

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 20, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1789 by Schwertner (Relating to electric service quality and reliability.), As Passed 2nd House

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1789, As Passed 2nd House: a negative impact of (\$1,815,310) 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> | <i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i> |
|--------------------|---------------------------------------------------------------------------------|
| 2026               | (\$907,655)                                                                     |
| 2027               | (\$907,655)                                                                     |
| 2028               | (\$907,655)                                                                     |
| 2029               | (\$907,655)                                                                     |
| 2030               | (\$907,655)                                                                     |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | <i>Probable Savings/(Cost) from General Revenue Fund 1</i> | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|------------------------------------------------------------|---------------------------------------------------------|
| 2026               | (\$907,655)                                                | 4.5                                                     |
| 2027               | (\$907,655)                                                | 4.5                                                     |
| 2028               | (\$907,655)                                                | 4.5                                                     |
| 2029               | (\$907,655)                                                | 4.5                                                     |
| 2030               | (\$907,655)                                                | 4.5                                                     |

Fiscal Analysis

This bill would amend the Utilities Code to require the Public Utility Commission of Texas (PUC) to establish structural integrity standards for transmission and distribution poles that apply to electric utilities, electric cooperatives, and municipally owned utilities. The standards must require pole inspections, establish a classification system, account for geographic and weather characteristics of the state, consider national guidelines and the characteristics of electric utility, municipally owned utility, and electric cooperative transmission and distribution systems throughout the state. Each entity must submit an annual report no later than May 1 of each year of their pole maintenance schedule and inspection results to PUC.

The bill would modify the System Average Interruption Duration Index (SAIDI)/ System Average Interruption

Frequency Index (SAIFI) threshold value for utilities' feeders and directs PUC to consider the duration of each interruption in the feeder's service in taking service quality enforcement action.

The bill would take effect on September 1, 2025.

### **Methodology**

Based on the analysis of the PUC, this estimate assumes the agency would require 4.5 additional full time equivalents (FTE) positions to implement the provisions of the bill.

An Attorney III (\$115,500 per year with estimated benefits of \$32,825) would be needed for initial and ongoing rule making and updating.

An additional 1.5 Engineers III-IV (\$115,500 per year with estimated benefits of \$32,825) would be needed to provide subject-matter expertise in the rulemaking process, to participate in the process to bring on a contractor to assist with the annual reviews, to monitor and provide oversight to the contractor, and to inventory issues and questions discovered during the report reviews.

Lastly, an additional Attorney III (\$115,500 per year with estimated benefits of \$32,825) and an Investigator IV-VI (\$90,000 per year with estimated benefits of \$25,578) would be needed for increased enforcement responsibilities with more fines being assessed against utilities, and to ensure utilities' adherence to the standards laid out by rule. Other associated costs include \$10,789 per year for payroll contributions, travel, and other operating expenses.

According to the PUC, the agency would need an additional \$250,000 per year for a contractor to review an estimated 165 annual reports.

### **Technology**

PUC anticipates information technology expenditures of \$12,150 per year.

### **Local Government Impact**

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

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** JMc, WP, JBel, RStu, GDZ