

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 6, 2021

TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1650 by Perry (Relating to middle mile broadband service provided by an electric utility.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1650, As Introduced : a negative impact of (\$2,354,184) through the biennium ending August 31, 2023.

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

The bill relates to middle mile broadband service provided by an electric utility.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$1,177,092)
2023	(\$1,177,092)
2024	(\$1,177,092)
2025	(\$1,177,092)
2026	(\$1,177,092)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2021
2022	(\$1,177,092)	9.0
2023	(\$1,177,092)	9.0
2024	(\$1,177,092)	9.0
2025	(\$1,177,092)	9.0
2026	(\$1,177,092)	9.0

Fiscal Analysis

This bill would allow utilities to provide broadband facilities for Internet Service Providers to use to provide broadband services to end-use customers. The bill would require the Public Utility Commission (PUC) to develop oversight over the deployment of broadband services. The PUC would be required to approve plans for middle mile broadband installation and implementation.

Methodology

The PUC notes that currently, they do not have any oversight or involvement in the deployment of broadband services. In order to implement the provisions of the bill, the PUC anticipates it would need to hire additional engineering, legal, and accounting staff to review utility broadband plans for approval, conduct and participate in hearings, brief commissioners, and conduct rate cases. The PUC estimates that 2 engineers, 3 attorneys (2 in the Legal Division and 1 in the Office of Policy and Docket Management), 1 administrative law judge, and 2 financial examiners, would be needed to fulfill the requirements of the bill. Total annual costs of salaries for these eight full-time equivalents would be \$778,000, and other operating, equipment, retirement, and benefits costs would be \$291,876.

The Office of Public Utility Counsel (OPUC) anticipates to having to hire 1 FTE (Attorney III) to ensure that they can represent small and residential consumers adequately. This would cost \$107,216 annually.

Technology

The PUC notes that it cannot absorb the technology costs associated with hiring 8 additional FTEs. Each employee would require a laptop computer, which would add \$1,900 per employee to the PUC lease, creating a total annual cost for technology of \$15,200.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: JMc, AAL, MB, RRE, SMAT