

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

By: Kacal, Burkett, Flynn, Crownover, Button,  
et al.

H.B. No. 1926

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the governance of certain municipal power agencies;  
3 providing authority to issue bonds.

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

5 SECTION 1. Chapter 163, Utilities Code, is amended by  
6 adding Subchapter C-1 to read as follows:

7 SUBCHAPTER C-1. ALTERNATE GOVERNANCE FOR CERTAIN MUNICIPAL POWER  
8 AGENCIES

9 Sec. 163.071. DEFINITIONS. In this subchapter:

10 (1) "Agency" means a municipal power agency for which  
11 concurrent ordinances are adopted under Section 163.073.

12 (2) "Bond" includes a note, but does not include a  
13 nonnegotiable purchase money note issued under Section 163.067 or  
14 163.087.

15 (3) "Concurrent ordinance" means an ordinance or order  
16 adopted under this subchapter by all of the participating public  
17 entities of an agency.

18 (4) "Obligations" means revenue bonds or notes.

19 Sec. 163.072. CONSTRUCTION. This subchapter shall be  
20 liberally construed to carry out its purpose.

21 Sec. 163.073. APPLICABILITY; ALTERNATE GOVERNANCE. (a)  
22 This subchapter applies to a municipal power agency created by two  
23 or more public entities under Subchapter C or a predecessor  
24 statute, including an agency re-created under Section 163.055 or a

1 predecessor statute.

2 (b) The participating public entities of a municipal power  
3 agency may by concurrent ordinance elect to apply this subchapter  
4 to the agency as an alternative to Subchapter C.

5 (c) Concurrent ordinances described by this section must,  
6 as adopted by each public entity:

7 (1) contain identical provisions; and

8 (2) state that the public entity has elected that the  
9 agency shall, on and after the date designated in the ordinance, be  
10 governed by the provisions of this subchapter.

11 Sec. 163.074. CONFLICTS WITH OTHER LAW. This subchapter  
12 prevails to the extent of a conflict between this subchapter and any  
13 other law, including:

14 (1) a law regulating the affairs of a municipal  
15 corporation; or

16 (2) a home-rule charter provision.

17 Sec. 163.075. NATURE OF AGENCY. (a) An agency is a:

18 (1) separate municipal corporation;

19 (2) political subdivision of this state; and

20 (3) political entity and corporate body.

21 (b) An agency may not impose a tax but has all the other  
22 powers relating to municipally owned utilities and provided by law  
23 to a municipality that owns a public utility.

24 Sec. 163.076. ADDITION OR REMOVAL OF PUBLIC ENTITIES. (a)  
25 The public entities that created or re-created an agency may by  
26 concurrent ordinances:

27 (1) add a new public entity as a participating public

1 entity in the agency; or

2 (2) remove a public entity from participation in the  
3 agency.

4 (b) Concurrent ordinances described by this section must,  
5 as adopted by each public entity:

6 (1) contain identical provisions;

7 (2) define the boundaries of the agency to include the  
8 territory within the boundaries of each participating public  
9 entity;

10 (3) designate the name of the agency; and

11 (4) designate the number, place, terms, and manner of  
12 appointment of directors, as provided by Section 163.078.

13 (c) The public entities may not add or remove a public  
14 entity if the addition or removal will impair an agency obligation.

15 Sec. 163.077. ELECTION FOR ADDITION OF PUBLIC ENTITY. (a)  
16 Public entities may not adopt concurrent ordinances under Section  
17 163.076 adding a participating public entity unless the addition  
18 has been approved by a majority of the qualified voters of the  
19 additional public entity at an election called and held for that  
20 purpose.

21 (b) Notice of an election under this section shall be given  
22 in accordance with Section 1251.003, Government Code. The election  
23 shall be called and held in accordance with:

24 (1) the Election Code;

25 (2) Chapter 1251, Government Code; and

26 (3) this subchapter.

27 Sec. 163.078. BOARD OF DIRECTORS. (a) The agency shall be

1 governed by a board of directors.

2 (b) The board is responsible for the management, operation,  
3 and control of the property belonging to the agency.

4 (c) The board may by resolution delegate management or  
5 operational authority to an officer, employee, or committee of the  
6 agency, except that the delegation may not include legislative  
7 functions, including the sale or purchase of agency properties, the  
8 exercise of the power of eminent domain, the adoption or amendment  
9 of budgets and rates, or the issuance of debt. The board may repeal  
10 a resolution delegating management or operational authority:

11 (1) if the board is composed of six or more directors,  
12 by the affirmative vote of six directors, including the affirmative  
13 vote of at least one director appointed by each participating  
14 public entity; or

15 (2) if the board is composed of fewer than six  
16 directors, by the affirmative vote of at least one director  
17 appointed by each participating public entity.

18 (d) The board must include at least four directors. Each  
19 director must be appointed by place by the governing bodies of the  
20 participating public entities. Each participating public entity is  
21 entitled to appoint at least one director.

22 (e) Directors must serve staggered terms. Successor  
23 directors are appointed in the same manner as the original  
24 appointees.

25 (f) To qualify to serve as a director, when the person takes  
26 the constitutional oath of office, the person must be:

27 (1) a qualified voter and reside in the boundaries of



1 the appointing public entity;

2 (2) an employee, officer, or member of the governing  
3 body of the appointing public entity; or

4 (3) a retail electric customer of the appointing  
5 public entity.

6 (g) Except as provided by Subsections (h) and (i), an  
7 employee, officer, or member of the governing body of a  
8 participating public entity serving as a director may not have a  
9 personal interest in a contract executed by the agency other than as  
10 an employee, officer, or member of the governing body of the public  
11 entity.

