

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 2, 2023

TO: Honorable Craig Goldman, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4117 by Turner (Relating to the adequacy of service provided by gas utilities.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4117, As Introduced : a negative impact of (\$4,562,195) through the biennium ending August 31, 2025.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$3,048,357)
2025	(\$1,513,838)
2026	(\$1,433,314)
2027	(\$1,352,790)
2028	(\$1,272,265)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$3,048,357)	8.0
2025	(\$1,513,838)	8.0
2026	(\$1,433,314)	8.0
2027	(\$1,352,790)	8.0
2028	(\$1,272,265)	8.0

Fiscal Analysis

The bill would require the Railroad Commission (RRC) to adopt adequate and reasonable standards, rules, regulations, and specifications for measuring services and to monitor the amounts of pipeline pressure maintained in distribution gas pipeline facilities.

**Methodology**

Based on information provided by the RRC, it is assumed that the agency would need eight FTEs, a new Information Technology system, vehicles, and equipment in order to complete necessary rulemaking and to establish a new program that is dedicated to monitoring pipeline pressure per the bill's provisions. According to the RRC, there were approximately 166,801 total pipeline miles, 122 gas distribution pipeline operators, and 2,266 pipeline systems in the state as of August 2022.

It is assumed that the identified FTEs would administer the new pressure monitoring program utilizing pressure reports submitted electronically by operators and then compiling the data frequently for study and review for regulatory compliance. One Project Manager IV would coordinate the program and seven Inspector VIs would be located across the state, one in each Pipeline Safety Region. The estimated salary and benefit costs from the General Revenue Fund total \$835,697 in fiscal year 2024 and \$877,892 each fiscal year after. The estimated one-time cost for seven trucks totals \$368,851. The annual travel expenses and operating expenses are estimated to total \$113,325 and \$120,000 respectively.

Information Technology costs from the General Revenue Fund for a new system to allow the program to implement the provisions of the bill are estimated to be \$1,610,484 in fiscal year 2024; \$402,621 in fiscal year 2025; \$332,097 in fiscal year 2026; \$241,573 in fiscal year 2027; and \$161,048 in fiscal year 2028. RRC anticipates that the new system would be needed to allow external users to submit data and RRC staff to revenue, track, and analyze data. The system would also access and supplement data from the Pipeline Safety Division.

**Technology**

The cost for the initial development of the new system would total \$1,610,484 in fiscal year 2024 with additional maintenance costs of \$402,621 in fiscal year 2025; \$332,097 in fiscal year 2026; \$241,573 in fiscal year 2027; and \$161,048 in fiscal year 2028.

**Local Government Impact**

The agency identifies a potential significant impact to affected gas distribution pipeline operators which could result in increased expenses related to equipment, salaries, and reporting requirements necessary to accomplish provisions of the bill that could be passed to customers. The extent of the fiscal impact cannot be determined.

**Source Agencies:** 455 Railroad Commission

**LBB Staff:** JMc, AF, MW, EJ, CMA