

AN ACT

relating to electric transmission capacity.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 35.004(d), Utilities Code, is amended to read as follows:

(d) The commission shall price wholesale transmission services within ERCOT based on the postage stamp method of pricing under which a transmission-owning utility's rate is based on the ERCOT utilities' combined annual costs of transmission divided by the total demand placed on the combined transmission systems of all such transmission-owning utilities within a power region. An electric utility subject to the freeze period imposed by Section 39.052 may treat transmission costs in excess of transmission revenues during the freeze period as an expense for purposes of determining annual costs in the annual report filed under Section 39.257. Notwithstanding Section 36.201, the commission may approve wholesale rates that may be periodically adjusted to ensure timely recovery of transmission investment. Notwithstanding Section 36.054(a), if the commission determines that conditions warrant the action, the commission may authorize the inclusion of construction work in progress in the rate base for transmission investment required by the commission under Section 39.203(e).

SECTION 2. Section 37.056(c), Utilities Code, is amended to read as follows:

1 (c) The commission shall grant each certificate on a
2 nondiscriminatory basis after considering:

3 (1) the adequacy of existing service;

4 (2) the need for additional service;

5 (3) the effect of granting the certificate on the
6 recipient of the certificate and any electric utility serving the
7 proximate area; and

8 (4) other factors, such as:

9 (A) community values;

10 (B) recreational and park areas;

11 (C) historical and aesthetic values;

12 (D) environmental integrity; ~~and~~

13 (E) the probable improvement of service or
14 lowering of cost to consumers in the area if the certificate is
15 granted; and

16 (F) to the extent applicable, the effect of
17 granting the certificate on the ability of this state to meet the
18 goal established by Section 39.904(a) of this title.

19 SECTION 3. Section 39.203(e), Utilities Code, is amended to
20 read as follows:

21 (e) The commission may require an electric utility or a
22 transmission and distribution utility to construct or enlarge
23 facilities to ensure safe and reliable service for the state's
24 electric markets and to reduce transmission constraints within
25 ERCOT in a cost-effective manner where the constraints are such
26 that they are not being resolved through Chapter 37 or the ERCOT
27 transmission planning process. In any proceeding brought under

1 Chapter 37, an electric utility or transmission and distribution
2 utility ordered to construct or enlarge facilities under this
3 subchapter need not prove that the construction ordered is
4 necessary for the service, accommodation, convenience, or safety of
5 the public and need not address the factors listed in Sections
6 37.056(c)(1)-(3) and (4)(E).

7 SECTION 4. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2003.

David Newkumst

President of the Senate

Jim Caddick

Speaker of the House

I certify that H.B. No. 2548 was passed by the House on May 9, 2003, by the following vote: Yeas 140, Nays 0, 1 present, not voting.

Robert Haney

Chief Clerk of the House

I certify that H.B. No. 2548 was passed by the Senate on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Satsy Spaw

Secretary of the Senate

APPROVED:

18 JUNE '03

Date

Rick Peery

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
8:30pm O'CLOCK

JUN 18 2003
Ann Shea
Secretary of State