

BILL ANALYSIS

Senate Research Center
84R9504 DDT-F

S.B. 776
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Most electric utilities in Texas must receive approval of a change to their certificate of convenience and necessity (CCN) from the Public Utility Commission of Texas (PUC) for the construction of electric transmission lines. However, when a municipally owned utility (MOU) exercises its condemnation rights, the utility is not required to obtain a CCN from PUC, even if it is constructing lines outside of its service territory or for purposes other than serving its own retail customers. This gap in the PUC's authority could result in landowners outside of a municipality who are affected by these lines having no recourse regarding the routing or operation of the lines should they object to the municipal utility's preferred route.

S.B. 776 provides that all MOUs, if building transmission outside of their service area, must seek a CCN through the PUC and follow that routing process, the same as any other electric utility.

As proposed, S.B. 776 amends current law relating to the authority of the Public Utility Commission of Texas to approve certain transmission facilities constructed by a municipally owned utility.

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 Section 37.051, Utilities Code, by adding Subsection (g), as follows:

(g) Prohibits a municipally owned utility from directly or indirectly constructing, installing, operating, or extending a transmission facility outside of its certificated service area unless the municipally owned utility first obtains from the Public Utility Commission of Texas, through the application process provided by Section 37.053 (Application for Certificate), a certificate that states that the public convenience and necessity requires or will require the transmission facility. Provides that Section 37.056 (Grant or Denial of Certificate) applies to an application under this subsection. Provides that this subsection does not apply to:

- (1) a transmission facility that is used solely to provide the municipally owned utility access to a generation resource located outside its certificated service area; or
- (2) upgrades to an existing transmission line that do not require any additional land, right-of-way, easement, or other property not owned by the municipally owned utility.

SECTION 2. Effective date: upon passage or September 1, 2015.