

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

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

**April 24, 2007**

**TO:** Honorable Rick Hardcastle, Chair, House Committee on Energy Resources

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

**IN RE: SB742** by Eltife (Relating to the authority of a gas utility to receive an interim adjustment for certain infrastructure projects.), **As Engrossed**

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

The bill would define an eligible infrastructure project as the difference between the value of invested capital of a gas utility for the preceding calendar year and the value of the invested capital for the calendar year preceding that calendar year. The bill would make changes relating to interim adjustments in utility rates, and it would provide that a gas utility implementing a tariff or rate schedule reimburse a municipality or coalition of municipalities for their costs of consultants, accountants, auditors, attorneys, and engineers engaged to review the interim rate adjustment. The amount that a utility would be obligated to reimburse a municipality or a coalition of municipalities would not exceed an amount equal to 2 percent of the expected annual increase in revenue that the utility will derive from the interim rate adjustment in the area subject to the original jurisdiction of the municipality or, with respect to a coalition of municipalities, the area subject to the original jurisdiction of the municipalities participating in the coalition.

**Local Government Impact**

Because the bill would provide for the reimbursement of municipalities and coalitions of municipalities for costs relating to interim rate adjustments, local governments in areas with interim rate adjustments could experience a positive fiscal impact. The amount of funds that would be reimbursed would be limited to 2 percent of the expected annual increase in revenue derived from the interim rate adjustment.

**Source Agencies:** 455 Railroad Commission, 475 Office of Public Utility Counsel

**LBB Staff:** JOB, WK, JRO, ZS, TL