

By: Van de Putte, Watson

S.B. No. 495

A BILL TO BE ENTITLED

AN ACT

1
2 relating to allowing a municipal electric utility to enter into
3 hedging contracts for certain commodities.

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

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

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

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

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

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