

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 22, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

IN RE: HB632 by Turner, Sylvester (Relating to the requirement that retail water and utility services adopt an emergency preparedness plan for use during a local power outage; providing an administrative penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB632, Committee Report 1st House, Substituted: a negative impact of (\$620,776) through the biennium ending August 31, 2011.

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
2010	(\$323,388)
2011	(\$297,388)
2012	(\$297,388)
2013	(\$297,388)
2014	(\$297,388)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$323,388)	4.0
2011	(\$297,388)	4.0
2012	(\$297,388)	4.0
2013	(\$297,388)	4.0
2014	(\$297,388)	4.0

Fiscal Analysis

The bill would require retail public utilities within 100 miles from the Gulf of Mexico to adopt and submit annually to the Texas Commission on Environmental Quality (TCEQ), for its approval, an emergency preparedness plan (EPP) that ensures that in the event of a local power outage during the next year, the retail utility maintains the ability to provide a minimum water pressure as prescribed by commission rules (35 pounds per square inch at flow of 1.5 gallons per minute per connection) and to provide sewer services to all existing customers. The bill also would require that a retail public utility's EPP would provide for: 1) the maintenance of automatically starting auxiliary generators for that purpose; or 2) the participation in a recognized statewide mutual aid program, if the TCEQ would find that the utility's participation in the program will provide the utility with access to auxiliary generators and other necessary aid or equipment sufficient for the utility to restore service not later

than the 36th hour after the hour the local power outage begins. The bill would require a retail public utility that utilizes auxiliary generators to maintain a log of their regular servicing, testing, and operation of the generator(s).

The bill would require that the TCEQ prescribe standards relating to the servicing, testing, and operation of auxiliary power generators used in the implementation of an EPP. Although the bill would not require the TCEQ to conduct inspections, the agency would be authorized to inspect a utility's generator servicing, testing, and operation log at any time. The bill provides for the imposition of administrative penalties for non-compliance including revoking the retail public utilities license to operate.

Methodology

TCEQ estimates that 29 counties would be affected by the bill. Based on approximately 1,118 wastewater facilities in those counties that would be required to submit EPPs to the TCEQ for approval on an annual basis, it is estimated that the TCEQ would need 4.0 additional FTEs and related costs to review the plans for compliance with standards relating to the servicing, testing, and operation of auxiliary power generators used in the implementation of an EPP. This estimate assumes that costs to implement the bill, as outlined in the table above, would be paid out of the General Revenue Fund.

Local Government Impact

Preparation and submission of an emergency preparedness plan would not create a significant cost. In addition, it is assumed that affected counties already have the generators that must be included in the plan. Affected entities reported that maintenance costs for the equipment are not significant. Any other costs associated with implementation would depend on additional standards imposed by TCEQ.

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, KJG, ZS, TL, DB