

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 25, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2869 by Metcalf (Relating to a financing mechanism allowing electric utilities to obtain recovery of costs associated with a weather-related event or other natural disaster; granting authority to issue bonds.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2869, As Introduced: a negative impact of (\$1,380,770) through the biennium ending August 31, 2027.

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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$690,385)
2027	(\$690,385)
2028	(\$690,385)
2029	(\$690,385)
2030	(\$690,385)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$690,385)	3.0
2027	(\$690,385)	3.0
2028	(\$690,385)	3.0
2029	(\$690,385)	3.0
2030	(\$690,385)	3.0

Fiscal Analysis

The bill would amend Utilities Code to allow an electric utility to apply for securitization and the issuance of system restoration bond costs of \$50 million or more in a calendar year. The Public Utility Commission of Texas (PUC) would be required to issue an order within 150 days after the application is filed.

Methodology

Based on the analysis of the PUC, as the cost to rate payers increases as storm costs continue to rise after each

occurrence, more electric utilities will apply for a securitization of system restoration bond. This estimate assumes the agency would require 3.0 additional full time equivalents (FTE) positions to implement the provisions of the bill within the 150 days of filling. An Attorney III (\$115,500 per year with estimated benefits of \$32,825) position would be needed for case proceedings. A Financial Examiners IV-V position (\$100,000 per year with estimated benefits of \$28,420) would be needed for rate regulation pertaining to securitization of a bond. Lastly, an Engineer III-V position (\$115,500 per year with estimated benefits of \$32,825) would be needed for expertise and knowledge of electric utilities. Other associated costs include \$7,215 per year for payroll contributions, travel, and other operating expenses. This estimate also assumes PUC would require \$250,000 per year in professional fees and services to hire an outside financial advisor to provide market analysis on bond pricing.

Technology

PUC anticipates information technology expenditures of \$8,100 per year.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

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