

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB726 by Nichols (Relating to the recovery of certain rate case expenses by a water and sewer utility.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Water Code to prohibit the governing body of a municipality that owns or operates a water and sewer utility from including in setting rates legal expenses incurred in a contested proceeding related to a hearing on intent to change rates or related to cost reimbursement to a consultant, accountant, or other experts.

Local Government Impact

The fiscal impact would vary by municipally owned utility and would depend on losses incurred through contested proceedings for which the municipality may otherwise have sought to recoup through utility rates.

Source Agencies:

LBB Staff: JOB, WK, DB