



April 29, 2021

The Honorable Sen. Judith Zaffirini, District 21
The Honorable Sen. Donna Campbell, District 25
The Honorable Rep. John Cyrier, District 17
The Honorable Rep. Erin Zwiener, District 45

Via electronic mail

Re: Opposition to proposed restrictions on the ability of certain municipally owned utilities to exercise local control in setting rates and franchise fees.

Dear Members of the San Marcos State Legislative Delegation:

Thank you for your leadership representing the citizens of San Marcos, Texas. The City is grateful to enjoy a productive, working relationship with each of your offices and, on behalf of all City elected officials and leadership, we look forward to continuing that relationship.

I am writing to you in response to the passage of SB 566 on Tuesday April 27 in the Senate and the favorable reporting of HB 2775 in the House State Affairs committee on April 22 relating to electricity service provided by a certain municipally owned utility. Please allow this letter to express the City's opposition to any changes in a municipally owned utility's ability to exercise local control in setting rates and franchise fees, as our revenues support not only our utility operation but other resident interests. Therefore, the City respectfully requests that the delegation vote against **Senate Bill 566**, **Senate Bill 2199**, and **House Bill 2775** in the current 87th session.

The City of San Marcos strives to provide its residents quality services with compassion and care. As a municipally owned utility, San Marcos Electric Utility (SMEU) sets rates that are tailored to our community's needs through public and transparent processes. Rates set by SMEU fund our utility service while also generating revenue that provides for safety and quality of life in the City such as enhanced roadway lighting and maintenance.

Though the scope of the legislation as proposed is currently limited to Austin Energy, the City of San Marcos is greatly concerned with the implications of the legislation and the potential long-term impacts it could carry for other municipally owned utilities, including SMEU. At its core, the proposed legislation preempts local processes and mandates expensive and time-consuming PUC reviews. As active members of the Texas Public Power Association, SMEU understands that passing such legislation sets a dangerous precedent that would be detrimental to our constituents and the City of San Marcos should the legislation be amended and expanded to include other municipally owned utilities.

With the best interests of our constituents and community in mind, the City of San Marcos respectfully urges you to vote against this legislation and the implications it carries for municipally owned utilities statewide. Ultimately, the legislation limits the ability of municipally owned utilities to exert local control in setting rates through transparent processes and provide services that promote safety and meet the needs specifically tailored to individual communities.

Thank you for consideration of this matter.

Best regards,



Mayor Jane Hughson
City of San Marcos
jhughson@sanmarcostx.gov

Cc: San Marcos City Council Members
Bert Lumbreras, City Manager
Stephanie Reyes, Assistant City Manager
Joe Pantalion, Assistant City Manager
Chase Stapp, Director of Public Safety
Kristy Stark, Director of Communications & Intergovernmental Relations
Tom Taggart, Director of Public Services
Tyler Hjorth, Assistant Director of Public Services – Electric Utility
Claudia Russell, Bickerstaff Heath Delgado & Acosta LLP