12 (h) An employee, officer, or member of the governing body of  
13 a participating public entity serving as a director is considered  
14 to be a local public official for the purposes of Chapter 171, Local  
15 Government Code.

16 (i) An agency and a participating public entity are  
17 considered to be political subdivisions for the purposes of Section  
18 131.903, Local Government Code.

19 (j) Directors serve without compensation. A director who is  
20 an employee, officer, or member of the governing body of a  
21 participating public entity may continue to receive from the public  
22 entity the compensation associated with the office or employment.

23 (k) A director serves at the discretion of the appointing  
24 public entity. The governing body of a public entity that appoints a  
25 director may remove the director from office at any time with or  
26 without cause. The governing body shall promptly appoint a new  
27 director to serve the remainder of the unexpired term of the removed

1 director.

2 Sec. 163.079. SEPARATE BOARDS OF DIRECTORS. (a) The public  
3 entities that created or re-created an agency may amend the  
4 creating concurrent ordinances to provide for the agency to be  
5 governed by one board of directors for the agency's generation  
6 system and another board of directors for the agency's transmission  
7 system.

8 (b) The concurrent ordinances as amended must contain  
9 identical provisions.

10 (c) Section 163.078 applies to the separate boards and to  
11 the directors of the separate boards, except that:

12 (1) there is no minimum number of directors for a board  
13 established under this section;

14 (2) each participating public entity is not entitled  
15 to appoint a director to each board of an agency; and

16 (3) the repeal of a resolution under Section  
17 163.078(c) does not require approval by at least one director  
18 appointed by each participating public entity.

19 (d) Separate boards established under this section are not  
20 required to have the same number of directors.

21 Sec. 163.080. POWERS. (a) An agency may not engage in any  
22 utility business other than:

23 (1) the generation and sale or exchange of electric  
24 energy to:

25 (A) a participating public entity; or

26 (B) a private entity that owns jointly with the  
27 agency an electric generating facility in this state; or

1           (2) the provision of wholesale transmission service  
2 under Chapter 35.

3           (b) The agency may:

4           (1) perform any act necessary to the full exercise of  
5 the agency's powers;

6           (2) enter into a contract, lease, or agreement with or  
7 accept a grant or loan from a:

8                   (A) department or agency of the United States;

9                   (B) department, agency, or political subdivision  
10 of this state; or

11                   (C) public or private person;

12           (3) use the uniform system of accounts prescribed for  
13 utilities and licenses by the Federal Energy Regulatory Commission;  
14 and

15           (4) adopt rules to govern the operation of the agency  
16 and its employees, facilities, and service.

17           (c) The agency may sell, lease, convey, or otherwise dispose  
18 of any right, interest, or property of the agency, including its  
19 electric facilities. A sale, lease, conveyance, or other  
20 disposition having a value of more than \$10 million shall require  
21 prior approval of each participating public entity, unless the  
22 public entities have agreed otherwise by written contract or the  
23 property was purchased by the agency for mining purposes.

24           (d) After September 1, 2015, and subject to exceptions to  
25 certification requirements in Chapter 37 and commission rules, a  
26 certificate under Chapter 37 is required for the construction,  
27 installation, or extension of a transmission facility by the agency

1 outside the certificated service areas of the participating public  
2 entities or the agency's boundaries, which, for purposes of this  
3 subsection, are the certificated service areas of the participating  
4 public entities.

5 Sec. 163.081. CONSTRUCTION CONTRACTS. (a) Except as  
6 provided by Subsection (c), an agency may award a contract for  
7 construction of an improvement that involves the expenditure of  
8 more than \$20,000 only on the basis of competitive bids.

9 (b) The agency shall publish notice of intent to receive  
10 bids once a week for two consecutive weeks in a newspaper of general  
11 circulation in this state. The first publication must appear  
12 before the 14th day before the date bids are to be received.

13 (c) An entity that has joint ownership of the improvement to  
14 be constructed or that is an agent of a joint owner shall award a  
15 contract using the entity's contracting procedures.

16 Sec. 163.082. SALE OR EXCHANGE OF ELECTRIC ENERGY. (a) An  
17 agency may participate through appropriate contracts in power  
18 pooling and power exchange agreements with other entities through  
19 direct or indirect system interconnections.

20 (b) An entity that participates with an agency under this  
21 section may:

- 22 (1) purchase electric energy from the agency;  
23 (2) sell or dispose of electric energy to the agency;

24 or

- 25 (3) exchange electric energy with the agency.

26 (c) An entity payment for electric energy purchased from the  
27 agency is an operating expense of the entity's electric system.

1       (d) An agency contract to sell or exchange electric energy  
2 may require the purchaser to pay for the electric energy regardless  
3 of whether the electric energy is produced or delivered.

4       Sec. 163.083. RATES AND CHARGES. (a) An agency may  
5 establish and maintain rates and charges for electric power and  
6 energy the agency delivers, transmits, or exchanges. The rates and  
7 charges must:

8           (1) be reasonable and in accordance with prudent  
9 utility practices;

10          (2) be based on periodic cost of service studies and  
11 subject to modification, unless such a basis for rates and charges  
12 is waived by the purchaser by contract; and

13          (3) be developed to recover the agency's cost of  
14 producing and transmitting the electric power and energy, as  
15 applicable, which cost must include the amortization of capital  
16 investment.

17       (b) Notwithstanding Subsection (a), this state reserves its  
18 power to regulate an agency's rates and charges for electric energy  
19 supplied by the agency's facilities.

