

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 21, 2011

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

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

IN RE: HB1223 by Workman (Relating to the procedures by which certain small water and sewer utilities may change rates.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would establish procedures for small water or sewer utilities with fewer than 1,000 taps or connections to change their water rates. A small utility would be required to seek customer approval for any rate increase through an election held using a prescribed method. If the increase is approved by the ratepayers, the Texas Commission on Environmental Quality (TCEQ) would be required to administratively certify the increase. If the rate increase is not approved by the ratepayers, the utility would be authorized to file a rate change with the TCEQ. If a hearing were held on the rate increase, the utility would not be authorized to recover rate case expenses. The bill also would require the TCEQ to appoint a public advocate to represent the ratepayers at a hearing. In addition, a utility would not be authorized to hold a rate election more than once in a 24-month period, unless the TCEQ would grant an exemption.

The TCEQ reports that the bill would expand its role with regard to rate hearings because the agency would be required to track the voting period for rate elections, determine the outcome of each rate election, and appoint a public advocate to represent ratepayers at rate hearings for small utilities. This estimate assumes that the public advocate position would be an additional expense to the agency. However, this estimate assumes that the cost would not be significant and could be absorbed using existing agency resources.

Local Government Impact

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

Source Agencies: 582 Commission on Environmental Quality

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