

Public Utility Commission of Texas
Summary of Recommendations - House

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Brian Lloyd, Executive Director
Andrew Overmyer, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$18,759,636	\$26,494,774	\$7,735,138	41.2%
GR Dedicated Funds	\$339,773,906	\$5,132,346	(\$334,641,560)	(98.5%)
Total GR-Related Funds	\$358,533,542	\$31,627,120	(\$326,906,422)	(91.2%)
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$950,000	\$950,000	\$0	0.0%
All Funds	\$359,483,542	\$32,577,120	(\$326,906,422)	(90.9%)

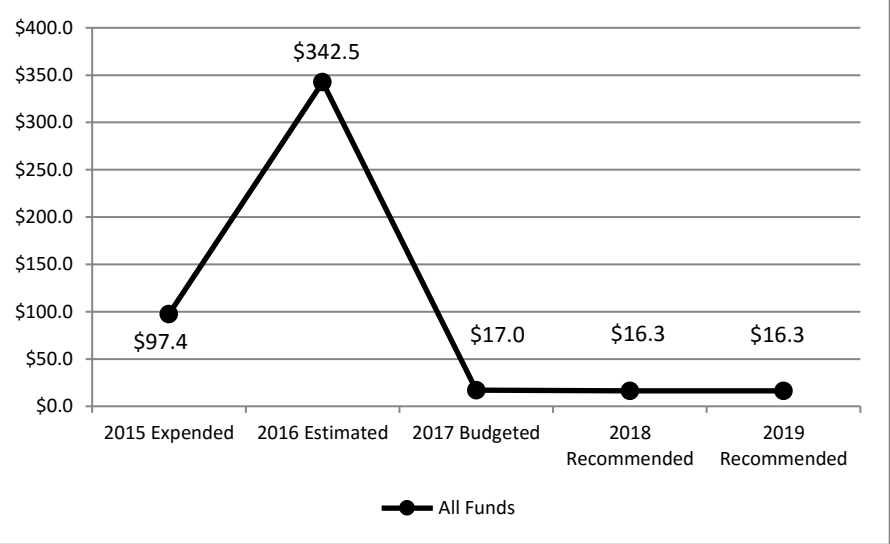
	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	217.0	215.0	(2.0)	(0.9%)

Agency Budget and Policy Issues and/or Highlights

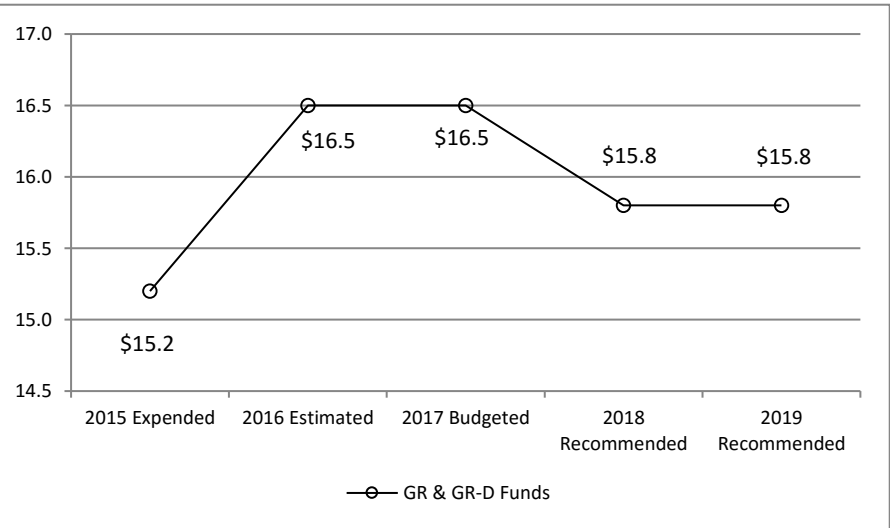
Excluding appropriations in the 2016-17 biennium of \$325.5 million for the Low Income Discount Program, the agency's GR and General Revenue-Dedicated (GR-D) 2016-17 base totals \$33.0 million. Recommended GR and GR-D levels in the 2018-19 biennium total \$31.6 million, a reduction of \$1.4 million, or four percent from the 2016-17 base.

