

By: Nichols S.B. No. 1656

A BILL TO BE ENTITLED

AN ACT

relating to the terms of a water supply contract with the Sabine River Authority in connection with the production of electricity.

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

SECTION 1. Chapter 110, Acts of the 51st Legislature, Regular Session, 1949, is amended by adding Section 22A to read as follows:

Sec. 22A. (a) In this section:

- (1) "Buyer" means a corporation that uses water to produce hydro-electric power.
- (2) "Fund" means the economic stability fund.
- (3) "Contract" means a water supply contract entered into between the district and the buyer on or after September 1, 2007.
- (4) "Reservoir" means the Toledo Bend Reservoir.

(b) If the district and the buyer enter into a contract, the contract shall include the terms provided by this section.

(c) The contract shall require that a portion of the district's income from the sale of water be placed in a fund to be known as the economic stability fund, which is to be maintained in trust and used only as provided by this section.

(d) The district shall determine the amount of money to be deposited in the fund that will be reasonably sufficient to cover the payments described by Subsection (f) of this section, and this amount shall be specified in the contract. The district shall use historic and other relevant hydrological data in making the determination under this subsection.

(e) The contract shall provide that if the reservoir falls below 168 feet above mean sea level, the district shall give notice to the buyer that it must:
(A) suspend its withdrawals from the reservoir immediately on receipt of the notice; and
(B) meet its remaining contracted-for electricity requirements on the spot market.

(f) For any purchases of electricity the buyer makes on the spot market because the buyer suspended its withdrawals under Subsection (e) of this section, the contract shall require the district to pay the buyer an amount out of the fund equal to the difference between the cost to the buyer of obtaining the electricity through the purchases and what the cost to the buyer of the electricity would have been had the buyer not been required to suspend its withdrawals. The contract shall require the buyer to use reasonable diligence in purchasing electricity at the lowest available price on the spot market and to make available to the district all records related to purchases under this subsection.

(g) The contract shall require the buyer to cease its purchases of electricity on the spot market upon receipt of notification from the district that the reservoir has returned to a level that is sufficient to allow the resumption of reservoir withdrawals under the contract.

SECTION 2. This Act takes effect September 1, 2007.