20       (c) Until obligations issued under this chapter have been  
21 paid and discharged, with all interest on the obligations, interest  
22 on unpaid interest installments on the obligations, and other  
23 connected and incurred costs or expenses, this state pledges to and  
24 agrees with the purchasers and successive holders of the  
25 obligations that it will not:

26           (1) limit or alter the power of an agency to establish  
27 and collect rates and charges under this section sufficient to pay:

1           (A) necessary operational and maintenance  
2 expenses;

3           (B) interest and principal on obligations issued  
4 by the agency;

5           (C) sinking funds and reserve fund payments; and

6           (D) other charges necessary to fulfill the terms  
7 of any agreement; or

8           (2) take any action that will impair the rights or  
9 remedies of the holders of the obligations.

10           Sec. 163.084. REVENUE BONDS. (a) The agency may issue  
11 revenue bonds to accomplish the purposes of the agency.

12           (b) The agency may pledge to the payment of the obligations  
13 the revenues of all or part of its electric facilities, including  
14 facilities acquired after the obligations are issued. However,  
15 operating and maintenance expenses, including salaries and labor,  
16 materials, and repairs of electric facilities necessary to render  
17 efficient service constitute a first lien on and charge against the  
18 pledged revenue.

19           (c) The agency may set aside from the proceeds from the sale  
20 of the obligations amounts for payment into the interest and  
21 sinking fund and reserve fund, and for interest and operating  
22 expenses during construction and development, as specified in the  
23 proceedings authorizing the obligations.

24           (d) Obligation proceeds may be invested, pending their use,  
25 in securities, interest-bearing certificates, or time deposits as  
26 specified in the authorizing proceedings.

27           (e) Agency obligations are authorized investments for:

- 1           (1) a bank;
- 2           (2) a savings bank;
- 3           (3) a trust company;
- 4           (4) a savings and loan association; and
- 5           (5) an insurance company.

6           (f) The obligations, when accompanied by all appurtenant,  
7 unmatured coupons and to the extent of the lesser of their face  
8 value or market value, are eligible to secure the deposit of public  
9 funds of this state, a political subdivision of this state, and any  
10 other political corporation of this state.

11           Sec. 163.085. REFUNDING BONDS. The agency may issue  
12 refunding bonds.

13           Sec. 163.086. ISSUANCE, FORM, AND PROVISIONS OF BONDS. (a)  
14 Agency bonds that are payable from agency revenues or anticipated  
15 bond proceeds and the records relating to their issuance must be  
16 submitted to the attorney general for examination before delivery.

17           (b) The bonds:

18                   (1) must mature serially or otherwise not more than 50  
19 years after the date of issuance;

20                   (2) may be made redeemable before maturity at the time  
21 and at the price or prices set by the agency; and

22                   (3) may be sold at public or private sale under the  
23 terms and for the price the agency determines to be in the best  
24 interest of the agency.

25           (c) The bonds must be signed by the presiding officer or  
26 assistant presiding officer of the agency, be attested by the  
27 secretary, and bear the seal of the agency. The signatures may be

1 printed on the bonds if authorized by the agency, and the seal may  
2 be impressed or printed on the bonds. The agency may adopt or use  
3 for any purpose the signature of an individual who has been an  
4 officer of the agency, regardless of whether the individual has  
5 ceased to be an officer at the time the bonds are delivered to the  
6 purchaser.

7 Sec. 163.087. NONNEGOTIABLE PURCHASE MONEY NOTES. (a) The  
8 agency may issue nonnegotiable purchase money notes to acquire land  
9 or fuel resources.

10 (b) Nonnegotiable purchase money notes are:

11 (1) payable in installments;

12 (2) secured by the property acquired with the notes or  
13 other collateral the agency substitutes; and

14 (3) not a security or agency obligation.

15 (c) Nonnegotiable purchase money notes may be further  
16 secured by a promise to issue bonds or bond anticipation notes to  
17 pay the purchase money notes.

18 Sec. 163.088. BOND ANTICIPATION NOTES. (a) The agency may  
19 issue bond anticipation notes:

20 (1) for any purpose for which the agency may issue  
21 bonds; or

22 (2) to refund previously issued bond anticipation  
23 notes or nonnegotiable purchase money notes.

24 (b) Bond anticipation notes are subject to the limitations  
25 and conditions prescribed by this subchapter for bonds.

26 (c) The agency may contract with purchasers of bond  
27 anticipation notes that the proceeds of one or more series of bonds



1 will be used to pay or refund the notes.

2 Sec. 163.089. PUBLIC SECURITIES. (a) It is a public purpose  
3 for a public entity that has participated in the creation of an  
4 agency to pay costs of planning, acquisition, construction,  
5 ownership, operation, and maintenance of electric facilities.

6 (b) A public entity may issue public securities, as defined  
7 by Section 1201.002(2), Government Code, including bonds, notes, or  
8 other forms of indebtedness, in the principal amount approved by  
9 the governing body of the public entity, for the purpose of  
10 financing electric facilities or improvements to electric  
11 facilities to be owned or operated by the agency or otherwise in  
12 furtherance of a purpose described by this section.

13 (c) A public entity and an agency may agree in a contract, or  
14 by other official action of the public entity and agency, to terms  
15 and conditions governing the use by the agency of the proceeds of  
16 the public securities issued by a public entity for a purpose  
17 described by this section.

18 (d) A contract or other official action described by  
19 Subsection (c) may include provisions with respect to, and  
20 conclusively establish sufficient consideration for, the use of the  
21 proceeds. The consideration may include the right to:

22 (1) use the financed facilities or portions of the  
23 facilities;

24 (2) receive output from the financed facilities; or

25 (3) receive an ownership interest in the financed  
26 facilities upon the dissolution of the agency or an undivided  
27 interest in the financed facilities at the time a public entity

1 funds facility improvements.

2 (e) A contract or other official action described by  
3 Subsection (c) may contain other terms and extend for any period on  
4 which all of the parties agree.

