

By: Workman

H.B. No. 3958

A BILL TO BE ENTITLED

AN ACT

relating to limitations on the use of municipal electric system revenues by certain municipalities.

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

SECTION 1. Chapter 33, Utilities Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. LIMITATIONS ON THE USE OF MUNICIPAL ELECTRIC SYSTEM REVENUES BY CERTAIN MUNICIPALITIES.

Sec. 33.124. (a) This section applies only to a municipality with a population of less than 850,000 that is served by a municipally owned electric utility system with 400,000 or more customers.

(b) For purposes of this section, "revenues" means the total sales revenues of a municipal electric utility, and does not include revenues from pass-through fuel charges or power supply adjustment revenues.

(c) Notwithstanding any other law, including a municipal ordinance or provision of a municipal charter, the governing body of a municipality subject to this section shall use the revenues from its electric system for the sole purposes of (i) paying the direct costs of operating the system and (ii) transferring sums to the municipality to the extent permitted under Subsection (e) of this section. Except as otherwise authorized under Subsection (e) of this section, a municipality shall not spend, divert, allocate,

1 donate, or in any other manner use revenues from the utility for  
2 any purpose not explicitly authorized by this section.

3 (d) The direct costs of operating the electric system solely  
4 include the following:

5 (1) the cost of operating and maintaining the system,  
6 including but not limited to the cost of salaries and wages,  
7 employee benefits, vehicle purchases, vehicle maintenance, rents,  
8 legal services and facility maintenance;

9 (2) payments on indebtedness incurred by or on behalf  
10 of the system that is secured by revenues of the system, and the  
11 cost of replacing reserves required by agreements entered into by  
12 the governing body of the municipality in connection with the  
13 issuance of bonds or other indebtedness incurred by or on behalf of  
14 the system;

15 (3) reserves deemed necessary by the governing body of  
16 the municipality to maintain the financial and operational  
17 integrity of the system;

18 (4) a rate stabilization fund to minimize the impact  
19 of rate increases on customers of the system;

20 (5) the cost of capital improvements or equipment;  
21 and

22 (6) required payments to governmental units other than  
23 the municipality.

24 (e) The governing body of the municipality may transfer  
25 annually to the general fund of the municipality a sum not to exceed  
26 12 percent (12%) of the amount of the annual sales revenues of the  
27 system, as reported in the municipality's audited financial

1 statements for the preceding fiscal year.

2 (f) Not later than the first anniversary of the effective  
3 date of this Act, the governing body of the municipality shall  
4 establish and maintain a discrete system of accounts, books,  
5 financial statements, and reports for the municipal electric  
6 system that is separate from the accounts of the municipality and  
7 its other utilities, departments, and agencies.

8 SECTION 2. Sections 33.124 (c), (d), and (e), Utilities  
9 Code, as added by this Act, apply to all uses of revenues by the  
10 utility and general fund transfers made by the governing body of the  
11 municipality after the second anniversary of the effective date of  
12 this Act.

13 SECTION 3. This Act takes effect September 1, 2015.