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## Quarterly Update for the Senate Committee on Business and Commerce October 9, 2012

### Status of the Implementation of Key Legislation from the 82<sup>nd</sup> Legislative Session

- The rulemaking (*Project No. 39465*) related to electric utility periodic rate adjustments (SB 1693) was finalized in September 2011.
- The rulemaking (*Project No. 39518*) related to OPUC's procedural assistance to customers in the transmission line CCN process (SB 855) was finalized in November 2011.
- The rulemaking (*Project No. 39585*) to conform the PUC's telecommunications rules to changes made by the 82<sup>nd</sup> Legislature (SB 773, SB 980, SB 983, HB 2295, and HB 2680), was finalized by the PUC in March 2012.
- The rulemaking (*Project No. 39829*) related to mitigating the demand ratchet on small businesses (HB 1064) was finalized by the PUC in May 2012.
- The rulemaking (*Project No. 39674*) related to changes to the PUC's energy efficiency rules (SB 1125) is ongoing. The PUC is expected to finalize the rule in October.
- Rulemakings and proceedings relating to the review and evaluation of the Universal Service Fund (USF) and the possibility of extending USF assessments to Voice Over Internet Protocol (VoIP) providers pursuant to SB 980:
  - The rulemaking (*Project No. 39937*) related to determining the support for local exchange carriers from the Texas High Cost Universal Service Plan (THCUSP) based on the difference between current rates for basic local exchange service and a reasonable rate to be determined by the Commission was finalized in June 2012.
  - A settlement has been reached in the contested case proceeding (*Docket No. 40521*) to implement the provisions of the new rule established in *Project No. 39937* for determining the reasonable rate for basic local telephone service. The PUC is expected to rule on the settlement in October.
  - The rulemaking (*Project No. 39938*) related to determining the amount of Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRILEC USP) support provided to companies is ongoing. The PUC is expected to finalize the rule by the end of 2012.
  - The rulemaking (*Project No. 39717*) related to extending USF assessments to VoIP providers is ongoing. The PUC is expected to deliberate regarding the proposed rulemaking at an upcoming Open Meeting.

**Issues of Interest that have Occurred Since the End of the 82<sup>nd</sup> Special Legislative Session and Upcoming Issues of Possible Interest**

- *Resource Adequacy.* Beginning in the summer of 2011 and continuing to the present, the Commission, in conjunction with ERCOT and market stakeholders, has promulgated a variety of activities for the purpose of addressing the issue of generation adequacy in ERCOT's current market design. While some actions have been taken to date, it is anticipated that resource adequacy will continue to be an issue of interest.
- *Advanced Meters.* Compliance with advanced metering legislation and the consequent deployment of advanced meters by all transmission distribution service providers (TDSPs) is almost complete. However, issues have been raised related to health effects, information privacy, and opt-out concerns regarding the new meters. These issues will, in all likelihood, be raised in the 83<sup>rd</sup> Legislative Session.
- *Continued USF Reform.* While the Commission continues to address USF review, evaluation, and reform issues, current Federal Communications Commission (FCC) actions may make USF an ongoing issue to be addressed in the upcoming Legislative Session.

**OPUC Third Quarter Activities**

- In addition to participating on behalf of residential and small business customers in the rulemakings and proceedings already mentioned in the first section of this update, OPUC additionally represented its constituents in the following during the third quarter of 2012:
  - Entergy Texas rate case (*Docket No. 39896*). Final Order issued by the PUC in September.
  - Lone Star Transmission rate case (*Docket No. 40020*). Final Order anticipated in October.
  - Southwestern Electric Power Company (SWEPCO) rate case (*Docket No. 40443*). Application was filed in July. The hearing is scheduled for February 2013.
  - Cross Texas Transmission (*Docket No. 40604*) and Wind Energy Texas Transmission (*Docket No. 40606*) rate cases. Applications were filed in August. Hearing dates have not been set.
  - Homeowners United Appeal of City of Austin (Austin Energy) Rate Ordinance (*Docket No. 40627*). Petition signatures were verified in September. Rate application is anticipated for later this fall.
  - *Project No. 39040*, Revision of Electric Utility Earnings Monitoring Report Forms. Comments were filed by all participating parties in September.
  - OPUC continues to collaborate with the PUC, ERCOT, Texas Reliability Entity, other state agencies, and pertinent stakeholders to examine issues related to resource adequacy, energy efficiency, energy conservation messaging, advanced meter

implementation, weather events and their impacts, and federal regulations affecting Texas utility consumers.

- OPUC continued its participation in a variety of venues (community, military personnel, etc.) for a total of five meetings to communicate pertinent electric and telecommunications information with its constituents, residential and small business customers.