The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Historical Funding Levels (Millions)



Historical GR & GR-D Funding Levels, Excluding Low Income Discount Program (Millions)



Public Utility Commission of Texas
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Expiration of the Low Income Discount Program funded through the System Benefit Fund (GR-D Fund 5100).	\$0	(\$325.5)	\$0	\$0	(\$325.5)	C.1.1
B)	Method of Finance swap of General Revenue Funds for operational expenses funded by GR-D Fund 5100 in fiscal year 2016.	\$8.9	(\$8.9)	\$0	\$0	\$0	A.1.1, A.2.1, A.3.1, B.1.1, B.2.1
C)	Decrease of 1) \$980,000 for customer education outreach contracts; 2) \$213,848 for the elimination of two FTEs in water regulation; 3) \$48,000 for staff development; 4) \$37,835 for Data Center Services; 5) \$24,000 for travel; and 6) \$16,809 in other operating expenses pursuant to the four percent reduction.	(\$1.1)	(\$0.2)	\$0	\$0	(\$1.3)	A.1.1, A.2.1, B.1.1
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
D)	Decrease of \$64,680 for leased PCs to fund a 6-year replacement cycle	(\$0.1)	\$0	\$0	\$0	(\$0.1)	All Strategies, excluding C.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$7.7	(\$334.7)	\$0	\$0	(\$326.9)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$8.9	\$0	\$0	\$0	\$8.9	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$1.2)	(\$334.7)	\$0	\$0	(\$335.8)	As Listed

NOTE: Totals may not sum due to rounding.

**Public Utility Commission of Texas
Selected Fiscal and Policy Issues - House**

1. **System Benefit Fund.** The 2016-17 base includes funds from the System Benefit Fund (GR-D Fund 5100) totaling \$325.5 million for the Low Income Discount Program and \$8.9 million for electric oversight, customer education, and agency administration. The enactment of House Bill 1101 and House Bill 7, Eighty-fourth Legislature, 2015, authorized the agency to expend the remaining balance of GR-D Fund 5100 by the end of fiscal year 2017. The Low Income Discount was set at a rate to expend the remainder of Low Income Discount funds by the end of fiscal year 2016. Recommendations do not include funds for the Low Income Discount Program for the 2018-19 biennium, and include a method of finance swap in which all non-Low Income Discount appropriations previously funded through GR-D Fund 5100 will be funded by General Revenue in the 2018-19 biennium (see Issue #2 below).
2. **System Benefit Fund and General Revenue Method of Finance Swap.** Recommendations include a method of finance swap of \$8,906,462 in fiscal years 2018-19 from the GR-D Fund 5100 to GR to account for operational expenses that were funded by GR-D Fund 5100 in fiscal year 2016. This swap was implemented in fiscal year 2017 as these expenditures were provided GR due to the expectation that GR-D Fund 5100 would be exhausted in fiscal year 2016 (see Issue #1 above). The recommendation biennializes the swap in the 2018-19 biennium, and does not include an increase to overall funding levels for this purpose.
3. **Low Income Customer Benefits.** Appropriations for the Low Income Discount Program also funded two programs that provided low-income electric customers both a waiver of any late payment fees and the ability to pay a deposit over two months. These benefits are set to expire at the end of fiscal year 2017 with the expiration of GR-D Fund 5100. The agency's role in the administration of the benefits has been providing a contracted entity with a list of individuals enrolled in Medicaid and/or the Supplemental Nutritional Assistance Program (SNAP) that it receives from the Health and Human Services Commission (HHSC). The contracted entity then matches this list of individuals with a list of electric customers, enrolling those on both lists for receipt of the benefits. Statutory authorization for the agency's use of the HHSC list for the benefits will sunset at the end of the 2016-17 biennium, and recommendations do not include funding for these benefits in the 2018-19 biennium.

The agency has provided information on four options for the benefits going forward for legislative consideration. Depending on the option selected, additional funds may be requested for implementation:

1. Allow the benefits to expire at the end of the 2016-17 biennium; this would require no legislative action.
2. Reauthorize the agency's use of the HHSC list for the purposes of matching with a list of electric customers, which would require statutory change.
3. Direct the agency to use the same HHSC list that it currently uses for similar telecommunication benefits for the electric benefits, which would not require statutory change but would require that the agency modify its eligibility criteria for the electric benefits to align with those for the telecommunications benefits.
4. Direct the agency to require electric providers themselves to determine which individuals are eligible for the electric benefits; this could be accomplished through administrative code.

