

BILL ANALYSIS

Senate Research Center

H.B. 412
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Business & Commerce
5/18/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Credit scoring and credit history are used by a few institutions and industries to determine service approval and/or costs. Evidence shows that credit scoring and credit history unfairly target minorities and moderate income individuals and families. The critical need for telecommunications and electric service make the use of credit scoring and credit history in denying service an especially severe and potentially dangerous policy. H.B. 412 intends to ensure fair pricing and service in the telecommunications and electric industries for people throughout the economic spectrum.

H.B. 412 explicitly defines "credit history" as not including an individual's outstanding balance for retail electric services or telecommunications services, so that this Act will provide valuable protection to the consumers of Texas, without protecting those who are "gaming" the system.

H.B. 412 prohibits the use of credit scoring and credit history in the denial or pricing of service to a buyer or potential buyer of residential retail electric service on contracts of one year or less after the price to beat provision of the Public Utility Regulatory Act (PURA) expires. Until that time, competitive retail electric providers will be allowed to use utility payment data to deny service. After the price to beat provision expires, all retail electric providers will be allowed to use electric payment history as a means to deny service. However, retail electric providers will be prohibited from using any credit history, credit score, or utility payment data as a means to deny service after the price to beat expires. Retail electric providers will be allowed to provide rewards, benefits, or credits to their customers based on payment history with that provider. H.B. 412 will in no way limit a retail electric provider's ability to charge a deposit or advance payment as a condition of service.

H.B. 412 will also prohibit the use of credit scoring and credit history in the denying or pricing of service to a buyer or potential buyer of basic telecommunications service. H.B. 412 will not limit the authority of a provider of basic telecommunications services to require a deposit, advance payment, or credit limit as a condition of service.

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 Subchapter A, Chapter 17, Utilities Code, by adding Sections 17.008 and 17.009, as follows:

Sec. 17.008. PROTECTION OF RESIDENTIAL ELECTRIC SERVICE APPLICANTS AND CUSTOMERS. (a) Defines "credit history," "credit score," and "utility payment data" in this section and Section 17.009.

(b) Prohibits a retail electric provider from denying an applicant's request to become a residential electric service customer on the basis of the applicant's credit history or credit score, but authorizes a retail electric provider to use the applicant's utility payment data until the later of January 1, 2007, or the date on which the price to beat is no longer in effect in the geographic area in which the customer is located.

(c) Prohibits a retail electric provider, notwithstanding Subsection (b) and while the provider is required to provide service to a geographic area as the affiliated retail electric provider, from denying an applicant's request to become a residential electric service customer within that geographic area on the basis of the applicant's credit history, credit score, or utility payment data.

(d) Prohibits a retail electric provider, including an affiliated retail electric provider, after the date described in Subsection (b), from denying an applicant's request to become a residential electric service customer on the basis of the applicant's credit history, credit score, or utility payment data but authorizes the provider to use the applicant's electric bill payment history.

(e) Prohibits a retail electric provider from using a credit score, credit history, or utility payment data as the basis for determining the price for month-to-month electric service or electric service that includes a fixed price commitment of twelve months or less for an existing residential customer or in response to an applicant's request to become a residential electric services customer.

(f) Requires a retail electric provider or electric utility, after the date described in Subsection (b), to timely provide to the customer or former customer bill payment history information with the retail electric provider or electric utility during the preceding twelve-month period. Authorizes bill payment history information to be obtained by the customer or former customer once during each twelve-month period without charge. Authorizes the electric services provider, if additional copies of bill payment history information are requested during a twelve-month period, to charge the customer or former customer a reasonable fee for each copy.

(g) Requires a retail electric provider or electric utility, on request by another retail electric provider, to timely verify information that purports to show a customer's service and bill payment history with the retail electric provider or electric utility.

(h) Provides that this section does not limit a retail electric provider's authority to require a deposit or advance payment as a condition of service.

(i) Authorizes a retail electric provider, notwithstanding Subsection (e), to provide rewards, benefits, or credits to residential electric service customers on the basis of the customer's payment history for retail electric service to that provider.

Sec. 17.009. PROTECTION OF RESIDENTIAL TELEPHONE SERVICE APPLICANTS AND CUSTOMERS. Prohibits a provider of basic local telecommunications services and nonbasic network services from denying an applicant's request to become a residential customer on the basis of the applicant's credit history or credit score or using a credit score or credit history as the basis for determining price for service for an existing residential customer or in response to an applicant's request to become a residential customer. Provides that this section does not limit the authority of a provider of basic local telecommunications services and nonbasic network services to require a deposit, advance payment, or credit limit as a condition of service.

SECTION 2. Effective date: September 1, 2005.