

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 5, 2005

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB2244 by Cook, Robby (Relating to the payment and recovery of municipal charges and costs by providers of electricity.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The Public Utility Commission indicates that any costs associated with the bill could be absorbed within existing resources.

Local Government Impact

The provisions of the bill would increase the maximum franchise fee to allow a municipality to charge up to \$0.0045 per kilowatt-hour. There would be a positive fiscal impact to a municipality if it chose to raise the current rates, and the amount of the fiscal impact would depend on the new rate charged.

Governing bodies of municipalities would only be able to obtain "reasonable" reimbursement from an electric utility of 50 percent of the cost of rate consultants, accountants, auditors, attorneys, and engineers used to conduct investigations; present evidence; advise and represent the governing body; and assist the governing body with litigation in an electric utility ratemaking proceeding before the governing body, a regulatory authority, or a court. The reimbursement would be determined by the applicable regulatory authority if the electric utility offers to terminate a franchise agreement existing at that time and the ratemaking proceeding is brought after September 1, 2007.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: JOB, SD, KJG, RB