5 (f) A public security issued for the purposes described by  
6 this section may include:

7 (1) debt obligations issued in accordance with Chapter  
8 1207, 1331, 1371, 1431, or 1502, Government Code, or Chapter 271,  
9 Local Government Code; or

10 (2) other types or forms of debt that the public entity  
11 is authorized to issue.

12 (g) Each participating public entity may exercise any power  
13 of an issuer under Chapter 1371, Government Code.

14 Sec. 163.090. DISSOLUTION. (a) The participating public  
15 entities of an agency may by concurrent ordinance dissolve the  
16 agency.

17 (b) Concurrent ordinances dissolving an agency must:

18 (1) contain identical provisions;

19 (2) state that the agency will be dissolved upon the  
20 winding up of agency affairs;

21 (3) direct the board or boards of the agency to wind up  
22 the business and affairs of the agency and to inform the  
23 participating public entities by resolution when the winding up of  
24 the business and affairs of the agency is complete; and

25 (4) state the date on which the dissolution takes  
26 effect, provided that the date provides sufficient time for the  
27 board or boards of the agency to wind up agency affairs.

1       (c) The participating public entities may not dissolve an  
2 agency if the dissolution will impair the rights or remedies of  
3 holders of obligations issued by the agency.

4       (d) The dissolved agency continues to exist to:

5           (1) satisfy existing liabilities or obligations;

6           (2) collect, distribute, or liquidate its assets; and

7           (3) take any other action required to adjust and wind  
8 up its business and affairs.

9       (e) The assets of the dissolved agency that remain after all  
10 liabilities or obligations of the agency have been satisfied shall  
11 be distributed to the public entities that created the agency. The  
12 public entities shall establish the method of distribution by  
13 agreement.

14       (f) An agreement between a public entity and an agency  
15 entered into before September 1, 2015, regarding the distribution  
16 of the agency's assets after dissolution is enforceable according  
17 to the terms of the agreement, regardless of a provision to the  
18 contrary in this subchapter.

19       SECTION 2. This Act takes effect September 1, 2015.

# ADOPTED

MAY 24 2015

*Atty. Gen.*  
Secretary of the Senate

By: Fraser

H.B. No. 1926

Substitute the following for H.B. No. 1926:

By: [Signature]

C.S.H.B. No. 1926

## A BILL TO BE ENTITLED

### AN ACT

1  
2 relating to the operations of a municipally owned utility or  
3 municipal power agency; affecting a provision that is subject to  
4 criminal penalties; providing authority to issue bonds.

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

6 SECTION 1. Section 37.051, Utilities Code, is amended by  
7 adding Subsections (g) and (h) to read as follows:

8 (g) A municipally owned utility or a municipal power agency  
9 created under Chapter 163 may not directly or indirectly construct,  
10 install, or extend a transmission facility outside of the municipal  
11 boundaries of the municipality that owns the municipally owned  
12 utility, or the power agency's boundaries, which for the purposes  
13 of this subsection consist of the municipal boundaries of the  
14 participating public entities, unless the municipally owned  
15 utility or power agency first obtains from the commission, through  
16 the application process provided by Section 37.053, a certificate  
17 that states that the public convenience and necessity requires or  
18 will require the transmission facility. Section 37.056 applies to  
19 an application under this subsection. This subsection does not  
20 apply to a transmission facility placed in service after September  
21 1, 2015, that is developed to interconnect a new natural gas  
22 generation facility to the ERCOT transmission grid and for which,  
23 on or before January 1, 2015, a municipally owned utility was  
24 contractually obligated to purchase at least 190 megawatts of

1 capacity.

2 (h) The commission shall adopt rules as necessary to provide  
3 exemptions to the application of Subsection (g) that are similar to  
4 the exemptions to the application of this section to an electric  
5 utility, including exemptions for:

6 (1) upgrades to an existing transmission line that do  
7 not require any additional land, right-of-way, easement, or other  
8 property not owned by the municipally owned utility; and

9 (2) the construction, installation, or extension of a  
10 transmission facility that is entirely located not more than 10  
11 miles outside of a municipally owned utility's certificated service  
12 area that occurs before September 1, 2021.

13 SECTION 2. Subchapter A, Chapter 35, Utilities Code, is  
14 amended by adding Section 35.009 to read as follows:

15 Sec. 35.009. AMOUNTS PAID IN LIEU OF AD VALOREM TAXES FOR  
16 CERTAIN FACILITIES. A municipally owned utility that is required  
17 to apply for a certificate of public convenience and necessity to  
18 construct, install, or extend a transmission facility within ERCOT  
19 under Chapter 37 is entitled to recover, through the utility's  
20 wholesale transmission rate, reasonable payments made to a taxing  
21 entity in lieu of ad valorem taxes on that transmission facility,  
22 provided that:

23 (1) the utility enters into a written agreement with  
24 the governing body of the taxing entity related to the payments;

25 (2) the amount paid is the same as the amount the  
26 utility would have to pay to the taxing entity on that transmission  
27 facility if the facility were subject to ad valorem taxation;



1 agency may by concurrent ordinance elect to apply this subchapter  
2 to the agency as an alternative to Subchapter C.

3 (c) Concurrent ordinances described by this section must,  
4 as adopted by each public entity:

5 (1) contain identical provisions; and

6 (2) state that the public entity has elected that the  
7 agency shall, on and after the date designated in the ordinance, be  
8 governed by the provisions of this subchapter.

9 Sec. 163.074. CONFLICTS WITH OTHER LAW. This subchapter  
10 prevails to the extent of a conflict between this subchapter and any  
11 other law, including:

12 (1) a law regulating the affairs of a municipal  
13 corporation; or

14 (2) a home-rule charter provision.

