

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 29, 2015

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1125 by González, Mary (Relating to a study on the availability of natural gas utility service.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1125, As Introduced: a negative impact of (\$531,520) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$458,520)
2017	(\$73,000)
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2016	(\$458,520)
2017	(\$73,000)
2018	\$0
2019	\$0
2020	\$0

Fiscal Analysis

The bill would result in a temporary provision requiring the Railroad Commission of Texas (RRC) to conduct a study on the availability of natural gas utility service, with criteria as described. The bill would require the RRC to issue a written report that includes the Commission's findings and recommendations relating to changes in policies, rules, and statutes necessary to provide for or expedite the extension of natural gas utility service to areas of this state that lack that service. The study would be conducted between September, 2015 and November, 2016 with the report issued no later than November 30, 2016.

The bill is effective September 1, 2015 and expires December 1, 2016.

Methodology

The RRC indicates it does not have the expertise required to conduct the study within the time frame specified in the legislation. The RRC reports that there are approximately 5.5 million residential locations without natural gas service spread throughout the state, and it is unknown how many of these locations simply do not have access to natural gas service or how many do have access and simply choose not to use it.

The RRC estimates that to obtain the information required by this legislation regarding locations and customers without gas service will be a technical, complex, and extensive undertaking would be a cost of \$531,520 in professional services and related costs from General Revenue, since this is not an authorized use of the General Revenue-Dedicated Oil and Gas Regulation and Cleanup Fund No. 5155.

The \$531,520 total cost of contracting the study required to implement the provisions of the bill include the following: 1) Economic Analysis - \$195,000 total - one (1) Senior Economist for 300 hours at \$300 per hour and one (1) Economic Analyst for 700 hours at \$150 per hour; 2) Demographic Analysis - \$40,000 total - one (1) Demographic Analyst for 200 hours at \$200 per hour; 3) Legal Analysis - \$15,000 total - one (1) Attorney for 50 hours at \$300 per hour; 4) Engineering Analysis - \$230,000 total - one (1) Senior Engineer for 300 hours at \$300 per hour and one (1) Engineering Analyst for 700 hours at \$200 per hour; 5) Travel and Miscellaneous Expenses - \$40,000; and 6) IT programming as listed under Technology, below - \$11,520.

Technology

ITS staff to produce reports from GIS data. Estimated effort is 2 months by a GIS analyst to gather and provide data to the vendor that RRC would commission to perform the study and produce the reports.

Local Government Impact

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

Source Agencies: 455 Railroad Commission

LBB Staff: UP, SZ, MW, TB