

AN ACT

relating to allowing a municipal electric utility to enter into hedging contracts for certain commodities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (a) and (d), Section 2256.0201, Government Code, are amended to read as follows:

(a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs [~~commodity futures~~] as a protection against loss due to price fluctuation.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this

S.B. No. 495

1 Act does not receive the vote necessary for immediate effect, this
2 Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 495 passed the Senate on
March 20, 2007, by the following vote: Yeas 29, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 495 passed the House on
April 3, 2007, by the following vote: Yeas 137, Nays 0, one
present not voting.

Chief Clerk of the House

Approved:

Date

Governor