

## **BILL ANALYSIS**

C.S.H.B. 1359  
By: Hernandez  
State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill's author has informed the committee that constituents have expressed difficulty in paying for their electric utilities due to increases in both demand and electricity costs, and that from 1999 to 2013, the System Benefit Fund assisted consumers at the state level with paying for their electric utilities. However, the bill's author has further informed the committee that funds were depleted in 2013, and although other federal programs such as the Low Income Home Energy Assistance Program exist for that purpose, many have limited funding and a long waitlist. C.S.H.B. 1359 seeks to resolve this issue by creating a state income-based assistance fund to sponsor programs that would help qualifying low-income individuals pay for their home energy expenses.

### **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 rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 7 of this bill.

### **ANALYSIS**

#### **Income-Based Assistance Fund**

C.S.H.B. 1359 amends the Utilities Code to establish the income-based assistance fund as an account in the general revenue fund. The bill restricts the appropriation of money in the account to the purposes provided by the bill's provisions or other law. The bill establishes that the fund consists of the following sources:

- money appropriated, credited, transferred, or deposited to the credit of the fund by the legislature;
- gifts, grants, or donations made to the fund; and
- interest or other earnings attributable to the investment of money in the fund.

C.S.H.B. 1359 establishes that money in the fund may be appropriated to the Public Utility Commission of Texas (PUC) and used to provide funding only for the following purposes, in the following order of priority:

- programs to assist low-income electric customers by making available the retail electric service bill payment assistance established under the bill's provisions and to provide one-time bill payment assistance as described by the bill to critical care residential customers who have received notice of an impending service disconnection for nonpayment;
- customer education that provides information on other assistance programs;
- administrative expenses incurred by the PUC in implementing and administering

statutory provisions relating to the restructuring of the electric utility industry and expenses incurred by the Office of Public Utility Counsel under those provisions; and

- reimbursement to the PUC and the Health and Human Services Commission (HHSC) for expenses incurred in the implementation and administration of the automatic identification process for customer service discounts relating to retail electric service, including outreach expenses the PUC determines are reasonable and necessary.

The bill defines "critical care residential customer" by reference as a residential customer who has a person permanently residing in the customer's home who has been diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life.

C.S.H.B. 1359 requires the PUC to adopt rules regarding programs to assist low-income electric customers. The bill requires such programs to include a retail electric service bill payment assistance program for low-income electric customers for bills due during an extreme weather emergency that the PUC implements periodically as money is made available in the fund for the purpose of making reimbursements authorized under the bill's provisions. The bill requires the PUC, using money from the fund, to provide reimbursement for an electric cooperative, a municipally owned utility, an electric utility, or a retail electric provider that provides such bill payment assistance for the amount of bill payment assistance provided to eligible customers. The bill requires the PUC to adopt rules providing for the reimbursement.

C.S.H.B. 1359 requires the PUC by rule to adopt eligibility criteria for the required retail electric service bill payment assistance program. The criteria must provide that a customer is eligible for bill payment assistance if the customer is identified by HHSC under the automatic identification process as a low-income customer and if the customer resides in a county affected by an extreme weather emergency during the billing period for which the assistance is sought. The bill requires the PUC by rule to prescribe methods of enrolling customers eligible to receive bill payment assistance for bills due during an extreme weather emergency that are compatible with that automatic identification process and that provide for automatic enrollment as one enrollment option for customers that have been identified as low-income customers under that process.

C.S.H.B. 1359 prohibits a retail electric provider or electric utility from charging a customer a fee for receiving bill payment assistance under the bill's provisions relating to the fund.

C.S.H.B. 1359 requires programs adopted under the bill's provisions to include a bill payment assistance program for critical care residential customers who have received notice of an impending service disconnection for nonpayment that the PUC implements periodically as money is made available in the fund for the purpose of making applicable reimbursements. The bill authorizes the PUC to prescribe the documentation necessary to demonstrate eligibility for the assistance and authorizes the PUC to establish additional eligibility criteria. The bill requires HHSC, on request of the PUC, to assist in the adoption and implementation of these rules. The bill requires the PUC to provide reimbursement from the fund for each electric cooperative, municipally owned utility, electric utility, or retail electric provider that provides such bill payment assistance for the amount of the assistance provided to eligible customers. The bill authorizes the PUC to adopt rules providing for the reimbursement.

C.S.H.B. 1359 defines "electric utility" for these purposes as an electric utility that issues a bill directly to a retail customer.

### **Identification Process for Customer Service Benefits**

C.S.H.B. 1359 revises the requirement for HHSC, on request of the PUC, to assist in developing the automatic process for identifying low-income customers eligible for certain customer service benefits by expanding the entities receiving those identities through the process to include electric utilities that issue bills directly to customers. The bill requires HHSC, on request of the PUC, to assist in implementing the bill's provisions relating to the income-based assistance fund.

C.S.H.B. 1359 makes the prohibition against the PUC submitting a request to HHSC to provide for a process to identify low-income electric customers for a fiscal year unless certain conditions are met inapplicable in a state fiscal biennium in which money is available under the income-based assistance fund for the automatic process for identifying low-income customers eligible for customer service benefits.

### **EFFECTIVE DATE**

September 1, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 1359 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 substitute includes a provision absent from the introduced that revises the requirement for HHSC, on request of the PUC, to assist in developing the automatic process for identifying low-income customers eligible for certain customer service benefits by expanding the entities receiving those identities through the process to include electric utilities that issue bills directly to customers.

