

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 28, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB1926** by Kacal (Relating to the operations of a municipally owned utility or municipal power agency; affecting a provision that is subject to criminal penalties; providing authority to issue bonds.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would add a Subchapter to the Utilities Code relating to Municipal Power Agencies (MPA). Under the provisions of the bill, a utility or agency created under Chapter 163 would be required to obtain a certificate from the Public Utility Commission (PUC) before constructing or extending a transmission facility outside of the municipality. The bill would require PUC to adopt rules to provide exemptions to applications. The bill permits a municipality to recover payments through the utility's transmission rate in lieu of ad valorem taxes if certain conditions exist. The bill would add an alternative set of rules and regulations of which a MPA may be governed, if so chosen by the MPA. The bill permits a MPA to engage in wholesale transmission without restriction on the recipient. The bill would permit a MPA to issue public securities in order to finance electric facilities or improvements to facilities and to contract for the expenditure of proceeds from public securities. The bill outlines procedures for the dissolution of a MPA.

The bill would require an electric utility or municipally owned utility to obtain a certificate from the PUC before interconnecting a facility to the ERCOT transmission. The PUC would be required to adopt rules necessary to implement the subsection.

The bill would require PUC to plan for all transmission related to the incorporation of renewable energy in a manner consistent with the planning process for other types of generation resources. The bill provides exceptions.

The Office of Attorney General anticipates any legal work resulting from the passage of the bill could be reasonably absorbed within current resources. The Public Utility Commission indicates the costs associated with implementing the provisions of the bill could be reasonably absorbed within current resources.

**Local Government Impact**

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

**Source Agencies:** 302 Office of the Attorney General, 473 Public Utility Commission of

Texas, 475 Office of Public Utility Counsel

**LBB Staff:** UP, TBo, JLi, AG, SD, EK, SZ