

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 5, 2005

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

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

IN RE: HB987 by Chisum (Relating to costs incurred by certain persons in relation to complaints filed with the Railroad Commission of Texas against gas utilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB987, As Introduced: a negative impact of (\$510,918) 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	(\$260,479)
2007	(\$250,439)
2008	(\$250,439)
2009	(\$250,439)
2010	(\$250,439)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$260,479)	4.0
2007	(\$250,439)	4.0
2008	(\$250,439)	4.0
2009	(\$250,439)	4.0
2010	(\$250,439)	4.0

Fiscal Analysis

The bill would provide for persons filing complaints against a gas utility to be reimbursed for reasonable costs in cases where the plaintiff is successful. A state agency or municipality also could seek reimbursement, but only if the entity requested and offered to participate in a non-binding informal complaint resolution procedure. Gas utilities would not be allowed to recover amounts paid in the form of reimbursements through charges to the utility's customers.

The bill would take effect on September 1, 2005.

Methodology

The bill is expected to increase the number of formal complaints at both the Office of the Attorney

General (OAG) and the Railroad Commission, since persons would have the ability to recover costs associated with the complaint process. The Railroad Commission would expect an increase in informal complaints as well. Costs to the OAG are expected to be absorbed within the agency's existing budget.

The Railroad Commission expects passage of the bill would double the number of contested cases its Office of General Counsel's Gas Services section and the Gas Services Division's Market Oversight Section handle each fiscal year. Informal complaints are expected to increase from 12 to 24 per year, while formal complaints would rise from 13 to 26 complaints per fiscal year. This is expected to result in the need for 4 additional FTEs at the Railroad Commission, as well as related costs totaling \$260,479 in fiscal year 2006 and \$250,439 in subsequent fiscal years. This estimate assumes these costs would be paid out of the General Revenue Fund.

Any state agency successfully prosecuting a complaint against a gas utility could experience a positive fiscal impact as a result of the bill's passage, since costs associated with the disputes could be recovered. However, any cost recovery by a state agency is not anticipated to be significant.

Local Government Impact

The bill would authorize recovery of expenses to the extent found reasonable by a "regulatory authority." In the Utilities Code, a regulatory authority means either a municipality (unless it has ceded its jurisdiction to the Railroad Commission) or the Commission. Therefore, municipalities could experience an increase in complaints under Section 105.051 of the Utilities Code. The extent and type of costs that municipalities might experience, however, would depend on the way each municipality currently handles complaints regarding utility rates and services.

Municipalities could receive reimbursement of their expenses associated with being a party to a complaint filed under Section 105.051 of the Utilities Code to the extent that the Railroad Commission determined such expenses to be reasonable and if the municipality requested and offered to participate in a non-binding informal complaint resolution process at the Commission.

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

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