

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 17, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB550** by Turner, Sylvester (Relating to financing programs for low-income electric customers and certain other electric customers; lowering the amount of a fee; imposing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB550, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from System Benefit Account 5100	Probable Revenue Gain/(Loss) from Low-Income Electric Customers Program Fund - Outside Treasury	Probable Savings/(Cost) from System Benefit Account 5100
2014	(\$82,269,000)	\$65,293,000	(\$25,000,000)
2015	(\$142,380,000)	\$112,980,000	(\$28,122,056)
2016	(\$143,621,000)	\$113,794,000	(\$28,080,087)
2017	(\$143,637,000)	\$114,040,000	(\$28,037,687)
2018	(\$143,651,000)	\$114,371,000	(\$28,037,687)

Fiscal Analysis

The bill would amend the Utilities Code to reduce the amount of nonbypassable fee that finances the General Revenue-Dedicated--System Benefit Account No. 5100 (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 uses 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 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 50 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 and bill payment assistance for critical care residential customers as defined by the bill.

The bill would authorize the legislature to appropriate from the System Benefit Fund not more than \$50 million each biennium to fund weatherization and other energy efficiency programs. The bill would require the programs to be operated by a statewide network of federal weatherization program providers under federal weatherization guidelines. Any money appropriated for this purpose would be required to be transferred to the Low-Income Electric Customers Fund for disbursement.

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 electricity.

The bill would abolish the Low-Income Electric Customers Program Fund Fee after August 31, 2023.

The bill would take effect September 1, 2013, except Section 8. Section 8 of the bill would take effect January 1, 2014.

Methodology

This analysis is based on information provided by the Comptroller of Public Accounts (CPA) and the PUC. For the purpose of this analysis, it is assumed that the new fee would be assessed at 50 cents per megawatt hour and in the same manner as the fee assessed under current law. According to the CPA, collections of that fee would begin in fiscal year 2014 and the revenue would be deposited to the Low-Income Electric Customers Program Fund. The bill requires PUC to have rules in place to administer the new structure by January 1, 2014, and this analysis assumes no fiscal changes occur prior to that date. Therefore, this analysis also assumes the nonbypassable utility fee collections would be set at the statutory maximum rate of 2 cents per megawatt hour and would begin to affect the System Benefit Fund beginning February 1, 2014; remittances earlier in the fiscal year would be assessments based on the 65 cent rate. This analysis assumes the new

Low-Income Electric Customers Program Fund would begin seeing collections in February 1, 2014.

This analysis also assumes the legislature would appropriate \$25 million each year from the System Benefit Fund for weatherization or other energy efficiency programs as authorized in the bill.

This analysis assumes appropriations at the PUC for wholesale and retail electric market oversight, customer education, and administrative costs would remain at the 2012-13 appropriation level (\$7,599,287 each fiscal year). Based on information provided by the CPA, there would be sufficient fee generated revenue to be deposited into the System Benefit Fund in fiscal year 2014 to cover the administrative costs. This analysis assumes the total fee generated revenue to be deposited into the System Benefit Fund would be \$4,477,231 in fiscal year 2015; \$4,519,200 in fiscal year 2016, \$4,561,600 in fiscal year 2017, and \$4,561,600 in fiscal year 2018, based on information provided by the CPA. This analysis assumes that the difference between the appropriations and revenues generated from the 2 cents per megawatt hour fee would be covered by the balance remaining in the System Benefit Fund. Also, this analysis does not consider interest that would be accruing in the System Benefit Fund beginning in fiscal year 2014.

This bill does not specifically address the balance in the System Benefit Fund, estimated to be \$811,283,000 at the end of fiscal year 2013 according to the Comptroller's 2014-15 Biennial Revenue Estimate. This analysis assumes that the balance would remain in that General Revenue account notwithstanding amounts to cover appropriations at the PUC for wholesale and retail electric market oversight, customer education, and administrative costs and appropriations for weatherization and other energy efficiency programs, as outlined above.

Based on 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.

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.

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: UP, AG, MW, ED, SD