

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 4, 2003

TO: Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1271 by Armbrister (Relating to incentives to encourage gas utilities to invest in new infrastructure.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The Railroad Commission anticipates that four to five utilities will implement a rate adjustment to recover system investment each year upon passage of the bill. Agency staff would be required to review the annual earnings monitoring report to ensure that the utilities are not over-earning as a result of the annual rate adjustments. The Railroad Commission expects additional rate cases at least every five years from utilities that implement annual rate adjustments but expects that these activities can be accomplished with current resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Gas utilities that are owned and operated by local governmental entities would incur some costs to review the annual earnings monitoring report to ensure that the utility is not over-earning as a result of the annual rate adjustments. The local entity could also expect additional rate cases at least every five years if the utility implements annual rate adjustments. The costs to perform these functions are not expected to be significant.

Source Agencies: 455 Railroad Commission, 475 Office of Public Utility Counsel

LBB Staff: JK, CL, JRO, KG, TL