

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 2, 2011

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: HB2435 by Deshotel (Relating to rate adjustments by gas utilities.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would provide that in establishing a gas utility's rates, a regulatory authority may approve a tariff or rate schedule in which the rate for gas utility service is adjusted based on changes in the gas utility's revenues, expenses, or investments. Rates and charges implemented pursuant to an agreement between a gas utility and a municipality would be presumed to be reasonable by the Railroad Commission.

Passage of the bill could result in additional rate cases being handled by the Railroad Commission. This estimate assumes that any additional workload and costs to the Railroad Commission resulting from the changes proposed by the bill could be handled using existing agency resources.

Local Government Impact

According to the Railroad Commission, approximately 1,200 municipalities share jurisdiction over natural gas utility rates with the Railroad Commission. It is possible that municipal governments would be affected in the same way as the Railroad Commission, and as a result, municipalities may incur costs associated with additional rate cases upon passage of the bill. However, this estimate assumes those costs would not be significant.

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, SZ, ZS, TL