

## **BILL ANALYSIS**

Senate Research Center  
86R9432 JXC-D

S.B. 1100  
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Business & Commerce  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 1100 would give ratepayers in the City of Austin, including the State of Texas, the ability to appeal the rates set by the Austin City Council to the Public Utility Commission of Texas (PUC).

Utilities should be used to provide reliable, cost-effective electricity and water to Texans. Under current law, retail electric utility ratepayers have the ability to safeguard against unfair rates by appealing to PUC. However, interested parties contend that municipality owned utilities such as Austin Energy have no such recourse.

When Texas deregulated its electric market in the late 1990s and early 2000s, the legislature allowed municipally owned utilities to retain a captive retail rate base. Municipal utilities and the rates they charge were supposed to be regulated by their governing bodies rather than by the state. The thought was that these entities had some local accountability in place through independent boards or the city council. However, as a consequence of this structure ratepayers have no right to appeal their rates to anyone but the same city council who sets those rates.

To address this issue, S.B. 1100 would give Austin Energy ratepayers the ability to appeal the rates set by the city council to PUC similar to every other ratepayer in the competitive regions of our state.

### **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 Chapter 32, Utilities Code, by adding Subchapter D, as follows:

#### **SUBCHAPTER D. REVIEW OF RATES OF CERTAIN MUNICIPAL UTILITIES**

Sec. 32.151. **APPLICABILITY.** Provides that this subchapter applies only to a municipally owned utility that provides service in the Capitol complex, as defined by Section 443.0071 (Review of Construction in Capitol Complex), Government Code.

Sec. 32.152. **REVIEW OF RATES; CUSTOMER CHOICE.** (a) Authorizes a retail customer or group of customers, notwithstanding any other law, to file a petition for Public Utility Commission of Texas (PUC) review of current or proposed rates of a municipally owned utility that apply to the petitioning customer or group if the customer or group has a non-demand metered total usage of more than 100,000 kilowatt hours per year or is served through a demand meter at secondary or primary voltage.

(b) Requires PUC to initiate a proceeding not later than the 90th day after the petition is submitted to determine whether the rates of the municipally owned utility are consistent with the rates available to similarly situated customers in areas of the state that have access to customer choice. Provides that if PUC determines that the rates of the municipally owned utility are consistent with the

rates available to similarly situated customers in areas of the state that have access to customer choice, PUC is required to deny the petition.

(c) Requires the municipally owned utility, if PUC does not deny the petition under Subsection (b), not later than the 90th day after the date of the determination described by Subsection (b), to file a rate application with PUC that complies in all material respects with the rules and forms prescribed by PUC. Authorizes PUC for good cause to extend the deadline for filing the rate application.

(d) Requires PUC to conduct a full review of the rates applicable to the petitioning customer or group to determine whether those rates are just and reasonable using the standards prescribed by Chapter 36 (Rates), notwithstanding the lack of consistency between those rates and rates available to similarly situated customers in areas of the state that have access to customer choice. Requires PUC, if PUC determines that the rates are just and reasonable, to deny the petition. Requires PUC, if PUC determines that the rates are not just and reasonable, to set rates for the petitioning customer or group that are just, reasonable, and consistent with the rates available to similarly situated customers in areas of the state that have access to customer choice.

SECTION 2. Effective date: September 1, 2019.