

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

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

**April 20, 2007**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

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

**IN RE: HB1391** by Turner (Relating to the authority to regulate certain water and sewage utilities to ensure public safety in residential areas. ), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would require that the regulatory authority for a public utility serving a residential area adopt public safety service standards, including standards for maintaining sufficient water pressure for service to fire hydrants to protect public health in residential areas in a municipality with a population of 655,000 or more (Austin, Dallas, Fort Worth, Houston and San Antonio).

The bill would require the Texas Commission on Environmental Quality (TCEQ) to assess residential areas in a municipality with a population of 655,000 or more to ensure that the regulatory authority for the area has adopted standards as provided in the bill, and that all public utilities serving the residential area are complying with such standards. The TCEQ would require violators to comply within a reasonable time, as established by the Commission. The bill would not limit the authority of a municipality with a population of 655,000 or more and acting as the regulatory authority to prohibit a violator from recovering through rates a penalty or fine incurred for violation of a standard.

According to the TCEQ, under current law and TCEQ rules public water systems are required to provide potable water for human use at a minimum pressure of 35 psi (lb/sq.in.). There are no fire flow requirements in agency statutes or rules.

Passage of the bill would result in some additional administrative costs to the TCEQ relating to rulemaking, inspections, and compliance review. These additional costs are expected to be reasonably absorbed within the agency's existing resources.

**Local Government Impact**

A utility serving a municipality with a population over 655,000 that does not currently maintain adequate pressure at fire hydrants could incur expenses associated with the installation of new water lines, additional storage, service pumps and increased water supply capacities. The cost would depend on the size of the service area and the pressure under the current system.

**Source Agencies:** 582 Commission on Environmental Quality

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