

BILL ANALYSIS

Senate Research Center

H.B. 3615
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some cities, as part of their energy efficiency programs, operate a district cooling system to provide chilled water to large electric customers to reduce their peak electric demand and shift electric load during peak hours. Austin Energy is an example of this. However, all of Austin Energy's retail services, including the district cooling system, are interrelated utility services with no competitive choice available for customers.

Austin Energy does not disclose any information to customers on how their chilled water rates are calculated and has refused to include any accounting of the charges for these services in its rate cases. Government-sanctioned monopolies for vital public services like Austin Energy are traditionally required to provide a transparent process for setting rates. This process includes a public accounting of the cost to provide all utility services including capital expenses, operations and maintenance, and cost of debt.

Additionally, evidence has shown that the rates in the Austin Energy contracts for chilled water service vary widely, may be applied in a discriminatory manner among similarly situated customers, and appear to have no coherent cost of service rationale. The rates paid for electricity and related chilled water services should be part of a municipally owned utility's formal ratemaking process to ensure that rates are just and reasonable and applied to customers in a nondiscriminatory manner.

H.B. 3615 simply includes a district cooling system in the definition of municipally owned utility, to provide the same level of transparency required in setting rates for retail electric service. It also provides that just like any other municipally owned utility, information related to retail rates and ratemaking is subject to the Public Information Act.

H.B. 3615 amends current law relating to certain rates charged by and programs offered by municipally owned utilities.

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 552.133, Government Code, by amending Subsection (a-1) and adding Subsection (b-1), as follows:

(a-1) Provides that the term "competitive matter":

(1) makes no changes to this subdivision; and

(2) does not include the following categories of information:

(A)-(M) makes no changes to these paragraphs;

(N) and (O) makes nonsubstantive changes to these paragraphs; or

(P) information related to a chilled water program, as defined by Section 11.003 (Definitions), Utilities Code.

(b-1) Provides that, notwithstanding any contrary provision of Subsection (b) (relating to providing that certain information and records of a municipally owned utility that are reasonably related to a competitive matter are not subject to disclosure), information or records of a municipally owned utility or municipality that operates a chilled water program are subject to disclosure under Chapter 552 (Public Information) if the information or records are reasonably related to:

- (1) a municipally owned utility's rate review process;
- (2) the method a municipality or municipally owned utility uses to set rates for retail electric service; or
- (3) the method a municipality or municipally owned utility uses to set rates for a chilled water program described by Subsection (a-1)(2)(P).

SECTION 2. Amends Section 11.003, Utilities Code, by adding Subdivision (3-a) and amending Subdivision (11), as follows:

(3-a) Defines "chilled water program," for purposes of Title 2 (Public Utility Regulatory Act).

(11) Redefines "municipally owned utility" for purposes of Title 2 to include any chilled water program operated by the utility.

SECTION 3. Makes application of Section 552.113 (Exception: Confidentiality of Geological or Geophysical Information), Government Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2021.