

1-1 By: Van de Putte, Watson S.B. No. 495
1-2 (In the Senate - Filed February 7, 2007; February 21, 2007,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 March 14, 2007, reported favorably by the following vote: Yeas 8,
1-5 Nays 0; March 14, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to allowing a municipal electric utility to enter into
1-9 hedging contracts for certain commodities.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsections (a) and (d), Section 2256.0201,
1-12 Government Code, are amended to read as follows:

1-13 (a) A municipality that owns a municipal electric utility
1-14 that is engaged in the distribution and sale of electric energy or
1-15 natural gas to the public may enter into a hedging contract and
1-16 related security and insurance agreements in relation to fuel oil,
1-17 natural gas, coal, nuclear fuel, and electric energy to protect
1-18 against loss due to price fluctuations. A hedging transaction must
1-19 comply with the regulations of the Commodity Futures Trading
1-20 Commission and the Securities and Exchange Commission. If there is
1-21 a conflict between the municipal charter of the municipality and
1-22 this chapter, this chapter prevails.

1-23 (d) In this section, "hedging" means the buying and selling
1-24 of fuel oil, natural gas, coal, nuclear fuel, and electric energy
1-25 futures or options or similar contracts on those commodities and
1-26 related transportation costs [~~commodity futures~~] as a protection
1-27 against loss due to price fluctuation.

1-28 SECTION 2. This Act takes effect immediately if it receives
1-29 a vote of two-thirds of all the members elected to each house, as
1-30 provided by Section 39, Article III, Texas Constitution. If this
1-31 Act does not receive the vote necessary for immediate effect, this
1-32 Act takes effect September 1, 2007.

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