

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 4, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1655 by Williams (Relating to authorizing the Public Utility Commission of Texas to direct the comptroller to return the unappropriated balance of the system benefit fund to retail electric customers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1655, 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, Six-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2014 | \$0 |
| 2015 | \$0 |
| 2016 | \$0 |
| 2017 | \$0 |
| 2018 | \$0 |
| 2019 | \$0 |

All Funds, Six-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>New Special Fund</i> |
|--------------------|---|
| 2014 | \$0 |
| 2015 | \$0 |
| 2016 | (\$243,384,900) |
| 2017 | (\$243,384,900) |
| 2018 | (\$243,384,900) |
| 2019 | (\$81,128,300) |

Fiscal Analysis

The bill would amend the Utilities Code relating to authorizing the Public Utility Commission

(PUC) to direct the Comptroller of Public Accounts (CPA) to return the unappropriated balance of the General Revenue-Dedicated--System Benefit Account No. 5100 (System Benefit Fund) to retail electric customers. The bill would require the PUC by rule, after consultation with the CPA, to establish a system for transmission and distribution utilities, municipally owned utilities, and electric cooperatives to credit retail electric customers' bills in amounts necessary to fully expend the unobligated and otherwise unappropriated balance of the System Benefit Fund transferred to a special fund outside the General Revenue fund by Section 30, Article VIII, Texas Constitution. The bill would require the PUC to direct the CPA to distribute the entire balance of the special fund in monthly installments on or after September 1, 2015, and before January 1, 2019, so that entities receive disbursements in proportion to the fees paid by retail electric customers in the service areas of the entities since the SBF fee was first imposed.

The bill would require PUC by rule to require each entity receiving disbursements to ensure that retail electric customers receive credits that, in aggregate, equal the amount of disbursements received under the provisions of the bill, less a reasonable amount to reimburse the entity for administering the disbursement process as established by the PUC in an amount not to exceed two percent of the disbursements. The PUC and CPA would be required to jointly issue reports regarding the status of developing and implementing the disbursement system and the progress made in disbursing the funds.

The provisions of the bill would expire January 1, 2021.

The bill would take effect immediately if it received a vote of two-thirds of all members elected to each house. Otherwise, the bill would take effect September 1, 2013.

Methodology

Based on proposed provisions in Section 30, Article VIII, Texas Constitution, it is assumed that the balance of the System Benefit Fund would be transferred to the new special fund on January 1, 2014. Based on information provided by the CPA, the amount that would be transferred to the new special fund is based on the balance of the System Benefit Fund as of September 1, 2013, as presented in the Comptroller's 2014-15 Biennial Revenue Estimate, estimated to be \$811,283,000.

This analysis does not consider any interest accrued by the balance of the new special fund and assumes the fund balance would remain at \$811,283,000 until the beginning of the disbursement period, as provided by the bill. This analysis assumes the balance of the new special fund would be disbursed in 40 equal monthly payments of \$20,282,075 between September 1, 2015, and January 1, 2019. With twelve monthly disbursements each year, this analysis assumes there would be an annual cost of \$243,384,900 to the new special fund from fiscal year 2016 to fiscal year 2018. The final four monthly disbursements would take place in fiscal year 2019.

Based on information provided by the PUC and the CPA, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

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

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