

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 29, 2009**

**TO:** Honorable Allan Ritter, Chair, House Committee on Natural Resources

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

**IN RE: HB3610** by Miller, Doug (Relating to rates and methods of depreciation applied to a retired class of property for regulated water utilities.), **As Introduced**

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

The bill would require that water utilities use the book cost less net salvage of depreciable utility plant retired to be charged in its entirety to the accumulated depreciation account of a utility, consistent with accounting treatment for other electric and gas utilities regulated by the Commission on Environmental Quality and the Public Utility Commission. The bill would thus allow a utility to account for the cost of salvaging an asset in book value if there is a loss on the salvage rather than a gain.

The bill's passage is not expected to have a significant fiscal impact on the state.

**Local Government Impact**

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

Local governments that own utilities would benefit from increasing the amount of utility plant eligible for return and depreciation expense.

**Source Agencies:** 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality

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