

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 19, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB742, As Introduced: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from APPROPRIATED RECEIPTS 666
2008	(\$88,000)
2009	(\$88,000)
2010	(\$88,000)
2011	(\$88,000)
2012	(\$88,000)

Fiscal Analysis

The bill would repeal Utilities Code, Chapter 104, Subchapter G, which provides for interim rate adjustments for gas distribution utilities regulated by the Railroad Commission. The provision currently allows certain utilities to change their rates annually in between full rate reviews required at least every five years. The statute that would be repealed also authorizes gas utilities implementing a tariff or rate schedule to reimburse the Railroad Commission for the utility's proportionate share of the agency's costs related to the administration of the interim rate adjustment mechanism section.

Methodology

The Railroad Commission reports that a portion of 5 FTEs' time is committed to reviewing and analyzing interim rate adjustment requests. The agency also reports that approximately \$88,000 per

year in Appropriated Receipts is brought in through the interim rate adjustment cost recovery provision.. Upon passage of the bill, the agency would no longer be authorized to recover costs for such filings. Although the Railroad Commission expects that there would not be a decrease in the number of rate adjustments, it expects that such changes would be filed through provisions in Utilities Code, Chapter 104, Subchapter C, which does not provide for cost recovery. Therefore, as a result of passage of the bill, the Railroad Commission would lose approximately \$88,000 per year in appropriated receipts, but the agency's costs would not change. An appropriation of additional General Revenue could be required to replace the lost revenue.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, JRO, ZS, TL