

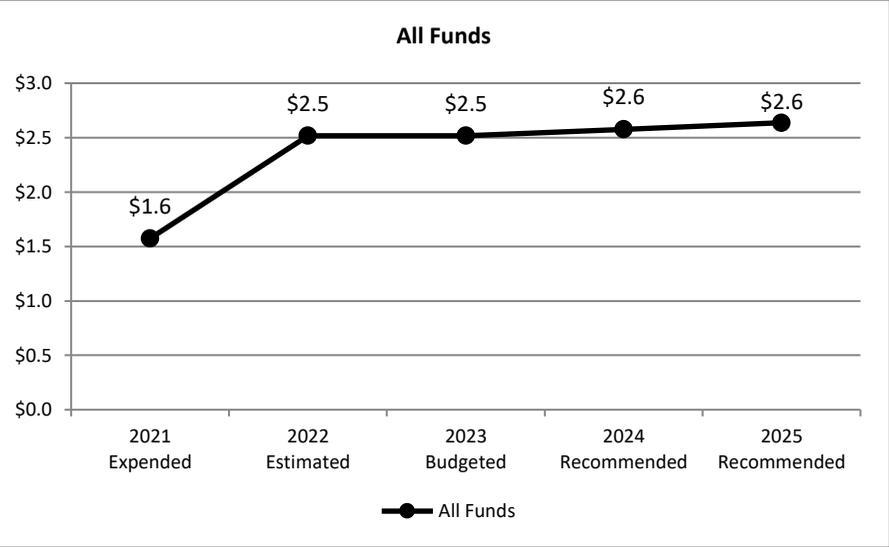
**Office of Public Utility Counsel
Summary of Budget Recommendations - House**

Page VIII-57
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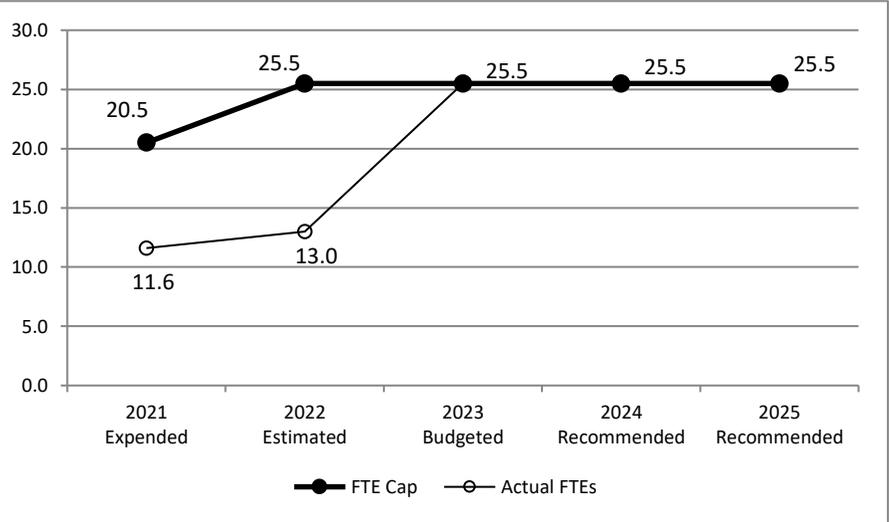
| Method of Financing | 2022-23 Base | 2024-25 Recommended | Biennial Change (\$) | Biennial Change (%) |
|-------------------------------|-------------------------|--------------------------------|---------------------------------|--------------------------------|
| General Revenue Funds | \$4,043,817 | \$4,182,871 | \$139,054 | 3.4% |
| GR Dedicated Funds | \$990,111 | \$1,029,730 | \$39,619 | 4.0% |
| <i>Total GR-Related Funds</i> | <i>\$5,033,928</i> | <i>\$5,212,601</i> | <i>\$178,673</i> | <i>3.5%</i> |
| Federal Funds | \$0 | \$0 | \$0 | 0.0% |
| Other | \$0 | \$0 | \$0 | 0.0% |
| All Funds | \$5,033,928 | \$5,212,601 | \$178,673 | 3.5% |

| | FY 2023 Budgeted | FY 2025 Recommended | Biennial Change | Percent Change |
|------|-----------------------------|--------------------------------|----------------------------|---------------------------|
| FTEs | 25.5 | 25.5 | 0.0 | 0.0% |

