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FISCAL IMPACT REPORT

SPONSOR: Sanchez, M. DATE TYPED: 02/21/03 HB _____

SHORT TITLE: Public Utility Transition Cost Recovery SB 718

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Office of the Attorney General
Public Regulation Commission
Energy, Minerals and Natural Resources Department

SUMMARY

Synopsis of Bill

Senate Bill 718 repeals the Electric Utility Industry Restructuring Act of 1999, as amended and makes several revisions to other statutes as detailed below:

- Allows a public utility to recover transition costs incurred due to its compliance with the Restructuring Act.
- Authorizes a public utility to have an interest in a generating plant that is not intended to provide service to retail customers and the cost of which is not included in retail rates and which business activities shall not be subject to regulation by the Public Regulation Commission.
- Specifies that a public utility shall not be required to functionally separate its electric and gas operations from each other.
- Allows a distribution cooperative utility organized in another state to apply for approval to be governed by the restructuring laws in that state.
- Removes the Public Utility Act from the delayed repeal of July 1, 2003.

Significant Issues

SB 718 repeals deregulation of the electric utility industry, which is not slated to take effect until January 1, 2007. The statute would have deregulated utilities and created an open market for residential and commercial retail electricity sales. The bill also reauthorizes the Public Utility Act.

By repealing the Restructuring Act, the bill repeals the system benefits charge and fund, which would assess all retail consumers a \$0.0003/kW hour usage fee to be deposited into the fund. Estimates were that the fee would generate \$6 million per year for renewable energy/energy efficiency projects to be installed at public facilities and for low-income households.

FISCAL IMPLICATIONS

SB 718 does not contain an appropriation. Repeal of deregulation is not expected to have an additional administrative or fiscal impact on any state agency.

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