

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 6, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1600 by Cook (Relating to the continuation and functions of the Public Utility Commission of Texas, to the transfer of certain functions from the Texas Commission on Environmental Quality to the Public Utility Commission of Texas, and to the functions of the Office of Public Utility Counsel; authorizing a fee.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code, Water Code, Local Government Code, and the Special District Local Laws Code relating to the continuation and operation of the Public Utility Commission (PUC), to the transfer of certain functions from the Texas Commission on Environmental Quality (TCEQ) to the PUC, and to the functions of the Office of Public Utility Counsel (OPUC). PUC is subject to the Sunset Act and will be abolished on September 1, 2013, unless continued by the Legislature. The bill would continue PUC for 10 years and would take effect September 1, 2013.

The bill would authorize PUC to issue emergency cease-and-desist orders to electric industry participants and defines notice and hearing requirements for such orders. The bill would require the PUC to adopt rules to provide for the renewal of registrations or certificates for holders of a Certificate of Operating Authority and holders of a Service Provider Certificate of Operating Authority. The bill would repeal Section 64.003 of the Utilities Code, which contains requirements for the PUC to promote customer awareness of changes in the telecommunications market.

The bill would require the PUC to review and approve the budget, performance measures, and proposals for obtaining debt financing or re-financing of debt of an entity certified under Section 39.151 of the Utilities Code. The Electric Reliability Council of Texas (ERCOT) is certified under this section. The bill would also require the PUC to set a fee range for the system administration fee and review the fee quarterly to ensure that the revenues generated closely match the revenue necessary to fund ERCOT's budget.

The bill would transfer responsibility for regulating water and wastewater rates and services from TCEQ to PUC, effective September 1, 2014. The bill would require the PUC and TCEQ to enter into a memorandum of understanding to identify in detail the applicable powers and duties that are transferred and establish a plan for the execution of the transfer.

The bill would transfer the authority to represent the interests of residential and small consumers in water and wastewater proceedings from the Office of Public Interest Counsel within the TCEQ to OPUC, effective September 1, 2014. The bill would require OPUC and TCEQ to enter into a

memorandum of understanding to identify in detail the applicable powers and duties that are transferred and establish a plan for the execution of the transfer.

Based on the analysis of the Sunset Advisory Committee, PUC, TCEQ, the State Office of Administrative Hearings, and OPUC, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. This analysis assumes the transfer of \$1,429,818 in General Revenue-Dedicated Water Resource Management Account funds and 20.0 FTEs from TCEQ to PUC in fiscal year 2015 to transfer the authority outlined in the bill. This analysis also assumes that 1.0 FTE and \$80,847 in General Revenue-Dedicated Water Resource Management Account funds would be transferred from the Office of Public Interest Counsel in TCEQ to OPUC in fiscal year 2015 along with the authority to represent the interests of residential and small commercial customers provided by the bill. This analysis also assumes the transfer of \$184,000 in General Revenue-Dedicated Water Resource Management Account funds to the PUC from TCEQ in fiscal year 2015 to cover the cost of the contract with the State Office of Administrative Hearings for water and wastewater utility case hearings.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel, 582 Commission on Environmental Quality

LBB Staff: UP, AG, MW, ED