

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 20, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB550, As Introduced: 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 <i>System Benefit Account 5100</i>	Probable Revenue Gain/(Loss) from <i>Low-Income Electric Customers Program Fund - Outside Treasury</i>	Probable Savings/(Cost) from <i>System Benefit Account 5100</i>
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	(\$131,758,060)	\$135,897,667	(\$3,459,680)
2017	(\$143,636,858)	\$148,427,393	(\$2,808,752)
2018	(\$143,651,598)	\$148,370,576	(\$2,880,309)

Fiscal Analysis

The bill would amend the Utilities Code to reduce the amount of 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 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 65 cents per megawatt hour.

The bill would require the money in the Low-Income Electric Customers Fund to be spent on reduced electric rates for low-income customers, bill payment assistance for customers on life support with total household income not to exceed 400 percent of the federal poverty guidelines, 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 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. 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, 2015, 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 65 cents per megawatt hour and in the same manner as the fee assessed under current law. According to the CPA, this analysis assumes the collections of that fee would begin in fiscal year 2016 and the revenue would be deposited to the Low-Income Electric Customers Program Fund. 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 General Revenue-Dedicated--System Benefit Account No. 5100 beginning October 2015; September remittances 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 October 2015.

This analysis assumes appropriations at the PUC for wholesale and retail electric market oversight, customer education, and administrative costs would remain at current levels for fiscal years 2016-2018 (\$7,599,287 each fiscal year). This analysis assumes the 2 cent per megawatt hour fee would generate \$4,139,607 in fiscal year 2016, \$4,790,535 in fiscal year 2017, and \$4,718,978 in fiscal year 2018. This analysis also assumes that the difference in the appropriations and revenues generated from the 2 cents per megawatt hour fee would be covered by the balance remaining in the General Revenue-Dedicated--System Benefit Account

No. 5100.

This bill does not specifically address the balance in the General Revenue-Dedicated--System Benefit Account No. 5100. 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 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.

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, 529 Health and Human Services Commission

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