**Public Utility Commission of Texas
Rider Highlights - House**

Modifications of Existing Riders

2. **Capital Budget.** Recommendations include a decrease in capital budget authority of \$37,875 in General Revenue Funds to maintain current obligations for Data Center Service levels as identified by the Department of Information Resources. This amount was reduced in the agency's four percent reduction. Recommendations also include a decrease in capital budget authority of \$64,680 for leased PCs to fund a 6-year replacement cycle.

Deleted Riders

3. **Transfer Authority.** Recommendations delete rider due to the expiration of the System Benefit Fund (GR-D Fund 5100).
4. **System Benefit Fund Account Reporting.** Recommendations delete rider due to the expiration of GR-D Fund 5100.
5. **Allocation of System Benefit Account.** Recommendations delete rider due to the expiration of GR-D Fund 5100.
6. **Low Income Discount.** Recommendations delete rider due to the expiration of GR-D Fund 5100.
7. **Contingency Appropriation: System Benefit Fund.** Recommendations delete rider due to the passage of House Bill 1101 and House Bill 7, Eighty-fourth Legislature, 2015, which authorized the agency to set the Low Income Discount at a rate sufficient to eliminate the balance in GR-D Fund 5100 by the end of fiscal year 2017.

Public Utility Commission of Texas
Items Not Included in Recommendations - House

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Funding of \$64,680 for leased PCs to fund a 4-year replacement cycle	\$64,680	\$64,680	0.0	Yes	Yes	\$64,680
2)	Rider to authorize the transfer of any unexpended balance from the first year of the biennium to the second year of the biennium.	\$0	\$0	0.0	No	No	\$0

TOTAL Items Not Included in Recommendations	\$64,680	\$64,680	0.0				\$64,680
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Public Utility Commission of Texas
Appendices - House

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* Appendix is not included - no significant information to report

Public Utility Commission of Texas
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
MARKET COMPETITION A.1.1	\$8,815,264	\$8,758,671	(\$56,593)	(0.6%)	A decrease of \$56,593 due to the following: - A decrease of \$37,835 in General Revenue (GR) Funds for Data Center Services; and - A decrease of \$18,758 in GR Funds for leased PCs to fund a 6-year replacement cycle.
UTILITY REGULATION A.2.1	\$13,535,880	\$13,215,113	(\$320,767)	(2.4%)	A decrease of \$320,767 due to the following: - A decrease of \$213,848 in General Revenue-Dedicated (GR-D) Fund 153 for two FTEs in water regulation; - A decrease of \$88,809 in GR Funds, including \$48,000 from a reduction in training expenses, \$24,000 in travel expenses, and \$16,809 in other operating expenses; and - A decrease of \$18,110 in GR Funds for leased PCs to fund a 6-year replacement cycle.
INVESTIGATION AND ENFORCEMENT A.3.1	\$4,606,242	\$4,597,186	(\$9,056)	(0.2%)	A decrease of \$9,056 in GR Funds for leased PCs to fund a 6-year replacement cycle.
Total, Goal A, COMPETITION/CHOICE/RATES/SERVICE	\$26,957,386	\$26,570,970	(\$386,416)	(1.4%)	
INFORMATION AND EDUCATION EFFORTS B.1.1	\$3,139,726	\$2,155,846	(\$983,880)	(31.3%)	A decrease of \$983,880 due to the following: - A decrease of \$980,000 in GR Funds due to the elimination of outsourced customer education contracts; and - A decrease of \$3,880 in GR Funds for leased PCs to fund a 6-year replacement cycle.
ASSIST CUSTOMERS B.2.1	\$1,921,666	\$1,918,432	(\$3,234)	(0.2%)	A decrease of \$3,234 in GR Funds for leased PCs to fund a 6-year replacement cycle.
Total, Goal B, EDUCATION AND CUSTOMER ASSISTANCE	\$5,061,392	\$4,074,278	(\$987,114)	(19.5%)	

Public Utility Commission of Texas
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ENERGY ASSISTANCE C.1.1	\$325,521,250	\$0	(\$325,521,250)	(100.0%)	A decrease of \$325,521,250 in GR-D Fund 5100 due to the elimination of the Low Income Discount Program (see Selected Fiscal and Policy Issues #1).
Total, Goal C, ELECTRIC UTILITY RESTRUCTURING	\$325,521,250	\$0	(\$325,521,250)	(100.0%)	
CENTRAL ADMINISTRATION D.1.1	\$1,282,710	\$1,274,948	(\$7,762)	(0.6%)	
INFORMATION RESOURCES D.1.2	\$553,652	\$550,418	(\$3,234)	(0.6%)	
OTHER SUPPORT SERVICES D.1.3	\$107,152	\$106,506	(\$646)	(0.6%)	
Total, Goal D, INDIRECT ADMINISTRATION	\$1,943,514	\$1,931,872	(\$11,642)	(0.6%)	A decrease of \$11,642 in GR Funds for leased PCs to fund a 6-year replacement cycle, allocated across strategies under Goal D.
Grand Total, All Strategies	\$359,483,542	\$32,577,120	(\$326,906,422)	(90.9%)	