15 Sec. 163.075. NATURE OF AGENCY. (a) An agency is a:

16 (1) separate municipal corporation;

17 (2) political subdivision of this state; and

18 (3) political entity and corporate body.

19 (b) An agency may not impose a tax but has all the other  
20 powers relating to municipally owned utilities and provided by law  
21 to a municipality that owns a public utility.

22 Sec. 163.076. ADDITION OR REMOVAL OF PUBLIC ENTITIES.

23 (a) The public entities that created or re-created an agency may  
24 by concurrent ordinances:

25 (1) add a new public entity as a participating public  
26 entity in the agency; or

27 (2) remove a public entity from participation in the

1 agency.

2 (b) Concurrent ordinances described by this section must,  
3 as adopted by each public entity:

4 (1) contain identical provisions;

5 (2) define the boundaries of the agency to include the  
6 territory within the boundaries of each participating public  
7 entity;

8 (3) designate the name of the agency; and

9 (4) designate the number, place, terms, and manner of  
10 appointment of directors, as provided by Section 163.078.

11 (c) The public entities may not add or remove a public  
12 entity if the addition or removal will impair an agency obligation.

13 Sec. 163.077. ELECTION FOR ADDITION OF PUBLIC ENTITY.

14 (a) Public entities may not adopt concurrent ordinances under  
15 Section 163.076 adding a participating public entity unless the  
16 addition has been approved by a majority of the qualified voters of  
17 the additional public entity at an election called and held for that  
18 purpose.

19 (b) Notice of an election under this section shall be given  
20 in accordance with Section 1251.003, Government Code. The election  
21 shall be called and held in accordance with:

22 (1) the Election Code;

23 (2) Chapter 1251, Government Code; and

24 (3) this subchapter.

25 Sec. 163.078. BOARD OF DIRECTORS. (a) The agency shall be  
26 governed by a board of directors.

27 (b) The board is responsible for the management, operation,



1 and control of the property belonging to the agency.

2 (c) The board may by resolution delegate management or  
3 operational authority to an officer, employee, or committee of the  
4 agency, except that the delegation may not include legislative  
5 functions, including the sale or purchase of agency properties, the  
6 exercise of the power of eminent domain, the adoption or amendment  
7 of budgets and rates, or the issuance of debt. The board may repeal  
8 a resolution delegating management or operational authority:

9 (1) if the board is composed of six or more directors,  
10 by the affirmative vote of six directors, including the affirmative  
11 vote of at least one director appointed by each participating  
12 public entity; or

13 (2) if the board is composed of fewer than six  
14 directors, by the affirmative vote of at least one director  
15 appointed by each participating public entity.

16 (d) The board must include at least four directors. Each  
17 director must be appointed by place by the governing bodies of the  
18 participating public entities. Each participating public entity is  
19 entitled to appoint at least one director.

20 (e) Directors must serve staggered terms. Successor  
21 directors are appointed in the same manner as the original  
22 appointees.

23 (f) To qualify to serve as a director, when the person takes  
24 the constitutional oath of office, the person must be:

25 (1) a qualified voter and reside in the boundaries of  
26 the appointing public entity;

27 (2) an employee, officer, or member of the governing

1 body of the appointing public entity; or

2 (3) a retail electric customer of the appointing  
3 public entity.

4 (g) Except as provided by Subsections (h) and (i), an  
5 employee, officer, or member of the governing body of a  
6 participating public entity serving as a director may not have a  
7 personal interest in a contract executed by the agency other than as  
8 an employee, officer, or member of the governing body of the public  
9 entity.

10 (h) An employee, officer, or member of the governing body of  
11 a participating public entity serving as a director is considered  
12 to be a local public official for the purposes of Chapter 171, Local  
13 Government Code.

14 (i) An agency and a participating public entity are  
15 considered to be political subdivisions for the purposes of Section  
16 131.903, Local Government Code.

17 (j) Directors serve without compensation. A director who is  
18 an employee, officer, or member of the governing body of a  
19 participating public entity may continue to receive from the public  
20 entity the compensation associated with the office or employment.

21 (k) A director serves at the discretion of the appointing  
22 public entity. The governing body of a public entity that appoints  
23 a director may remove the director from office at any time with or  
24 without cause. The governing body shall promptly appoint a new  
25 director to serve the remainder of the unexpired term of the removed  
26 director.

27 Sec. 163.079. SEPARATE BOARDS OF DIRECTORS. (a) The

1 public entities that created or re-created an agency may amend the  
2 creating concurrent ordinances to provide for the agency to be  
3 governed by one board of directors for the agency's generation  
4 system and another board of directors for the agency's transmission  
5 system.

6 (b) The concurrent ordinances as amended must contain  
7 identical provisions.

8 (c) Section 163.078 applies to the separate boards and to  
9 the directors of the separate boards, except that:

10 (1) there is no minimum number of directors for a board  
11 established under this section;

12 (2) each participating public entity is not entitled  
13 to appoint a director to each board of an agency; and

14 (3) the repeal of a resolution under Section  
15 163.078(c) does not require approval by at least one director  
16 appointed by each participating public entity.

17 (d) Separate boards established under this section are not  
18 required to have the same number of directors.

19 Sec. 163.080. POWERS. (a) An agency may not engage in any  
20 utility business other than:

21 (1) the generation and sale or exchange of electric  
22 energy to:

23 (A) a participating public entity; or

24 (B) a private entity that owns jointly with the  
25 agency an electric generating facility in this state; or

26 (2) the provision of wholesale transmission service  
27 under Chapter 35.