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Office of Public Utility Counsel
Summary of Funding Changes and Recommendations - House

| Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level | | General Revenue | GR-Dedicated | Federal Funds | Other Funds | All Funds | Strategy in Appendix A |
|--|--|--------------------|-----------------|------------------|-------------|------------------|---------------------------|
| <i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i> | | | | | | | |
| A) | Increase in General Revenue and General Revenue - Dedicated Water Resource Management Fund 153 for a general state employee salary increase. | \$139,054 | \$39,619 | \$0 | \$0 | \$178,673 | A.1.1, B.1.1, C.1.1 |
| TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions) | | \$139,054 | \$39,619 | \$0 | \$0 | \$178,673 | As Listed |
| <i>SIGNIFICANT & OTHER Funding Increases</i> | | \$139,054 | \$39,619 | \$0 | \$0 | \$178,673 | As Listed |
| <i>SIGNIFICANT & OTHER Funding Decreases</i> | | \$0 | \$0 | \$0 | \$0 | \$0 | As Listed |

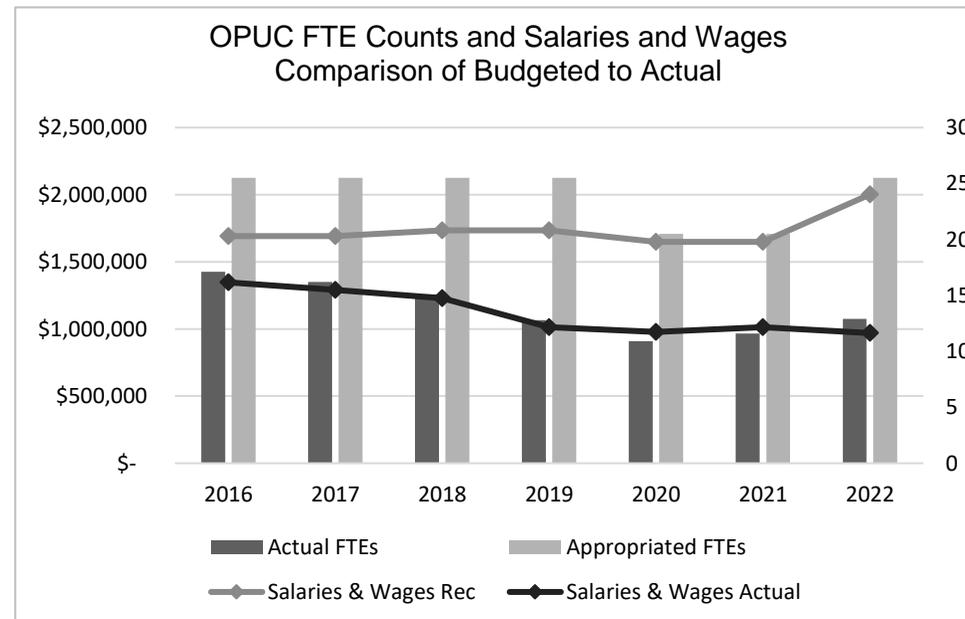
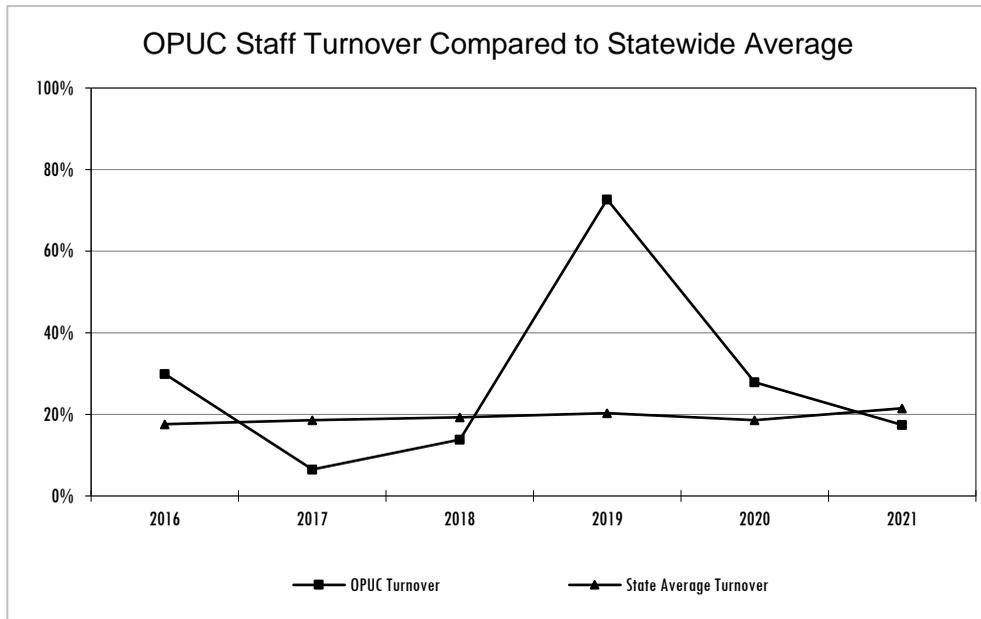
NOTE: Totals may not sum due to rounding.

