

BILL ANALYSIS

C.S.H.B. 4208
By: Troxclair
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The lasting effects of Winter Storm Mara revealed that some municipally owned utilities have insufficient planning and management plans in place to ensure reliable service during severe weather, as evidenced by prolonged power outages lasting between 24 hours to more than 10 days in certain municipally owned electric utility service areas, as a result of fallen tree limbs from mismanagement.

This bill seeks to address this issue by updating statutory requirements for qualified oversight of a municipally owned utility company.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4208 amends the Local Government Code and Utilities Code to set out provisions requiring that municipally owned utilities, owned by certain municipalities, transfer management and control of the municipalities electric utility system to a seven member board of trustees appointed by the municipality's governing body, except that when the municipal electric utility service territory includes at least four municipalities, the mayor of the municipality in the service territory that has the greatest number of retail customers is entitled to appoint four members to the board of trustees, and the mayors of the remaining municipalities in the service territory are entitled jointly to appoint the remaining three members.

C.S.H.B. 4208 allows for the mayor of the municipality in the service territory that has the greatest number of retail customers to serve as a board member.

C.S.H.B. 4208 provides that persons appointed to the board of trustees described and required by the bill serve staggered five-year terms, and no more than two terms.

C.S.H.B. 4208 further provides qualification requirements for persons to serve as board members required by the bill, including at least 10 years of experience: in the administration of business or government; as a practicing attorney or certified public accountant; or as a professional engineer in a field related to electrical, nuclear, industrial, agricultural, architectural, petroleum-related, chemical, power generation, or energy transmission and distribution work.

C.S.H.B. 4208 provides that the proceedings of the municipality may specify the powers and duties of the board of trustees, the manner of exercising those powers and duties, and any matter relating to the organization and duties of the board. On any matter not covered by these proceedings, the board of trustees is governed by the laws and rules governing the governing body of the municipality in the service territory that has the greatest number of retail customers, to the extent applicable.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF ORIGINAL TO SUBSTITUTE

While C.S.H.B. 4208 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The introduced provided that the board required by the bill be comprised of five members, the committee substitute provides that the board be comprised of seven members, and further specifies that board terms be staggered, five-years terms, and limiting the number of terms a person may serve to two.

In instances of the municipality's electric utility having a service area that includes at least four municipalities, the introduced entitled the mayors of the four municipalities with the greatest number of retail customers to each appoint a member of the board of trustees of the municipal electric utility, the committee substitute provides that in such instances the mayor of the municipality in the service area that has the greatest number of retail customers is entitled to appoint four members to the board of trustees, and the mayors of the remaining municipalities in the service territory are entitled jointly to appoint the remaining three members.

The introduced did not allow for a mayor to serve on the board, the committee substitute allows for the mayor of the municipality in the service territory that has the greatest number of retail customers to serve as a board member.

The introduced required board members to have at least five years of experience in the administration of business or government or as a practicing attorney, certified public accountant, or professional engineer, the committee substitute requires board members have at least ten years experience in those fields, but further qualifies that a professional engineer's experience must be in a field related to electrical, nuclear, industrial, agricultural, architectural, petroleum-related, chemical, power generation, or energy transmission and distribution work.

The introduced did not contain provisions describing the proceedings of municipality specifying the powers and duties of the board of trustees, the manner of exercising those powers and duties, and other matters relating to the organization of the board, the committee substitute outlines how these powers, duties, and organizational matters may be determined by the municipality.