The substitute includes a definition for "electric utility" and "extreme weather emergency," which were absent from the introduced. The substitute omits the following provisions that appeared in the introduced:

- a provision establishing that the income-based assistance fund is a trust fund outside the state treasury to be held by the comptroller of public accounts and administered without further appropriation by the PUC as trustee on behalf of certain eligible persons;
- a provision establishing that the fund is financed by a nonbypassable fee;
- a requirement for the PUC to set the amount of the fee;
- a cap on the fee of 65 cents per megawatt hour;
- a requirement for the fee to be charged to retail electric customers based on the number of kilowatt hours used by the customer;
- a requirement for the PUC to set the fee biennially in a reasonable amount necessary to produce sufficient revenue to cover the estimated cost of administering these provisions during the period for which the fee is in effect;
- a requirement for the PUC to consider the balance of the fund when setting the fee;
- a requirement for the PUC to publish the fee and the applicable period in the Texas Register;
- a requirement for the proceeds of the fee to be remitted to the comptroller for deposit to the credit of the fund; and
- a provision establishing that the fund consists of revenue from the fee.

The substitute includes the following provisions absent from the introduced:

- a specification that the fund is an account in the general revenue fund; and
- a provision restricting the appropriation of money in the account to purposes provided by the bill's provisions or other law.

While both the introduced and substitute restrict the use of money in the fund to providing funding for certain programs, customer education, administrative expenses, and reimbursement, the substitute includes a provision absent from the introduced establishing that money in the fund may be appropriated to the PUC.

With respect to the requirement for the PUC to adopt rules regarding programs to assist low-income electric customers, the substitute omits a specification present in the introduced restricting the applicability of such programs to areas where customer choice is available. The substitute omits a provision present in the introduced prohibiting those programs from being

targeted to areas served by municipally owned utilities or electric cooperatives that have not adopted customer choice. Whereas the introduced required such programs to include a retail electric service discount program for those customers that the PUC implements for the purpose of making the applicable reimbursements, the substitute requires the programs to include a retail electric service bill payment assistance program for those customers for bills due during an extreme weather emergency that the PUC implements periodically as money is made available in the fund for the purposes of making the applicable reimbursements.

The substitute omits the following provisions present in the introduced:

- a requirement for the PUC by rule to require electric cooperatives that have adopted customer choice, municipally owned utilities that have adopted customer choice, and retail electric providers to provide the retail electric service discount;
- a requirement for the PUC to set the amount of the discount as a fixed amount;
- an authorization for the PUC to periodically revise the fixed amount; and
- a requirement that the discount for electric cooperatives and municipally owned utilities that have adopted customer choice be in addition to any rate reduction that may result from local programs for low-income electric customers.

Whereas the introduced required the PUC to provide reimbursement from the fund for each electric cooperative, municipally owned utility, or retail electric provider that provides a retail electric service discount for the amount of the discount provided to eligible customers, the substitute requires the PUC, using money from the fund, to provide reimbursement for those entities and an electric utility that provide retail electric service bill payment assistance for the amount of bill payment assistance provided to eligible customers. Whereas the introduced prohibited a retail electric provider from charging customers a fee for receiving the discount, the substitute prohibits a retail electric provider or an electric utility from charging customers a fee for receiving bill payment assistance under the bill's provisions.

Both the introduced and the substitute require the programs adopted under the bill's provisions to include a bill payment assistance program. However, the substitute specifies that the bill payment assistance program that must be included is a program that the PUC implements periodically as money is made available in the fund for the purpose of making the reimbursements authorized under the bill's provisions. The substitute includes a requirement absent from the introduced for the PUC to provide reimbursement from the fund for each electric utility that provides bill payment assistance. The substitute omits a provision present in the introduced requiring the PUC to annually review and approve fund accounts, projected revenue requirements, and proposed nonbypassable fees.

#### Eligibility and Enrollment

Whereas the introduced required the PUC by rule to establish eligibility criteria for the required retail electric service discount program, the substitute requires the PUC by rule to adopt eligibility criteria for the required bill payment assistance program. The substitute includes a provision absent from the introduced requiring the criteria to provide that a customer is eligible for bill payment assistance if the customer resides in a county affected by an extreme weather emergency during the billing period for which the assistance is sought.

Whereas the introduced required the PUC by rule to prescribe methods of enrolling customers eligible to receive a retail electric service discount that are compatible with the automatic identification process, the substitute requires the PUC by rule to prescribe methods of enrolling customers eligible to receive bill payment assistance for bills due during an extreme weather emergency that are compatible with that process and provide for automatic enrollment as one enrollment option for customers that have been identified as low-income customers under the process. The substitute omits a specification present in the introduced that those rules must provide for that automatic enrollment.

The substitute omits the following provisions present in the introduced:

- a requirement for the money distributed from the fund to a municipally owned utility or an electric cooperative to be proportional to the nonbypassable fee paid by that utility or cooperative; and
- a requirement for the PUC, on request by such a utility or cooperative, to reduce the nonbypassable fee imposed on retail electric customers served by the utility or cooperative by an amount equal to the amount provided by the utility or cooperative or its ratepayers for local low-income programs.

The substitute includes conforming provisions absent from the introduced with regard to certain provisions of the Public Utility Regulatory Act relating to the following:

- the restructuring of the electric utility industry;
- competition for municipally owned utilities and river authorities; and
- electric cooperatives and competition.