



January 30, 2007

Senate Finance Committee

80th Legislature

SB 1, General Appropriations Act for 2008-09 (Public Utility Commission)

We request that the Legislature restore funding for the Public Utility Commission’s utility bill discount program for low-income households residing in the state’s deregulated electric market areas.

Restoring the appropriation for the state’s electric discount program is critical to safeguarding the health of low-income Texans—many of whom are elderly or persons with a disability—who are unable to pay increasingly high electricity bills during our hot summers or sudden and severe winter storms.

Compounding our weather extremes is the high cost of electricity for many of the state’s consumers. According to the Energy Information Administration, Texans pay above-average retail residential electricity prices. Making things worse, between April 2005 and April 2006, the average residential price of electricity increased 21 percent in Texas, putting us among the five states with the largest increases in electricity prices.

The Public Utility Commission provided \$157 million in energy assistance during the 2004-05 biennium with the support of the System Benefit Fund. For 2006-07, however, the “energy assistance” strategy in PUC’s budget was zero-funded. In September 2003, the program provided rate discounts to almost 793,000 customers. * Without an appropriation, it reaches no one.

If the Legislature restores System Benefit Fund support for the low-income discount program, Texas can seek additional federal funds through an incentive program called LIHEAP (Low Income Home Energy Assistance Program). We urge restoration of this important program.

Respectfully submitted,

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* Eligibility determination changes reduced the number of customers served to 302,000 in August 2004; the discount rate assistance provided by the program was also lowered, from 17 percent to 10 percent. The most recent Census Bureau data estimate that 5 million Texans, or 1.8 million households statewide, live below 125 percent of poverty (\$21,463 for a family of three in 2007), the definition of “low-income” used for the PUC discount program in 2004-05.