

SUBJECT: Petitioning PUC to review rates of certain municipally owned utilities

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 9 ayes — Paddie, Deshotel, Harless, Hunter, P. King, Metcalf, Shaheen, Slawson, Smithee

2 nays — Hernandez, Howard

2 absent — Lucio, Raymond

SENATE VOTE: On final passage, April 28 — 18-13 (Alvarado, Blanco, Eckhardt, Gutierrez, Hinojosa, Johnson, Lucio, Menéndez, Miles, Powell, West, Whitmire, Zaffirini)

WITNESSES: None

BACKGROUND: Interested parties have noted that the municipally owned utility that serves the Capitol complex and most state agency facilities has its rates set by the Austin City Council. Concerns have been raised that under current law, ratepayers in the city do not have the right to seek review of those rates by the Public Utility Commission in the same manner as ratepayers who are outside the city boundaries.

DIGEST: CSSB 566 would allow a retail customer or group of customers to file a petition for review by the Public Utility Commission (PUC) of current or proposed rates of a municipally owned utility that provided service in the Capitol complex if the customer or group had a non-demand metered total usage of more than 100,000 kilowatt hours per year or was served through a demand meter at secondary or primary voltage.

The PUC would have to initiate a proceeding within 90 days of the petition's submission to determine whether the rates of the municipally owned utility were consistent with the rates available to similarly situated customers in areas of the state that had access to customer choice. If the PUC determined that the rates were consistent, it would have to deny the

petition.

If the PUC did not deny the petition, the municipally owned utility would have to file a rate application that complied with the rules and forms prescribed by the PUC. The rate application would have to be filed within 90 days of the PUC's determination, but the PUC for good cause could extend the deadline.

The PUC also would have to conduct a full review of the rates applicable to the petitioning customer or group to determine whether they were just and reasonable using standards established under law. If the PUC determined that the rates were just and reasonable, the PUC would have to deny the petition. If the PUC determined that the rates were not just and reasonable, the PUC would have to set rates for the petitioning customer or group that were just, reasonable, and consistent with the rates available to similarly situated customers in areas of the state that had access to customer choice.

The bill would take effect September 1, 2021.

NOTES:

The House companion bill, HB 2775 by Cain, was considered by the House State Affairs Committee in a public hearing on April 8, reported favorably on April 22, and placed on the General State Calendar for May 13.