

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 19, 2011

TO: Honorable Wayne Smith, Chair, House Committee on Environmental Regulation

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

IN RE: HB856 by Dutton (Relating to the powers and duties of the Texas Commission on Environmental Quality and other entities regarding water and sewer utilities.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would increase the number of days from 60 to 120 that a water or wastewater utility can have to provide notice of a rate increase. The bill would also provide a process by which a proposed rate increase would be suspended if enough protests are received to trigger a hearing. The bill would eliminate the option for a local regulatory authority to set interim rates. However, the bill would also provide for automatic approval of rates if a hearing is not set. The bill would also increase the time from 12 months to 36 months that a utility has to file an application for a rate change and require that the application be submitted no later than 60 months from the effective date of the last filing unless good cause for a delay can be shown.

The bill would also: repeal a current provision that allows a local regulatory authority to suspend the effective date of a rate change; repeal a provision which allows the establishment of escrow accounts; repeal a provision that authorizes interim rates; and repeal a provision which allows a regulatory authority to require refunds of money collected on a proposed rate before the rate was suspended or an interim rate was established.

None of the changes proposed by the bill are expected to result in a significant fiscal impact to the Texas Commission on Environmental Quality.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, SZ, TL