

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1510  
By: Perry  
Business & Commerce  
4/20/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Sharyland Utilities (Sharyland) was created in 1999 to serve residents and businesses of Sharyland Plantation, a new mixed-use retail development between the cities of Mission and McAllen. In 2012, Sharyland acquired the operating divisions of Cap Rock Energy, formerly Cap Rock Cooperative, with service territories in West, Central and North/Northeast Texas. In 2014, Sharyland transitioned to competition and currently provides transmission and distribution (T&D) service in the Electric Reliability Council of Texas (ERCOT). Retail electric services are competitive and are provided by Retail Electric Providers.

As part of its transition to competition, Sharyland adopted new tariffs and moved customers from Cap Rock's tariffs into standardized tariffs used by other ERCOT T&D utilities. Many small churches were reclassified and placed into the largest commercial class, the Secondary Class greater than 10 kilowatts (kW). Moving these customers to these new tariffs fundamentally changed the way that churches and other houses of worship are charged for electric service.

Churches that were previously charged on the basis of energy consumed based upon kilowatt hours (kWh) are now being billed on the basis of demand using a kW basis resulting in disproportionately high bills. This rate is exacerbated by Sharyland's higher than average delivery costs due to a lack of economies of scale and various other factors.

Churches and other houses of worship do not have the same energy characteristics as other commercial enterprises. Churches in this area primarily operate only on Sunday mornings and their demand spikes for a few hours when heating or cooling units and lights are turned on for Sunday services. Despite low usage, churches are billed as if they had used the power all week, resulting in extremely high bills. Because churches use electricity primarily during off-peak weekend hours, churches contribute to beneficial load diversity which is not recognized in the current demand charge pricing of distribution facilities. However, despite these differences, a church pays for electricity based on its demand in the same manner as other commercial business that operate during the week.

S.B. 1510 is bracketed to Sharyland's service territory, and provides that a nonprofit place of worship can only be billed on a per-kWh basis. This will remove the demand charge and provide that places of worship and all associated structures will pay for their electricity service based on their actual usage, on par with other non-commercial customers. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1510 amends current law relating to rates charged by certain transmission and distribution utilities to certain places of worship.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 36.010, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 36, Utilities Code, by adding Section 36.010, as follows:

Sec. 36.010. RATES FOR CERTAIN PLACES OF WORSHIP. (a) Provides that this section only applies to a transmission and distribution (T&D) utility that, on January 1, 2017, operated solely in the Electric Reliability Council of Texas (ERCOT) and provides service to fewer than 100,000 meters.

(b) Requires that a transmission and distribution utility providing service to a customer that is a nonprofit place of worship bill the customer on a kilowatt hour (kWh) basis. Requires that the utility, if the customer has separately metered facilities, bill each of those facilities on a kWh basis if the facilities operate primarily during off-peak periods.

(c) Requires the Public Utility Commission of Texas (PUC) to adopt rules necessary to administer this section.

SECTION 2. Requires PUC to adopt rules as necessary to implement Section 36.010, Utilities Code, as added by this Act, as soon as practicable. Requires that a T&D utility modify its rates applicable to each nonprofit place of worship in accordance with Section 36.010, Utilities Code, as added by this Act, not later than January 1, 2018.

SECTION 3. (a) Requires PUC, notwithstanding any other law or agreement, on the petition of a nonprofit place of worship, to evaluate a charge for transmission or distribution service charged by a T&D utility to the place of worship on or after September 1, 2017, and before January 1, 2018, to determine whether the charge complies with Section 36.010, Utilities Code, as added by this Act.

(b) Provides that if PUC determines under Subsection (a) that the charge does not comply with Section 36.010, Utilities Code, as added by this Act, PUC:

(1) is required to require the utility by order to refund the nonprofit place of worship money collected from the charge in excess of the charge fixed under Section 36.010, Utilities Code, as added by this Act; and

(2) is authorized to allow the place of worship to recover from the utility any reasonable expenses incurred by the place of worship in the process of submitting a petition.

(c) Provides that this section expires and a nonprofit place of worship is prohibited from submitting a petition under this section after September 1, 2019.

SECTION 4. Effective date: September 1, 2017.