

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 10, 2011**

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

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

**IN RE: HB2400** by Miller, Doug (Relating to the powers and duties of the Texas Commission on Environmental Quality and other entities regarding water and sewer utilities and certain conservation and reclamation districts. ), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill makes various changes to rate regulation by the Texas Commission on Environmental Quality with respect to its regulatory authority over water and sewer utilities and conservation and reclamation districts. The bill would specify certain procedural elements which would need to be considered or included in a utility or district's proposal to set new fee rates on its customers.

The bill includes a provision for a new surcharge to offer a streamlined method for an investor owned utility (IOU) to request a rate/tariff change for capital or facility improvements up to twice every calendar year. Therefore, the TCEQ anticipates an increased number of rate applications to be filed by IOUs. This estimate assumes that additional costs to the agency relating to rate reviews and additional revenue collected for such purposes would not be significant.

**Local Government Impact**

For utilities operating within the city limits of a municipality, the municipality may experience increased costs and analysis associated with the review of rate filings under this provision; however, these costs are not anticipated to be significant.

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

**LBB Staff:** JOB, SZ, TL, KKR