Public Utility Commission of Texas
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
MARKET COMPETITION A.1.1	\$5,720,819	\$8,483,171	\$2,762,352	48.3%	A net increase of \$2,762,352 due to the following: - An increase of \$2,818,945 from a method of finance swap with General Revenue-Dedicated (GR-D) Fund 5100; - A decrease of \$37,835 for Data Center Services; and - A decrease of \$18,758 for leased PCs to fund a 6-year replacement cycle.
UTILITY REGULATION A.2.1	\$5,323,922	\$7,816,767	\$2,492,845	46.8%	A net increase of \$2,492,845 due to the following: - An increase of \$2,599,764 from a method of finance swap with GR-D Fund 5100; - A decrease of \$88,809, including \$48,000 from a reduction in training expenses, \$24,000 in travel expenses, and \$16,809 in other operating expenses; and - A decrease of \$18,110 for leased PCs to fund a 6-year replacement cycle.
INVESTIGATION AND ENFORCEMENT A.3.1	\$2,920,837	\$4,464,186	\$1,543,349	52.8%	A net increase of \$1,543,349 due to the following: - An increase of \$1,552,405 from a method of finance swap with GR-D Fund 5100; and - A decrease of \$9,056 for leased PCs to fund a 6-year replacement cycle.
Total, Goal A, COMPETITION/CHOICE/RATES/SERVICE	\$13,965,578	\$20,764,124	\$6,798,546	48.7%	
INFORMATION AND EDUCATION EFFORTS B.1.1	\$1,795,194	\$2,108,346	\$313,152	17.4%	A net increase of \$313,152 due to the following: - An increase of \$1,297,032 from a method of finance swap with GR-D Fund 5100; - A decrease of \$980,000 due to the elimination of outsourced customer education contracts; and - A decrease of \$3,880 for leased PCs to fund a 6-year replacement cycle.

Public Utility Commission of Texas
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ASSIST CUSTOMERS B.2.1	\$1,226,350	\$1,861,432	\$635,082	51.8%	A net increase of \$635,082 due to the following: - An increase of \$638,316 from a method of finance swap with GR-D Fund 5100; and - A decrease of \$3,234 for leased PCs to fund a 6-year replacement cycle.
Total, Goal B, EDUCATION AND CUSTOMER ASSISTANCE	\$3,021,544	\$3,969,778	\$948,234	31.4%	
ENERGY ASSISTANCE C.1.1	\$0	\$0	\$0	0.0%	
Total, Goal C, ELECTRIC UTILITY RESTRUCTURING	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION D.1.1	\$1,168,710	\$1,160,948	(\$7,762)	(0.7%)	
INFORMATION RESOURCES D.1.2	\$506,152	\$502,918	(\$3,234)	(0.6%)	
OTHER SUPPORT SERVICES D.1.3	\$97,652	\$97,006	(\$646)	(0.7%)	
Total, Goal D, INDIRECT ADMINISTRATION	\$1,772,514	\$1,760,872	(\$11,642)	(0.7%)	A decrease of \$11,642 for leased PCs to fund a 6-year replacement cycle, allocated across strategies under Goal D.
Grand Total, All Strategies	\$18,759,636	\$26,494,774	\$7,735,138	41.2%	

Public Utility Commission of Texas
Funding Changes and Recommendations - House, by Strategy -- GR DEDICATED

