

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 4, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1460 by Workman (Relating to electricity service provided by municipally owned utilities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code for municipally owned utilities serving at least 400,000 customers in a municipality with a population of less than 1.3 million and that is in the ERCOT power region. It allows a customer or group of customers of the utility with a total usage of 25 million kilowatt hours in a year to petition the Public Utility Commission for a review of rates. Requires the utility to file a rate application with the Commission in response to this petition. Provides certain criteria for the Commission to employ in evaluating this application.

According to the Public Utility Commission, the bill would have no significant fiscal impact to the state and could be accomplished using existing resources.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, the bill would take effect September 1, 2017.

Local Government Impact

According to the Public Utility Commission, the bill may have a local impact, but that impact cannot be determined.

According to the City of Austin, certain provisions of the bill would require the city to unbundle Austin Electric into three distinct operating entities--a Retail Electric Provider, a transmission and distribution utility, and a competitive generation company. This unbundling would require retrofitting of existing systems to allow other Retail Electric Providers access to customers served by the utility. The City of Austin estimates the five-year cost for this retrofit to be \$370.0 million. In addition, the city estimates a five-year revenue loss of \$448.0 million with 10 percent of customers switching electricity providers.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: UP, AG, GG, GP