1           (b) The agency may:

2                   (1) perform any act necessary to the full exercise of  
3 the agency's powers;

4                   (2) enter into a contract, lease, or agreement with or  
5 accept a grant or loan from a:

6                           (A) department or agency of the United States;

7                           (B) department, agency, or political subdivision  
8 of this state; or

9                           (C) public or private person;

10                   (3) use the uniform system of accounts prescribed for  
11 utilities and licenses by the Federal Energy Regulatory Commission;  
12 and

13                   (4) adopt rules to govern the operation of the agency  
14 and its employees, facilities, and service.

15           (c) The agency may sell, lease, convey, or otherwise dispose  
16 of any right, interest, or property of the agency, including its  
17 electric facilities. A sale, lease, conveyance, or other  
18 disposition having a value of more than \$10 million shall require  
19 prior approval of each participating public entity, unless the  
20 public entities have agreed otherwise by written contract or the  
21 property was purchased by the agency for mining purposes.

22           Sec. 163.081. CONSTRUCTION CONTRACTS. (a) Except as  
23 provided by Subsection (c), an agency may award a contract for  
24 construction of an improvement that involves the expenditure of  
25 more than \$20,000 only on the basis of competitive bids.

26           (b) The agency shall publish notice of intent to receive  
27 bids once a week for two consecutive weeks in a newspaper of general

1 circulation in this state. The first publication must appear  
2 before the 14th day before the date bids are to be received.

3 (c) An entity that has joint ownership of the improvement to  
4 be constructed or that is an agent of a joint owner shall award a  
5 contract using the entity's contracting procedures.

6 Sec. 163.082. SALE OR EXCHANGE OF ELECTRIC ENERGY. (a) An  
7 agency may participate through appropriate contracts in power  
8 pooling and power exchange agreements with other entities through  
9 direct or indirect system interconnections.

10 (b) An entity that participates with an agency under this  
11 section may:

12 (1) purchase electric energy from the agency;

13 (2) sell or dispose of electric energy to the agency;

14 or

15 (3) exchange electric energy with the agency.

16 (c) An entity payment for electric energy purchased from the  
17 agency is an operating expense of the entity's electric system.

18 (d) An agency contract to sell or exchange electric energy  
19 may require the purchaser to pay for the electric energy regardless  
20 of whether the electric energy is produced or delivered.

21 Sec. 163.083. RATES AND CHARGES. (a) An agency may  
22 establish and maintain rates and charges for electric power and  
23 energy the agency delivers, transmits, or exchanges. The rates and  
24 charges must:

25 (1) be reasonable and in accordance with prudent  
26 utility practices;

27 (2) be based on periodic cost of service studies and

1 subject to modification, unless such a basis for rates and charges  
2 is waived by the purchaser by contract; and

3 (3) be developed to recover the agency's cost of  
4 producing and transmitting the electric power and energy, as  
5 applicable, which cost must include the amortization of capital  
6 investment.

7 (b) Notwithstanding Subsection (a), this state reserves its  
8 power to regulate an agency's rates and charges for electric energy  
9 supplied by the agency's facilities.

10 (c) Until obligations issued under this chapter have been  
11 paid and discharged, with all interest on the obligations, interest  
12 on unpaid interest installments on the obligations, and other  
13 connected and incurred costs or expenses, this state pledges to and  
14 agrees with the purchasers and successive holders of the  
15 obligations that it will not:

16 (1) limit or alter the power of an agency to establish  
17 and collect rates and charges under this section sufficient to pay:

18 (A) necessary operational and maintenance  
19 expenses;

20 (B) interest and principal on obligations issued  
21 by the agency;

22 (C) sinking funds and reserve fund payments; and

23 (D) other charges necessary to fulfill the terms  
24 of any agreement; or

25 (2) take any action that will impair the rights or  
26 remedies of the holders of the obligations.

27 Sec. 163.084. REVENUE BONDS. (a) The agency may issue

1 revenue bonds to accomplish the purposes of the agency.

2 (b) The agency may pledge to the payment of the obligations  
3 the revenues of all or part of its electric facilities, including  
4 facilities acquired after the obligations are issued. However,  
5 operating and maintenance expenses, including salaries and labor,  
6 materials, and repairs of electric facilities necessary to render  
7 efficient service, constitute a first lien on and charge against  
8 the pledged revenue.

9 (c) The agency may set aside from the proceeds from the sale  
10 of the obligations amounts for payment into the interest and  
11 sinking fund and reserve fund, and for interest and operating  
12 expenses during construction and development, as specified in the  
13 proceedings authorizing the obligations.

14 (d) Obligation proceeds may be invested, pending their use,  
15 in securities, interest-bearing certificates, or time deposits as  
16 specified in the authorizing proceedings.

17 (e) Agency obligations are authorized investments for:

18 (1) a bank;

19 (2) a savings bank;

20 (3) a trust company;

21 (4) a savings and loan association; and

22 (5) an insurance company.

23 (f) The obligations, when accompanied by all appurtenant,  
24 unmatured coupons and to the extent of the lesser of their face  
25 value or market value, are eligible to secure the deposit of public  
26 funds of this state, a political subdivision of this state, and any  
27 other political corporation of this state.

1           Sec. 163.085. REFUNDING BONDS. The agency may issue  
2 refunding bonds.

3           Sec. 163.086. ISSUANCE, FORM, AND PROVISIONS OF BONDS.

4 (a) Agency bonds that are payable from agency revenues or  
5 anticipated bond proceeds and the records relating to their  
6 issuance must be submitted to the attorney general for examination  
7 before delivery.

8           (b) The bonds:

9                 (1) must mature serially or otherwise not more than 50  
10 years after the date of issuance;

11                 (2) may be made redeemable before maturity at the time  
12 and at the price or prices set by the agency; and

13                 (3) may be sold at public or private sale under the  
14 terms and for the price the agency determines to be in the best  
15 interest of the agency.

