

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 27, 2007

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

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

IN RE: SB495 by Van de Putte (Relating to allowing a municipal electric utility to enter into hedging contracts for certain commodities.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Government Code by authorizing 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 to enter into a hedging contract and related security and insurance agreements in relation to coal and nuclear fuel. Under current statute, those municipalities may enter into hedging contracts for fuel oil, natural gas, and electric energy. The expansion of applicability would provide flexibility in resources used by the utilities and protection against financial loss due to price fluctuation in the use of those other energy resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: JOB, CL, JRO, DB