

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**Revision 1**

**March 9, 2009**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB361** by Patrick, Dan (Relating to the requirement that water and sewer service providers ensure operations during an extended power outage.), **As Introduced**

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

The bill would require retail public utilities, exempt utilities, or providers of wholesale sewer service or potable water service that furnish water or sewer service to more than one customer to adopt and submit to the Texas Commission on Environmental Quality (TCEQ) for approval, an emergency preparedness plan (EPP). The EPP may provide for the maintenance of automatically starting auxiliary generators; the sharing of auxiliary generator capacity with one or more retail public utilities, exempt utilities, or providers of wholesale sewer service or potable water service; leasing and contracting agreements that ensure each entity's ability to provide minimum standards regarding water pressure and sewer service; the use of portable generators capable of servicing multiple facilities equipped with quick-connect systems; or the use of lift station direct bypass systems. The submission of the EPPs to the TCEQ would be phased in according to specified distances from the coast, with entities closest to the coast (75 miles or less) having to submit its plan by September 1, 2011, and the entities furthest from the coast (350 miles or more) having to submit its plan by March 1, 2019.

Each affected entity would be required to implement its emergency preparedness plan as approved by TCEQ, and would be required to submit a copy of the EPP and notification of TCEQ's approval of the plan to the county judge and the office of emergency management of each county in which the entity has more than one customer.

TCEQ would be required to provide affected water and sewer systems with financial, managerial, and technical assistance in complying with the EPP submission deadline; create an EPP template format for affected water and sewer systems that includes all actions required to meet applicable TCEQ rules and EPP standards; review and approve generator capacity and the maintenance schedule submitted by a registered professional engineer for use in an EPP; and inspect water and sewer systems to ensure compliance with approved EPPs. TCEQ would be required to adopt standards not later than December 1, 2009.

According to TCEQ, the agency could absorb costs associated with implementing provisions of the bill using existing resources.

**Local Government Impact**

Numerous affected local government entities of various sizes provided information regarding costs for implementing provisions of the bill and indicated the costs would be significant. The costs for purchasing and installing new equipment would vary by entity depending on how many stations the utility includes and what size of equipment would be needed.

For example, the smallest municipal utility that would be affected that provided an estimate, City of Perryton (2000 U.S. Census population of 7,774), expects costs of more than \$1 million to equip its wells and wastewater treatment facilities with the required equipment. The largest affected entity that

responded, the Utilities Department of the City of Amarillo (2000 U.S. Census population of 173,627), estimates equipment costs of between \$4 million and \$5 million, some of which is already included in a Capital Improvement Project design.

Other cost estimates for installing equipment ranged from as low as \$25,000 in the Town of Addison (2000 U.S. Census population of 14,166) to \$67 million in the City of Abilene (2000 U.S. Census population of 115,930). Estimates from most respondents were in the \$1 million to \$5 million range.

One entity, the City of Brownwood, reported that it already meets most of the requirements of the bill and therefore would have lower costs as a result of enactment than other affected local government entities.

**Source Agencies:** 582 Commission on Environmental Quality

**LBB Staff:** JOB, DB, TL