16           (c) The bonds must be signed by the presiding officer or  
17 assistant presiding officer of the agency, be attested by the  
18 secretary, and bear the seal of the agency. The signatures may be  
19 printed on the bonds if authorized by the agency, and the seal may  
20 be impressed or printed on the bonds. The agency may adopt or use  
21 for any purpose the signature of an individual who has been an  
22 officer of the agency, regardless of whether the individual has  
23 ceased to be an officer at the time the bonds are delivered to the  
24 purchaser.

25           Sec. 163.087. NONNEGOTIABLE PURCHASE MONEY NOTES. (a) The  
26 agency may issue nonnegotiable purchase money notes to acquire land  
27 or fuel resources.



1           (b) Nonnegotiable purchase money notes are:

2                   (1) payable in installments;

3                   (2) secured by the property acquired with the notes or  
4 other collateral the agency substitutes; and

5                   (3) not a security or agency obligation.

6           (c) Nonnegotiable purchase money notes may be further  
7 secured by a promise to issue bonds or bond anticipation notes to  
8 pay the purchase money notes.

9           Sec. 163.088. BOND ANTICIPATION NOTES. (a) The agency may  
10 issue bond anticipation notes:

11                   (1) for any purpose for which the agency may issue  
12 bonds; or

13                   (2) to refund previously issued bond anticipation  
14 notes or nonnegotiable purchase money notes.

15           (b) Bond anticipation notes are subject to the limitations  
16 and conditions prescribed by this subchapter for bonds.

17           (c) The agency may contract with purchasers of bond  
18 anticipation notes that the proceeds of one or more series of bonds  
19 will be used to pay or refund the notes.

20           Sec. 163.089. PUBLIC SECURITIES. (a) It is a public  
21 purpose for a public entity that has participated in the creation of  
22 an agency to pay costs of planning, acquisition, construction,  
23 ownership, operation, and maintenance of electric facilities.

24           (b) A public entity may issue public securities, as defined  
25 by Section 1201.002(2), Government Code, including bonds, notes, or  
26 other forms of indebtedness, in the principal amount approved by  
27 the governing body of the public entity, for the purpose of

1 financing electric facilities or improvements to electric  
2 facilities to be owned or operated by the agency or otherwise in  
3 furtherance of a purpose described by this section.

4 (c) A public entity and an agency may agree in a contract, or  
5 by other official action of the public entity and agency, to terms  
6 and conditions governing the use by the agency of the proceeds of  
7 the public securities issued by a public entity for a purpose  
8 described by this section.

9 (d) A contract or other official action described by  
10 Subsection (c) may include provisions with respect to, and  
11 conclusively establish sufficient consideration for, the use of the  
12 proceeds. The consideration may include the right to:

13 (1) use the financed facilities or portions of the  
14 facilities;

15 (2) receive output from the financed facilities; or

16 (3) receive an ownership interest in the financed  
17 facilities upon the dissolution of the agency or an undivided  
18 interest in the financed facilities at the time a public entity  
19 funds facility improvements.

20 (e) A contract or other official action described by  
21 Subsection (c) may contain other terms and extend for any period on  
22 which all of the parties agree.

23 (f) A public security issued for the purposes described by  
24 this section may include:

25 (1) debt obligations issued in accordance with Chapter  
26 1207, 1331, 1371, 1431, or 1502, Government Code, or Chapter 271,  
27 Local Government Code; or

1           (2) other types or forms of debt that the public entity  
2 is authorized to issue.

3           (g) Each participating public entity may exercise any power  
4 of an issuer under Chapter 1371, Government Code.

5           Sec. 163.090. DISSOLUTION. (a) The participating public  
6 entities of an agency may by concurrent ordinance dissolve the  
7 agency.

8           (b) Concurrent ordinances dissolving an agency must:

9                 (1) contain identical provisions;

10                (2) state that the agency will be dissolved upon the  
11 winding up of agency affairs;

12                (3) direct the board or boards of the agency to wind up  
13 the business and affairs of the agency and to inform the  
14 participating public entities by resolution when the winding up of  
15 the business and affairs of the agency is complete; and

16                (4) state the date on which the dissolution takes  
17 effect, provided that the date provides sufficient time for the  
18 board or boards of the agency to wind up agency affairs.

19           (c) The participating public entities may not dissolve an  
20 agency if the dissolution will impair the rights or remedies of  
21 holders of obligations issued by the agency.

22           (d) The dissolved agency continues to exist to:

23                 (1) satisfy existing liabilities or obligations;

24                 (2) collect, distribute, or liquidate its assets; and

25                 (3) take any other action required to adjust and wind  
26 up its business and affairs.

27           (e) The assets of the dissolved agency that remain after all

1 liabilities or obligations of the agency have been satisfied shall  
2 be distributed to the public entities that created the agency. The  
3 public entities shall establish the method of distribution by  
4 agreement.

5 (f) An agreement between a public entity and an agency  
6 entered into before September 1, 2015, regarding the distribution  
7 of the agency's assets after dissolution is enforceable according  
8 to the terms of the agreement, regardless of a provision to the  
9 contrary in this subchapter.

10 SECTION 4. The changes in law made by this Act apply only to  
11 a transmission facility for which construction began on or after  
12 the effective date of this Act.

13 SECTION 5. This Act takes effect September 1, 2015.

ADOPTED

MAY 24 2015

*Haley Spaw*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *F*

1 Amend C.S.H.B. No. 1926 (senate committee report) as  
2 follows:

3 (1) In the recital to SECTION 1 of the bill, amending  
4 Section 37.051, Utilities Code (page 1, line 28), strike  
5 "Subsections (g) and (h)" and substitute "Subsections (c-1), (c-2),  
6 (c-3), (g), and (h)".

