



SIERRA CLUB

LONE STAR CHAPTER

To: The Honorable Armando Walle, Chair, Subcommittee on Articles VI, VII, and VIII
Members, House Committee on Appropriations, Subcommittee on Articles VI, VII and VIII

Re: PUCT and OPUC Proposed Budget in HB 1 and LAR

From: Cyrus Reed, Conservation Director, Sierra Club (Lone Star Chapter), 1-512-888-9411,
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The Lone Star Chapter is the state chapter of the Sierra Club, the nation's oldest and largest conservation organization. We have approximately 30,000 members in Texas.

PUCT

We are a frequent participant in issues at the PUCT, particularly in the last few years as Winter Storm Uri has elevated the issues of electric reliability, resiliency and affordability. As an agency, particularly given the expanded role placed on the PUCT in recent years - from water utility oversight, to more direct management of ERCOT, to the dizzying number of projects required by recent legislation (SB 2154, SB 3, etc), PUCT is under duress. They are frequently behind on completing projects, lack staff due to turnover, and have trouble engaging with the public.

While they are called the Public Utility Commission of Texas, they have lacked a true focus on the public. Their website is difficult to navigate, it is unclear for most members of the public how to engage in rulemaking and projects, and basic information about rates and energy efficiency programs is often lacking.

The Lone Star Chapter has multiple recommendations on how to improve their public outreach and engagement which we have separately submitted to the Sunset Commission, so we will limit our comments here. We are supportive of the recent decisions made by Senator Schwertner and the Sunset Commissioners on PUCT. Suffice it to say from where and how open meetings are conducted, to making their interchange filer system more user friendly, to public engagement and language access the PUCT is in need of reform.

The Sierra Club supports providing the PUCT more staff, opening a new Office of Public Engagement (and hopefully language access), adding staff to deal with energy efficiency and

the demand side and assuring that more money related to water utility ratemaking and oversight is allocated to the agency.

More Staff Needed

The Sierra Club supports - at a minimum - the request by the PUCT for at least 51 more staff (\$4.508 million), and additional money (\$1.2 million) to retain good legal, enforcement and middle management staff, as laid out in the LAR. The agency lacks lawyers, and rate case expertise. Given the large number of rate cases -from mini-rate cases like Energy Efficiency Cost Recovery Factors - to CNNs, distribution rates and non-ERCOT base rate cases, more staff is needed. There is a specific need to buttress their enforcement division, and make it more independent and stronger.

We would note that there are relatively few staff with expertise on residential rate design and program, and a tiny staff overseeing the required energy efficiency programs at the agency.

Public Engagement needed

Sierra Club supports the separate need for an Office of Public Engagement, and three new FTEs should be considered a bare minimum. **Their request is for \$255,000 per fiscal year.** The PUCT is involved in a major overhaul of our market design - in a manner that has largely ignored the public. We would add that language access and language justice is another important issue given the large number of Texans whose first language is not English, and we would call on reforms at the PUCT similar to the recent efforts at TCEQ. To do this, however, the PUCT will need appropriate staff.

Energy Efficiency Must be A Priority: We support at least additional three staffers and a vehicle for a new Energy Efficiency Plan

Sierra Club has been involved for years in the utility energy efficiency programs, and recently submitted a petition for rulemaking to improve the programs. While that petition was denied, we are presently engaged in a stakeholder process to address the rules and hope that either legislation or rulemaking can improve and expand the program. We can not solve grid reliability without also considering the demand side of the equation, and yet PUCT has essentially one staff person monitoring all issues related to energy efficiency and demand response. This is unacceptable and we support the request for additional staff members and an office dedicated to these important programs which are vital to residential customers. ***Thus, Sierra Club is in full support of EIR No 8, for \$265,000 in FY 24 and \$230,000 in FY 25.***

Need to solve water funding

The PUCT rightly points out that with the transfer of staff and responsibility over water from the TCEQ to the PUCT was a lack of funding needed to truly run the program. We support finding a solution, be it reforming the Fund itself – Fund 153 - or finding another source of money to fully

support the agency. ***We would note that statutorily there are many caps on water fees that prevent the revenues from growing in Texas, and a look at all the fees that flow into Water Management Account 153 is needed, with potential statutory changes. PUC's proposed Method of Finance change is one approach that should be considered.***

Other Issues

We would note that separately we have called for giving the PUCT a larger role over enforcement of the gas supply, such as the creation of a Gas Supply Market Monitor that would operate similar to the Independent Market Monitor for the competitive electric market. ***We have also suggested that gas rate cases be transferred from the Texas Railroad Commission to the PUCT.***

OPUC: Office of Public Utility Counsel

The Office of Public Utility Counsel is a small agency with a big task. We support its continuation and the recent sunset recommendations adopted by the Sunset Advisory Commission. We support their base budget and their request for experts for complicated water (and electric) rate cases. As the last defense for residential and small business consumers, OPUC needs resources to hire experts.

Additional Issues

We believe that OPUC should be granted additional staff to engage in broadband rate cases, and distributed gas cases at the TXRRC. Presently, there is no agency protecting the public from high gas prices at the distribution level, and OPUC could serve as another voice both at the RRC or at the PUCT should gas rate cases be transferred there. In addition, we believe that given the expansion of broadband, more staff at OPUC is needed to follow the development of rules and rates at the Comptroller and the PUCT.

The Sierra Club appreciates the opportunity to make these brief comments.

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