

BILL ANALYSIS

Senate Research Center

H.B. 1064
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A demand ratchet is a billing mechanism that allows a transmission and distribution utility to assign costs to those customers who caused the utility to incur the costs. This system unfortunately includes customers who have limited or seasonal usage. Changing the billing system from one based on a ratcheted demand to one based on actual demand for a customer who falls under this latter category would alleviate some cost pressures that such a utility faces while contemplating the utility's duty to provide reliable electric service.

H.B. 1064 implements a tiered pricing structure for a nonresidential secondary service customer by requiring the Public Utility Commission of Texas (PUC) to adopt a rule requiring transmission and distribution utilities to waive the application of demand ratchets for a customer with a maximum load factor equal to or below a factor specified by PUC, which exempts such a customer from being billed on a ratcheted demand and instead allows the customer to be billed according to actual demand and utility usage.

H.B. 1064 amends current law relating to exempting certain customers from certain demand charges by transmission and distribution utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 36.009, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 36, Utilities Code, by adding Section 36.009, as follows:

Sec. 36.009. BILLING DEMAND FOR CERTAIN UTILITY CUSTOMERS. Requires the Public Utility Commission of Texas (PUC) by rule, notwithstanding any other provision of this code, to require a transmission and distribution utility to:

- (1) waive the application of demand ratchet provisions for each nonresidential secondary service customer that has a maximum load factor equal to or below a factor set by PUC rule;
- (2) implement procedures to verify annually whether each nonresidential secondary service customer has a maximum load factor that qualifies the customer for the waiver described by Subdivision (1);
- (3) specify in the utility's tariff whether the utility's nonresidential secondary service customers that qualify for the waiver described by Subdivision (1) are to be billed for distribution service charges on the basis of kilowatts, kilowatt-hours, or kilovolt-amperes; and
- (4) modify the utility's tariff in the utility's next base rate case to implement the waiver described by Subdivision (1) and make the specification required by Subdivision (3).

SECTION 2. Requires PUC to adopt rules as necessary to implement Section 36.009, Utilities Code, as added by this Act, before June 1, 2012.

SECTION 3. Effective date: upon passage or September 1, 2011.