled transmission and distribution utility are not less than 10 percent of the transmission and distribution utility's energy efficiency budget for the year. A required weatherization program or a [~~targeted~~] low-income energy efficiency program must comply with the same audit requirements that apply to federal weatherization subrecipients. In an energy efficiency cost recovery factor proceeding related to expenditures under this subsection, the commission shall make findings of fact regarding whether the utility meets requirements imposed under this subsection. The state agency that administers the federal weatherization assistance program shall provide reports as required by the commission to provide the most current information available on energy and peak demand savings achieved in each transmission and distribution utility service area. The agency shall participate in energy efficiency cost recovery factor proceedings related to expenditures under this subsection to ensure that the required weatherization programs and [~~targeted~~] low-income weatherization programs are consistent with federal weatherization programs and

Code, is amended to read as follows:

(f) Unless funding is provided under Section 39.9035 [~~39.903~~], each unbundled transmission and distribution utility shall include in its energy efficiency plan a weatherization and [~~targeted~~] low-income energy efficiency program as described by Section 39.9035(h) [~~39.903(f)(2)~~], and the savings achieved by the program shall count toward the transmission and distribution utility's energy efficiency goal. The commission shall determine the appropriate level of funding to be allocated to both the required weatherization programs [~~targeted~~] and standard offer low-income energy efficiency programs in each unbundled transmission and distribution utility service area. The level of funding for the required weatherization programs and low-income energy efficiency programs shall be provided from money approved by the commission for the transmission and distribution utility's energy efficiency programs. The commission shall ensure that annual expenditures for the required weatherization programs and [~~targeted~~] low-income energy efficiency programs of each unbundled transmission and distribution utility are not less than 10 percent of the transmission and distribution utility's energy efficiency budget for the year. A required weatherization program or a [~~targeted~~] low-income energy efficiency program must comply with the same audit requirements that apply to federal weatherization subrecipients. In an energy efficiency cost recovery factor proceeding related to expenditures under this subsection, the commission shall make findings of fact regarding whether the utility meets requirements imposed under this subsection. The state agency that administers the federal weatherization assistance program shall provide reports as required by the commission to provide the most current information available on energy and peak demand savings achieved in each transmission and distribution utility service area. The agency shall participate in energy efficiency cost recovery factor proceedings related to expenditures under this subsection to ensure that the required weatherization programs and [~~targeted~~] low-income weatherization programs are consistent with federal weatherization programs and

adequately funded.

SECTION 5. Section 40.001(a), Utilities Code, is amended.

SECTION 6. Section 40.004, Utilities Code, is amended.

SECTION 7. Section 41.001, Utilities Code, is amended.

SECTION 8. The Public Utility Commission of Texas shall adopt or revise, as necessary to implement this Act, rules governing the system benefit fund and the low-income electric customers program fund under Section 39.903, Utilities Code, as amended by this Act, and Section 39.9035, Utilities Code, as added by this Act, not later than January 1, 2014.

SECTION 9. This Act takes effect September 1, 2015.

adequately funded.

SECTION 5. Same as introduced version.

SECTION 6. Substantially same as introduced version.

SECTION 7. Same as introduced version.

SECTION 8. Same as introduced version.

SECTION 9. This Act takes effect September 1, 2013.