

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1571
By: Madla
State Affairs
4-23-97
Committee Report (Substituted)

DIGEST

Wholesale competition was introduced in the electric utility industry by the passage of S.B. 373 during the 74th Legislature. During the rulemaking proceeding at the Public Utility Commission of Texas (PUC), PUC adopted substantive rules to implement pricing of transmission service as required by the statute. There are concerns that these rules create disproportionate and inequitable shifting of cost among electric transmission providers in this state. This bill sets forth requirements relating to transmission pricing methodology for wholesale wheeling.

PURPOSE

As proposed, C.S.S.B. 1571 sets forth requirements for transmission pricing methodology for wheeling in the electric utility industry.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2.057(c), Article 1446c-0, V.T.C.S. (Public Utility Regulatory Act of 1995), to prohibit the Public Utility Commission (PUC) from employing certain transmission pricing methods.

SECTION 2. Amends Section 2.105, Article 1446c-0, V.T.C.S., to authorize a municipally owned utility to elect to use a cash flow method for determining certain rates for investor-owned utilities. Requires PUC to apply ratemaking principles based on the flow of funds set forth in the municipality's revenue bond ordinance and other debt ordinances to allow for a cash flow level sufficient to cover all items determined by the municipally owned utility's governing board to be required to be paid or funded from certain sources under certain conditions. Requires PUC to ensure that costs of nontransmission functions are used in a certain manner. Prohibits PUC from considering certain factors applicable to investor-owned utilities, if the cash flow method is used. Requires PUC to specifically acknowledge that provisions contained in certain sections of this Act do not apply to municipally owned utilities.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 2.057(c), Article 1446c-0, V.T.C.S., to prohibit PUC from employing certain transmission pricing methods.

SECTION 2.

Amends Section 2.105, Article 1446c-0, V.T.C.S., to add a provision authorizing a

municipally owned utility to use a cash flow method for determining certain rates. Requires PUC to ensure that the costs of nontransmission functions are used in a certain manner.