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Commissioner

W. Lane Lanford
Executive Director



Rick Perry
Governor

Public Utility Commission of Texas

February 12, 2010

Legislative Budget Board
Robert E. Johnson Building
1501 N. Congress Avenue, 5th Floor
Austin, TX 78701

Governor's Office of Budget and Planning
1100 San Jacinto, Room 4.300
Austin, TX 78701

In a letter dated January 15, 2010, Governor Perry, Lieutenant Governor Dewhurst, and Speaker Straus, requested agencies submit written proposals identifying a five percent biennial reduction to their 2010-11 General Revenue and General Revenue-Dedicated appropriations. We at the Public Utility Commission (PUC) strive to be model stewards of taxpayer funds, which is why prior to fiscal year 2010, the PUC eliminated all optional out-of-state travel, decreased its reliance on paper, reduced agency periodical and publication subscriptions, and put an emphasis on avoiding unnecessary electricity usage.

In addition to these measures that we previously adopted, we submit the following appropriation reduction plan to reach the five percent goal. First, the PUC will reduce General Revenue – Dedicated appropriations for providing electric bill discounts to low-income customers by approximately \$12.9 million. This will not result in decreased benefits for low-income customers, as the biennial appropriation authority is projected to exceed the funds necessary to provide the maximum discount of 17 percent to these customers. Second, the PUC will reduce General Revenue (GR) capital budget appropriations relating to the state data center consolidation project by \$140,000. Current estimates from the Department of Information Resources and contract rates indicate these funds will not be needed. Third, the PUC will reduce GR appropriations by approximately \$412,000 through terminating third-party contracts to provide certain consumer education services. These services will now be provided by PUC staff. Finally, the PUC will operate with unfilled positions, on a rolling basis, for the remainder of the biennium in order to reduce GR appropriations by approximately \$530,000. Although the agency believes that the General Appropriations Act maximum of 188.6 FTEs produces the most effective and efficient industry regulation and consumer education, these vacancies will be managed so that impacts to particular divisions and programs are minimized.

In addition to current practices and those outlined in this appropriation reduction plan, the PUC will reduce staff development costs by utilizing early registration discounts and online/free continuing education classes, and avoid fixed asset purchases unless those purchases are absolutely necessary.

Legislative Budget Board
Governor's Office of Budget & Planning
February 12, 2010
Page 2

If you have questions about this plan, or if I may be of assistance to you in any way, please let me know.

Sincerely,



W. Lane Lanford
Executive Director

cc: David Dewhurst, Lieutenant Governor
Joe Straus, Speaker of the House

ITEM REDUCTIONS BY METHOD OF FINANCING
 81st Regular Session, 2010-11 Item Reductions
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 2/12/2010
 Time: 9:29:31AM
 Page: 1 of 2

Agency code: 473

Agency name: **Public Utility Commission of Texas**

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
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1 Low-Income Discounts

Item Comment: This reduction would not result in decreased benefits for low-income electric customers. Agency expenditure forecasts estimate that the biennial appropriation authority from the System Benefit Fund for the LID program will exceed actual expenditures for providing the GAA authorized maximum discount of 17 percent to all program participants.

GR DEDICATED

5100 System Benefit Account	\$6,126,254	\$6,762,303
Gr Dedicated Total	\$6,126,254	\$6,762,303
Item Total	\$6,126,254	\$6,762,303

2 Capital Budget

Item Comment: This reduction would not impact agency performance. Based upon current DIR estimates and contract rates, the agency will lapse funds from the Data Center Consolidation capital budget line item at the end of the 2010-11 biennium.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$100,000	\$40,000
General Revenue Funds Total	\$100,000	\$40,000
Item Total	\$100,000	\$40,000

3 Consumer Education

Item Comment: This reduction will impact agency performance. The agency will redirect System Benefit Fund appropriations in the agency's Consumer Education strategy that are currently allocated to third-party contracts for the operation of a consumer education call center and dissemination of certain customer education materials. These functions will be performed by the agency's complaint call center staff and staff who currently work in cooperation with the third-party contractors to produce and distribute consumer education materials. This reduction may result in longer call wait times and fewer consumer education materials and PSAs being developed and distributed by the agency. In the event that call wait times are impacted, the agency will ensure that they do not exceed a reasonable standard for high quality customer service.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$151,669	\$260,000
General Revenue Funds Total	\$151,669	\$260,000
Item Total	\$151,669	\$260,000

* - Indicates amount does not meet target requirements.

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4 Unfilled Positions

Item Comment: This reduction will impact agency performance. The agency will operate with unfilled positions, on a rolling basis, for the remainder of the biennium. While the agency believes that the GAA maximum of 188.6 FTEs produces the most effective and efficient industry regulation and consumer education, these vacancies will be managed so that impacts to particular divisions and programs are minimized. This reduction will result in the agency deferring rulemaking proceedings and certain enforcement actions.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$292,219	\$239,260		
General Revenue Funds Total	\$292,219	\$239,260		
Item Total	\$292,219	\$239,260		
Agency General Revenue Total	\$543,888	\$539,260		
Agency GR Dedicated Total	\$6,126,254	\$6,762,303		
Agency Grand Total	\$6,670,142	\$7,301,563	\$13,971,705	\$13,971,705

* - Indicates amount does not meet target requirements.