

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 9, 2005

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

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

IN RE: SB1464 by Van de Putte (Relating to funds to be used for nuclear decommissioning purposes by electric utilities.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would provide flexibility in how funds from the decommissioning of a nuclear power plant can be invested by certain municipalities.

The Public Utility Commission indicates that any costs associated with the bill could be absorbed within existing resources.

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: 473 Public Utility Commission of Texas

LBB Staff: JOB, RB, JRO, DLBa