

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 11, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB2306 by Williams (Relating to rates and methods of depreciation applied to a retired class of property for regulated water utilities.), **As Passed 2nd House**

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

LBB Staff: JOB, SD, SZ, TL