

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: HB4118 by Turner (Relating to service provided to residential customers by certain gas utilities during weather emergencies; authorizing a civil penalty.), **As Introduced**

The fiscal implications of the bill cannot be determined because the amounts and timing of any civil penalties to be assessed under the provisions of the bill are unknown.

The bill would direct the Railroad Commission (RRC) to require gas utilities that serve residential customers to provide an adequate amount of pipeline pressure to serve residential customers during an "extreme weather emergency." The bill would direct RRC to require gas utilities that violate this provision for at least six consecutive hours to provide \$100 rebates to residential customers for each six-hour period in which the violation continued. The bill would impose a civil penalty of \$1,000,000 for each violation. The bill would allow municipalities to file suit to recover the civil penalty if the gas utility is regulated by that municipality.

Based upon information provided by the Comptroller of Public Accounts, the fiscal impact of the bill cannot be estimated because the amounts and timing of any civil penalties to be assessed under the provisions of the bill are unknown.

Based upon information provided by the Railroad Commission, it is assumed that the agency's Market Oversight program would need one new FTE and a new system or added functionality to existing systems to carry out provisions of the bill. The FTE would assist RRC in activities related to investigating outages, identifying the duration and number of customers impacted by outages, calculating rebates, and reviewing compliance filings related to rebates to ensure they are provided in accordance with statute. The new system or added functionality to existing systems would track the pressure reported during weather emergencies, track outages, and process and track rebates. This system would access and supplement data from the agency's Oversight and Safety data. The total cost of salary, benefits, operating costs, and the initial development and maintenance of the Information Technology changes at the RRC are estimated to be \$2,104,778 in fiscal year 2024; \$640,880 in fiscal year 2025; \$542,856 in fiscal year 2026, \$444,832 in fiscal year 2027; and \$346,807 in fiscal year 2028.

Based on information provided by the Office of the Attorney General and the Office of Court Administration, it is assumed that cost associated with implementing the provisions of the bill could be absorbed within current resources.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time due to the timing and amount of suits filed by municipalities to recover civil penalties as well as the amount of penalties ultimately collected being unknown.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 455 Railroad Commission

LBB Staff: JMc, AF, MW, EJ, CSMI, HGR, JPA