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
MARKET COMPETITION A.1.1	\$2,818,945	\$0	(\$2,818,945)	(100.0%)	A decrease of \$2,818,945 in General Revenue-Dedicated (GR-D) Fund 5100 from a method of finance swap with General Revenue (GR).
UTILITY REGULATION A.2.1	\$7,945,958	\$5,132,346	(\$2,813,612)	(35.4%)	A decrease of \$2,813,612 due to the following: - A decrease of \$2,599,764 in GR-D Fund 5100 from a method of finance swap with GR; and - A decrease of \$213,848 in GR-D Fund 153 for two FTEs in water regulation
INVESTIGATION AND ENFORCEMENT A.3.1	\$1,552,405	\$0	(\$1,552,405)	(100.0%)	A decrease of \$1,552,405 in GR-D Fund 5100 from a method of finance swap with GR.
Total, Goal A, COMPETITION/CHOICE/RATES/SERVICE	\$12,317,308	\$5,132,346	(\$7,184,962)	(58.3%)	
INFORMATION AND EDUCATION EFFORTS B.1.1	\$1,297,032	\$0	(\$1,297,032)	(100.0%)	A decrease of \$1,297,032 in GR-D Fund 5100 from a method of finance swap with GR.
ASSIST CUSTOMERS B.2.1	\$638,316	\$0	(\$638,316)	(100.0%)	A decrease of \$638,316 in GR-D Fund 5100 from a method of finance swap with GR.
Total, Goal B, EDUCATION AND CUSTOMER ASSISTANCE	\$1,935,348	\$0	(\$1,935,348)	(100.0%)	
ENERGY ASSISTANCE C.1.1	\$325,521,250	\$0	(\$325,521,250)	(100.0%)	A decrease of \$325,521,250 in GR-D Fund 5100 due to the elimination of the Low Income Discount Program.
Total, Goal C, ELECTRIC UTILITY RESTRUCTURING	\$325,521,250	\$0	(\$325,521,250)	(100.0%)	
CENTRAL ADMINISTRATION D.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES D.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES D.1.3	\$0	\$0	\$0	0.0%	
Total, Goal D, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$339,773,906	\$5,132,346	(\$334,641,560)	(98.5%)	

Public Utility Commission of Texas
Summary of Ten Percent Biennial Base Reduction Options - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Expert Services	Contracts for expert witnesses in contested proceedings and enforcement cases would be reduced. This would reduce the agency's ability to assist with and review utility applications, pursue enforcement matter, and participate in proceedings.	\$300,000	\$300,000	0.0	\$0	1%	N
2)	Investigations and Enforcement	Two Enforcement Analysts would be eliminated. This would reduce the number of enforcement proceedings and actions initiated by the agency.	\$330,600	\$330,600	2.0	\$0	7%	N
3)	Customer Protection - Complaint Resolution and Call Center	Two Customer Care Representatives would be eliminated. This would result in increased time required to resolve complaints and longer wait times for those contacting the agency's call center.	\$173,600	\$173,600	2.0	\$0	9%	N
4)	Competitive Electric Market Oversight	Two Utility Specialists would be eliminated. This would reduce the agency's rulemaking and market oversight activities.	\$338,600	\$338,600	2.0	\$0	4%	N
5)	Utility Application Review	One Financial Analyst and one Attorney would be eliminated. This would reduce the agency's rulemaking activities and participation in case proceedings.	\$285,174	\$285,174	2.0	\$0	4%	N
6)	Water Utility Regulation	One Water Engineering Specialist would be eliminated. This would reduce the agency's ability to review and process water utility applications.	\$156,616	\$156,616	1.0	\$0	3%	N
7)	Investigations and Enforcement	One Enforcement Analyst and one Attorney would be eliminated. This would reduce the number of enforcement proceedings and actions initiated by the agency.	\$305,800	\$305,800	2.0	\$0	7%	N
8)	Customer Protection - Complaint Resolution and Call Center	Two Customer Care Representatives would be eliminated. This would result in increased time required to resolve complaints and longer wait times for those contacting the agency's call center.	\$173,600	\$173,600	2.0	\$0	9%	N

Public Utility Commission of Texas
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
9)	Competitive Electric Market Oversight	One Utility Specialist and one Attorney would be eliminated. This would reduce the agency's rulemaking and market oversight activities.	\$309,800	\$309,800	2.0	\$0	4%	N
10)	Utility Application Review	Two Financial Analysts and one Attorney would be eliminated. This would reduce the agency's rulemaking activities and participation in case proceedings.	\$538,773	\$538,773	3.0	\$0	7%	N
11)	Water Utility Regulation	Two Financial Analysts would be eliminated. This would reduce the agency's ability to conduct water utility rate reviews.	\$256,617	\$256,617	2.0	\$0	5%	N
TOTAL, 10% Reduction Options			\$3,169,180	\$3,169,180	20.0	\$0		