**Office of Public Utility Counsel
Selected Fiscal and Policy Issues - House**

1. **Strategic Fiscal Review.** The agency is currently under Sunset review, and as a result is subject to the Strategic Fiscal Review (SFR) process outlined in Senate Bill 68, Eighty-sixth Legislature, 2019. Historical program and financial information was collected and analyzed to inform the budget process. Significant findings are outlined in the report, but highlights include:

- The agency has historically been unable to retain a full staff to conduct its work and overall agency operations. Agency turnover peaked in fiscal year 2019 at 73 percent while the average among state agencies for that same fiscal year was 20 percent. In fiscal year 2019, the agency experienced a significant level of turnover as five OPUC staff transferred to another state agency, three staff left state employment, and three staff's employment was terminated, in part related to a staff reorganization in early 2019 following the appointment of a new Public Counsel. However, by fiscal year 2021 the turnover rate of 17 percent was lower than the state agency average of 22 percent (see left table below). The agency reports using several strategies to reduce its turnover, such as, paying employee merit increases, flexible work schedules and trainings, and implementing recruiting strategies through third party sites.

Over the past three biennia the agency has employed fewer FTEs than what they were appropriated with lapsed FTE amounts varying from a low of 8.4 FTEs in fiscal year 2016 to a high of 12.7 for fiscal year 2019. Amounts budgeted for salaries and wages follow the same pattern as the agency has traditionally spent less than what was budgeted each year. For fiscal year 2022 the agency reported lapsing 12.5 FTEs and expending \$1,032,002 less in salaries and wages than the originally anticipated \$2,001,587 in the 2022–23 General Appropriations Act (see right table below).



- The agency communicates in their Self Evaluation Report to the Sunset Advisory Commission that an inability to staff qualified attorneys and other budget limitations prevent the agency from participating in certain individual and Class C water and wastewater utility cases. Among water and wastewater providers, there are 43 class C utilities as compared to the 11 class B utilities and five class A utilities, which gives the agency the opportunity to represent more residential communities across the state more effectively. The SFR report suggests that the legislature could consider appropriating additional funding to hire more attorneys that could participate in these complaints. Recommendations continue agency FTEs at the 2022-23 appropriated level of 25.5.
 - The agency has expanded existing models to provide customers with education and outreach through a utility alert system for outages, being listed as a consumer resource on the Electric Reliability Council of Texas's (ERCOT) website, and by representing small commercial consumers in ERCOT's Market Participant Grid Communicators meeting. The agency reports that it plans to expand these models to provide additional, immediate information to customers.
2. **Sunset Review.** The agency underwent review by the Sunset Advisory Commission (SAC) and will be abolished on September 1, 2023, unless continued by the Eighty-eighth Legislature. The Commission met in January 2023 to vote on and adopt key issues from the SAC Staff Report (November 2022). These adopted recommendations include:
 - Continue the agency for six years and remove the Sunset date of the agency's enabling statute;
 - Direct the agency to formalize and document certain contracting processes for legal expert witnesses.
 3. **Electric Utilities With Broadband Facilities.** Enactment of House Bill 3853, Eighty-seventh Legislature, 2021, allows an electric utility to provide broadband facilities for internet service providers and services for end-use customers. OPUC would be required to participate in providing broadband on behalf of the state's residential and small commercial consumers. The agency was appropriated \$81,200 and 1.0 FTE per fiscal year to implement the provisions of the legislation during the 2022-23 biennium which recommendations continue for the 2024-25 biennium; however, the agency has yet to fill this position and attributes the hiring challenge to attorney salary levels.
 4. **Public Counsel Salary.** On December 7, 2022, Governor Abbott appointed a new Chief Executive and Public Counsel for the Office of Public Utility Counsel with a start date of December 19, 2022. With the appointment, the Governor also authorized a salary of \$165,000 for the position. This is an increase of the previous salary of \$143,630.

