

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 18, 2005

TO: Honorable Phil King, Chair, House Committee on Regulated Industries

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1698 by Puente (relating to the authority of certain municipal electric utilities to invest funds held in a decommissioning trust.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would provide flexibility in how funds from the decommissioning of a nuclear power plant can be invested by certain municipalities. The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect on September 1, 2005.

Local Government Impact

The provisions of the bill would apply only to the cities of Austin and San Antonio. The resulting savings would vary. As an example, however, City Public Service (CPS) in San Antonio reports that assuming annual contributions to the decommissioning trust fund for an additional 23 years and a final decommissioning date of 2048, and assuming a return on investment of 8 percent versus the current 5.7 percent, the present value of future savings as a result of investing the CPS portion of the trust funds in equities would be \$60.9 million. The present value of future savings for the American Electric Power (AEP) portion of the fund would be an estimated \$10.7 million. According to San Antonio CPS, these savings would benefit ratepayers of both CPS and AEP.

Source Agencies:

LBB Staff: JOB, JRO, DLBa