

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: HB1386 by King, Phil (Relating to regulation of the decommissioning costs of certain nuclear-powered commercial electric generation units.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code relating to regulation of the decommissioning costs of certain nuclear-powered commercial electric generation units. The bill would require the Public Utility Commission (PUC) to establish the annual decommissioning funding for each nuclear generating unit over the span of the unit's operating license period, as established by the National Regulatory Commission (NRC).

The bill would require the PUC to conduct a proceeding to review the balance of each nuclear decommissioning trust and the projected amount of annual decommissioning funding at least once every three years, and at the conclusion of the proceeding, require the PUC to revise the annual decommissioning funding for a particular nuclear power plant. The bill would require the PUC to revoke a power generation company's registration if it fails to remit the balance of the annual decommissioning funding to the nuclear decommissioning trust and require the PUC, by rule, to provide guidelines for fund administrators and to ensure compliance with the requirements of the NRC.

The bill would require the PUC, by rule, to ensure adequate funds are deposited into the nuclear decommissioning trust on an annual basis, deposited funds are used in an appropriate manner, and funds are restricted specifically for the purpose of decommissioning the nuclear generating unit, including if the trust or nuclear generating unit is transferred to another person.

The bill would require the PUC to consider mechanisms to allow a power generation company to provide assurances to satisfy certain decommissioning requirements. The bill would require the PUC to investigate the development of a mechanism to ensure certain funds are obtained in a certain manner and require PUC to file certain legislative recommendations. This bill would also require the PUC to determine the credit worthiness of certain power generation companies, take certain actions in considering a petition seeking electric customer recourse, and determine the manner in which any shortfall in the actual costs of decommissioning a nuclear generating unit shall be recovered.

Based on the analysis of the PUC, it is estimated that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

This bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas

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