Office of Public Utility Counsel
Rider Highlights - House

New Riders

4. **Sunset Contingency.** Recommendations add a contingency provision for the agency's upcoming Sunset review to make the agency's appropriations for fiscal year 2025 contingent on the continuation of the agency by the Eighty-eighth Legislature, Regular Session, 2023. If the agency is not continued, then the rider would authorize the use of the agency's fiscal year 2024 appropriations for the phase out of agency operations. See also, Selected Fiscal and Policy Issues #2.

**Office of Public Utility Counsel
Items Not Included in Recommendations - House**

| | | 2024-25 Biennial Total | | | Information Technology Involved? | Contracting Involved? | Estimated Continued Cost 2026-27 |
|---|--|------------------------|--------------------|------------|----------------------------------|-----------------------|----------------------------------|
| | | GR & GR-D | All Funds | FTEs | | | |
| Agency Exceptional Items Not Included (in agency priority order) | | | | | | | |
| A) | General Revenue and GR-Dedicated Fund 153 funding with authority for 6.0 additional FTEs that include 5.0 FTEs for attorneys (2.0 FTEs at \$95,000 and 1 FTE at \$85,000 in General Revenue and 2.0 FTEs at \$85,000 in GR-Dedicated Fund 153) and 1.0 FTE for a legal assistant (\$60,000 in General Revenue) | \$1,050,000 | \$1,050,000 | 6.0 | No | No | \$1,050,000 |
| B) | General Revenue and GR-Dedicated Fund 153 funding to provide additional funding for legal expert witnesses. | \$600,000 | \$600,000 | 0.0 | No | No | \$600,000 |
| TOTAL Items Not Included in Recommendations | | \$1,650,000 | \$1,650,000 | 6.0 | | | \$1,650,000 |

**Office of Public Utility Counsel
Appendices - House**

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* Appendix is not included - no significant information to report

**Office of Public Utility Counsel
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

| Strategy/Goal | 2022-23 Base | 2024-25 Recommended | Biennial Change | % Change | Comments |
|---|--------------------|------------------------|--------------------|---------------|---|
| PARTICIPATION IN CASES A.1.1 | \$3,573,268 | \$3,582,029 | \$8,761 | 0.2% | Recommendations reflect a general state employee salary increase for the Public Counsel of \$2,920 in fiscal year 2024 and \$5,841 in fiscal year 2025 in General Revenue. |
| Total, Goal A, EQUITABLE UTILITY RATES | \$3,573,268 | \$3,582,029 | \$8,761 | 0.2% | |
| PARTICIPATION IN UTILITY PROJECTS B.1.1 | \$1,460,660 | \$1,464,415 | \$3,755 | 0.3% | Recommendations reflect a general state employee salary increase for the Public Counsel of \$1,252 in fiscal year 2024 and \$2,503 in fiscal year 2025 in General Revenue. |
| Total, Goal B, CONSUMER PROTECTION | \$1,460,660 | \$1,464,415 | \$3,755 | 0.3% | |
| SALARY ADJUSTMENTS C.1.1 | \$0 | \$166,157 | \$166,157 | 100.0% | Recommendations reflect the following increases for the general state employee salary: 1) An increase of \$126,538 in General Revenue 2) An increase of \$39,619 in General Revenue - Dedicated Water Resources Management Fund 153 |
| Total, Goal C, SALARY ADJUSTMENTS | \$0 | \$166,157 | \$166,157 | 100.0% | |
| Grand Total, All Strategies | \$5,033,928 | \$5,212,601 | \$178,673 | 3.5% | |

**Office of Public Utility Counsel
FTE Highlights - House**

| Full-Time-Equivalent Positions | Expended 2021 | Estimated 2022 | Budgeted 2023 | Recommended 2024 | Recommended 2025 |
|---------------------------------------|--------------------------|---------------------------|--------------------------|-----------------------------|-----------------------------|
| Cap | 20.5 | 25.5 | 25.5 | 25.5 | 25.5 |
| Actual/Budgeted | 11.6 | 13.0 | 25.5 | NA | NA |

| Schedule of Exempt Positions | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Public Counsel, Group 4 | \$143,630 | \$143,630 | \$165,000 | \$147,802 | \$151,974 |

Notes:

- a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 22-706, August 2022), indicates an average market salary of \$151,974 for the Public Counsel position at the Office of Public Utility Counsel. The agency is not requesting any changes to its exempt position.
- b) The State Auditor's Office is the source for the fiscal year 2021 and fiscal year 2022 annual average (actual) FTE levels.
- c) Effective December 2022, the Govenor's Office authorized a salary of \$165,000 for the Public Counsel.