

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 7, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2775 by Cain (Relating to electricity service provided by certain municipally owned utilities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The Public Utility Commission anticipates that the costs associated with the bill's provisions relating to electricity service provided by certain municipally owned utilities could be absorbed using existing resources.

Local Government Impact

The City of Austin and Austin Energy anticipate the bill would result in continual review of Austin Energy rates, rather than as a result of a trigger mechanism such as a rate change. Austin Energy anticipates a significant fiscal impact of \$9.37 million in FY 2022, \$7.06 million in FY 2023, \$8.05 million in FY 2024, \$8.74 million in FY 2025, and \$9.64 million in FY 2025. The anticipated impact is due to new staff required, upgrading accounting software and support, outside consultants and attorneys, marketing and customer relations costs, an increased cost of debt due to a downgraded rating, and on-going staff costs excluding new staff.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: JMc, SMAT, MB, RRE, SZ, AF