

- SUBJECT:** Extending the period for eliminating the system benefit fund
- COMMITTEE:** Appropriations — committee substitute recommended
- VOTE:** 18 ayes — Otto, Sylvester Turner, Bell, G. Bonnen, Burkett, Capriglione, S. Davis, Gonzales, Howard, Hughes, Koop, Longoria, McClendon, Muñoz, Phelan, J. Rodriguez, Sheffield, Walle
- 0 nays
- 9 absent — Ashby, Dukes, Giddings, Márquez, Miles, R. Miller, Price, Raney, VanDeaver
- WITNESSES:** For — R. A. Dyer, Texas Coalition for Affordable Power; Carol Biedrzycki, Texas Ratepayers Organization to Save Energy; (*Registered, but did not testify*: John Fainter, Association of Electric Companies of Texas; Cyrus Reed, Lone Star Chapter Sierra Club; Gregg Knaupe, Texas Energy Association for Marketers; Randall Chapman, Texas Legal Services Center; Carlos Higgins, Texas Silver Haired Legislature)
- Against — None
- On — (*Registered, but did not testify*: Ursula Parks, Legislative Budget Board; Thomas Gleeson and Brian Lloyd, Public Utility Commission)
- BACKGROUND:** Under Utilities Code, sec. 39.903, the System Benefit Fund (SBF) is administered by the Public Utility Commission (PUC) to fund the operation of the agency, pay for customer education programs, and provide a utility rate discount to eligible low-income utility customers during the warm-weather months of May through September. The SBF receives its revenue through a per megawatt-hour fee collected from electricity ratepayers in areas open to competition. During recent years, revenue collected for the SBF exceeded appropriations, and the fund ended fiscal 2013 with a balance of \$811.3 million.

HB 7 by Darby, enacted by the 83rd Legislature in 2013, required the

PUC to spend down the available balance in the SBF. It eliminated the fee deposited to the fund beginning in fiscal 2014 and set the end of fiscal 2016 as the fund's expiration date. Due to lower-than-expected enrollment in the discount program, combined with a mild summer, the PUC estimates that the SBF will have an unexpended balance of \$227 million at the end of fiscal 2016.

**DIGEST:**

CSHB 1101 would amend Utilities Code, sec. 39.9039, regarding the elimination of the System Benefit Fund (SBF), by extending the expiration date of the low-income discount program and the fund from 2016 to 2017.

CSHB 1101 would remove the cap on the discount rate and make the program available for the 12-month period between September 2015 and August 2016, rather than only during the summer months of September, and May through August.

If any money remained in the fund on September 1, 2016, the program would continue to be available without a discount cap for the 12-month period between September 2016 and August 2017.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.