

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 1, 2005

**TO:** Honorable George "Buddy" West, Chair, House Committee on Energy Resources

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB821** by Keffer, Jim (Relating to the regulation of transportation services for natural gas.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB821, As Introduced: a negative impact of (\$1,642,765) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$891,141)
2007	(\$751,624)
2008	(\$751,624)
2009	(\$751,624)
2010	(\$751,624)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$891,141)	10.0
2007	(\$751,624)	10.0
2008	(\$751,624)	10.0
2009	(\$751,624)	10.0
2010	(\$751,624)	10.0

Fiscal Analysis

The bill would require a gas utility to transport natural gas on behalf of any person requesting transportation on reasonable terms and conditions. The bill also would provide that transportation rates and services of gas utilities are subject to regulation. A gas utility would be required to file with the Railroad Commission and make public schedules for all of its transportation rates available to any person who would request transportation. If a tariff is not on file for requested service, the utility must provide the transportation at the lowest rate it charges to any entity. The Railroad Commission would be required to establish reasonable rates not exceeding 110% of the rate prior to a complaint. After a reasonable rate is established, the Railroad Commission would order refunds of higher rates charged by a utility equal to three times the difference. The bill would require that the Railroad Commission actively monitor the gas market and enforce the provisions of the bill to promote competitive gas markets.

A governmental entity operating a gas utility would be subject to the bill.

### **Methodology**

This estimate assumes that there would be an increase in workload at the Railroad Commission associated with contested cases brought by gas utilities, pipeline companies, and municipalities. The Railroad Commission's workload associated with utility audits, tariff filings, and informal complaints also would be expected to increase significantly, with as many as 40 additional contested cases, 18 additional utility audits, 4,000 additional tariff filings and as many as 20 additional informal complaints expected by the agency. This estimate assumes that at least 10 FTEs would be needed at the Railroad Commission to handle the increased workload in the General Counsel's Gas Services, the Gas Services Market Oversight section, and the Gas Services Audit section.

The OAG expects that the bill's passage would result in an increase in litigation brought forth by persons granted protections by the bill. One additional FTE and related costs could be required to handle this increased workload. However, these costs are not expected to be significant in terms of the agency's budget.

### **Technology**

The bill would result in a technology impact to the Railroad Commission, since additional software and programming costs would be expected, as well as the cost of providing personal computers to each of the 10 additional FTEs that expected to be required as a result of the bill's passage.

### **Local Government Impact**

Municipalities and other governmental entities would be entitled to the protections provided by the bill, allowing them to recover damages, interest, penalites and reimbursement of litigation expenses in cases in which a court would rule in such entities' favor. Therefore, the bill could have a positive impact on local governments to the extent that such amounts could be recovered.

**Source Agencies:** 302 Office of the Attorney General, 455 Railroad Commission

**LBB Staff:** JOB, WK, ZS, TL, KJG