7 (2) In SECTION 1 of the bill, amending Section 37.051,  
8 Utilities Code (page 1, between lines 28 and 29), insert the  
9 following:

10 (c-1) Notwithstanding any other provision of this title  
11 except Section 11.009, and except as provided by Subsection (c-2),  
12 a person, including an electric utility or municipally owned  
13 utility, may not interconnect a facility to the ERCOT transmission  
14 grid that enables additional power to be imported into or exported  
15 out of the ERCOT power grid unless the person obtains a certificate  
16 from the commission stating that public convenience and necessity  
17 requires or will require the interconnection. The person must  
18 apply for the certificate not later than the 180th day before the  
19 date the person seeks any order from the Federal Energy Regulatory  
20 Commission related to the interconnection. The commission shall  
21 apply Section 37.056 in considering an application under this  
22 subsection. In addition, the commission must determine that the  
23 application is consistent with the public interest before granting  
24 the certificate. The commission may adopt rules necessary to  
25 implement this subsection. This subsection does not apply to a  
26 facility that is in service on December 31, 2014.

27 (c-2) The commission, not later than the 185th day after the  
28 date the application is filed, shall approve an application filed  
29 under this section as provided by Subsection (c-1) for a facility

1 that is to be constructed under an interconnection agreement  
2 appended to an offer of settlement approved in a final order of the  
3 Federal Energy Regulatory Commission that was issued in Docket  
4 No. TX11-01-001 on or before December 31, 2014, directing physical  
5 interconnection between the ERCOT and SERC regions under Sections  
6 210, 211, and 212 of the Federal Power Act (16 U.S.C. Sections 824i,  
7 824j, and 824k). In approving the application, the commission may  
8 prescribe reasonable conditions to protect the public interest that  
9 are consistent with the final order of the Federal Energy  
10 Regulatory Commission.

11 (c-3) Nothing in Subsection (c-1) or (c-2) is intended to  
12 restrict the authority of the commission or the independent  
13 organization certified under Section 39.151 for the ERCOT power  
14 region to adopt rules or protocols of general applicability.

# ADOPTED

MAY 24 2015

*Atty. Gen. Drew*  
Secretary of the Senate

BY: \_\_\_\_\_

FLOOR AMENDMENT NO. 2

Amend C.S.H.B. No. 1926 (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Section 37.056, Utilities Code, is amended by adding Subsections (e) and (f) to read as follows:

(e) After January 1, 2015, notwithstanding Sections 39.904(g) and (h), the commission, after consultation with the appropriate independent organization, shall plan for all transmission related to the incorporation of renewable energy, including projects constructed by a municipally owned utility or municipal power agency that are subject to the certificate requirements of subsections 37.051 (g) and (h), in a manner consistent with the planning process for other types of generation resources, except as otherwise provided by Subsection (f).

(f) The commission shall consider in the planning process for transmission related to the incorporation of renewable energy all the factors provided in this section, except that the commission is not required to consider the factors provided by subsections (c)(1) and (2) for a facility that serves a competitive renewable energy zone established by the commission before January 1, 2015 if the addition of the facility:

- (1) will cost not more than \$130 million; and
- (2) involves adding a second circuit to existing single circuit lines and associated electrical equipment identified as necessary by the independent organization certified for ERCOT in a system planning report issued before May 1, 2014.

ADOPTED

MAY 24 2015

FLOOR AMENDMENT NO. 3

*Atty. Gen.*  
Secretary of the Senate

BY: *Fran*

Amend C.S.H.B. No. 1926 (senate committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Subchapter E, Chapter 163, Utilities Code, is amended by adding Section 163.125 to read as follows:

Sec. 163.125. ELECTION OF DIRECTORS. (a) This section applies only to an electric cooperative corporation:

(1) with more than 200,000 members;

(2) that is partially located in a county with a population of more than one million and less than 1.5 million; and

(3) that may participate in a joint powers agency created under this subchapter.

(b) Directors of an electric cooperative corporation may be elected only by district. The board of directors of an electric cooperative corporation shall establish single-member districts from which the directors are to be elected. In establishing districts, the board shall attempt to have directors represent geographic areas with equal numbers of people.

(c) A member of an electric cooperative corporation may vote for a director to represent a district only if the member resides in that district.

SECTION \_\_\_\_\_. The changes in law made by Section 163.125, Utilities Code, as added by this Act, apply only to an election of electric cooperative corporation directors held on or after the effective date of this Act. An election of electric cooperative corporation directors held before the effective date of this Act is subject to the law in effect on the date the election is held, and



that law is continued in effect for that purpose.

**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

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

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

**May 3, 2015**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

**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.), **Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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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 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

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

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

**April 23, 2015**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

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

**IN RE: HB1926** by Kacal (Relating to the governance of certain municipal power agencies; providing authority to issue bonds.), **As Engrossed**

**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). 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 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, AG, SD, EK, SZ, JLi, TBo

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 8, 2015

**TO:** Honorable Byron Cook, Chair, House Committee on State Affairs

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

**IN RE:** **HB1926** by Kacal (Relating to the governance of certain municipal power agencies; providing authority to issue bonds.), **Committee Report 1st House, Substituted**

**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). 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 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, AG, SD, EK, SZ, JLi, TBo

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

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

**March 24, 2015**

**TO:** Honorable Byron Cook, Chair, House Committee on State Affairs

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

**IN RE: HB1926** by Kacal (Relating to the governance of certain municipal power agencies; providing authority to issue bonds.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would add a Subchapter to the Utilities Code relating to Municipal Power Agencies (MPA). 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 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, AG, SD, EK, SZ, JLi, TBo