

BILL ANALYSIS

Senate Research Center

H.B. 624
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Business & Commerce
5/17/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law provides that an electric utility is authorized to securitize any stranded costs that it may incur as a result of moving from a regulated market to a competitive environment. However, there are several other costs associated with such a transition that are un-securitizable by the utility.

H.B. 624 permits an electric utility to securitize these other additional costs that result from the utility's transition to a competitive market.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.262(c), Utilities Code, to authorize, at the electric utility's option, any or all of the amounts recovered under this section (True-up Proceeding) to be securitized under Subchapter G (Securitization), rather than any or all remaining stranded costs.

SECTION 2. Amends Section 39.301, Utilities Code, to enable a utility to use securitization financing to recover, in addition to regulatory assets, all other amounts determined under Section 39.262, and any amounts recovered under a competition transition charge determined under proceedings under Sections 39.201 and 39.262, rather than stranded costs. Makes conforming changes.

SECTION 3. Amends Section 39.302(4), Utilities Code, to make a conforming change.

SECTION 4. Amends Sections 39.303(a) and (b), Utilities Code, as follows:

(a) Makes conforming changes.

(b) Requires the financing order, if the amount determined under Section 39.262 is subject to judicial review during the securitization proceeding, to include an adjustment mechanism that requires the utility to adjust its rates, other than transition charges, or provide credits in a manner that refunds overpayments resulting from securitization of monies in excess of the resulting amount from a financial determination after completion of all appellate reviews. Prohibits the mechanism from affecting the revenue available to service transition bonds. Prohibits adjustments under this subsection from being made until all appellate reviews have been completed. Requires a retail electric provider to be required to appropriately refund or credit to its customers any reduction in rates or any credits received from the utility under this section. Makes a conforming change.

SECTION 5. Effective date: upon passage or August 27, 2007.