

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 18, 2011

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

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

IN RE: SB635 by Nichols (Relating to the authority of the Texas Commission on Environmental Quality.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would allow the Texas Commission on Environmental Quality (TCEQ)'s executive director to establish interim rates in rate cases under the TCEQ's original and appellate jurisdiction. Under current law, the TCEQ commissioners are the only agency representatives authorized to establish interim rates.

Current law also allows a utility or water supply corporation to render retail water service without a Certificate of Convenience and Necessity (CCN) if the utility or water supply corporation has fewer than 15 potential connections. The bill would expand application of these exemptions to include sewer service.

The bill would authorize the TCEQ's Executive Director to approve contracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities. In addition, the bill would eliminate hearing requirements for dissolution of an inactive district and provides direct authority for the TCEQ's Executive Director to dissolve an inactive district and issue the dissolution order. The bill would also remove the requirement that a hearing be held prior to conversion of a district to a municipal utility district. The bill further provides direct authority for the TCEQ's Executive Director to enter an order converting a district to a municipal utility district. The bill would also repeal provisions requiring the TCEQ to provide notice of a district dissolution hearing and establish a date for a district conversion hearing.

No significant fiscal impact to the TCEQ is expected as a result of the bill's passage.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Any impact to local governments would likely be positive because the bill could reduce the time period for a local government waiting for an interim rate decision from the TCEQ.

Source Agencies: 582 Commission on Environmental Quality

LBB Staff: JOB, KKR, SZ, TL