

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**April 16, 2007**

**TO:** Honorable Phil King, Chair, House Committee on Regulated Industries

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

**IN RE: HB1386** by King, Phil (Relating to regulation of the decommissioning costs of certain nuclear-powered commercial electric generation units.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1386, As Introduced: a negative impact of (\$145,421) through the biennium ending August 31, 2009.

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
2008	(\$145,421)
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$145,421)	1.8
2009	\$0	0.0
2010	\$0	0.0
2011	\$0	0.0
2012	\$0	0.0

**Fiscal Analysis**

The bill would amend the Utilities Code relating to regulation of the decommissioning costs of certain nuclear-powered commercial electric generation units. The bill would require the Public Utility Commission (PUC) to establish the annual decommissioning funding for each nuclear generating unit over the span of the unit's operating license period, as established by the National Regulatory Commission (NRC).

The bill would require the PUC to conduct a proceeding to review the balance of each nuclear decommissioning trust and the projected amount of annual decommissioning funding at least once every three years, and at the conclusion of the proceeding, require the PUC to revise the annual decommissioning funding for a particular nuclear power plant.

The bill would require the PUC to revoke a power generation company's registration if it fails to remit the balance of the annual decommissioning funding to the nuclear decommissioning trust and require the PUC, by rule, to provide guidelines for fund administrators and to ensure compliance with the requirements of the NRC.

The bill would require the PUC, by rule, to ensure adequate funds are deposited into the nuclear decommissioning trust on an annual basis, deposited funds are used in an appropriate manner, and funds are restricted specifically for the purpose of decommissioning the nuclear generating unit, including if the trust or nuclear generating unit is transferred to another person.

The bill would require the PUC to determine the manner in which a funding shortfall in the cost of decommissioning a nuclear generating plant can be recovered from retail electric customers. The bill would require a power generation company that owns an operational nuclear generation unit to repay the costs incurred by the retail electric customers during the default period and authorize the PUC to determine the time period for the repayment.

This bill would take effect September 1, 2007.

### **Methodology**

Based on the analysis of the Public Utility Commission (PUC), it is assumed that there would be costs associated with additional rulemaking required in the fiscal year 2008. It is estimated that the PUC would incur General Revenue costs for staff of \$108,612 and 1.8 FTEs in fiscal year 2008. In fiscal year 2008, other operating expenses are estimated at \$6,082 and associated benefit costs are estimated at \$30,727.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** JOB, JRO, MW, TGI