

## LEGISLATIVE BILL 897

Approved by the Governor March 30, 2016

Introduced by Lindstrom, 18; Watermeier, 1.

A BILL FOR AN ACT relating to the public power industry; to amend section 10-1103, Reissue Revised Statutes of Nebraska; to define terms; to authorize generating power agencies to engage in commodity futures financial hedging transactions; to provide a duty for the Revisor of Statutes; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 10-1103, Reissue Revised Statutes of Nebraska, is amended to read:

10-1103 For purposes of the Nebraska Governmental Unit Security Interest Act:

(1) Authorizing statute means any statute which authorizes the issuance of bonds;

(2) Bond means any bond, note, warrant, loan agreement, lease, lease-purchase agreement, pledge agreement, agreement authorized by the governing body of a generating power agency pursuant to section 2 of this act, or other evidence of indebtedness for which a security interest is granted or a pledge made upon revenue or other property, including any limited tax revenue, to provide for payment or security;

(3) Governmental unit means the State of Nebraska, any county, school district, city, village, public power district, sanitary and improvement district, educational service unit, community college area, natural resources district, airport authority, fire protection district, hospital authority, joint entity created under the Interlocal Cooperation Act, joint public agency, instrumentality, or any other district, authority, or political subdivision of the State of Nebraska and governmental units as defined in subdivision (a)(45) of section 9-102, Uniform Commercial Code;

(4) Measure means any ordinance, resolution, or other enactment authorizing the issuance of bonds or authorizing an indenture with respect to bonds pursuant to an authorizing statute; and

(5) Owner means any holder, registered owner, or beneficial owner of a bond.

Sec. 2. (1) For purposes of this section:

(a) Generating power agency has the same meaning as in Chapter 70, article 6; and

(b) Regional transmission organization has the same meaning as in section 70-1001.01.

(2) Any generating power agency buying or selling fuel, power, or energy which operates in a regional transmission organization shall be authorized to engage in commodity futures financial hedging transactions with products regulated under the federal Commodity Futures Trading Commission for fuel, power, or energy as part of its sound business practices. Any generating power agency engaged in such transactions is authorized to grant a foreclosable security interest in and a lien on such agency's commodity futures account contracts or funds used for such transactions in an amount not exceeding five percent of such agency's annual gross revenue averaged over the preceding three calendar years.

(3) The authority to enter into agreements for the use of commodity futures financial hedging transactions shall be authorized by a resolution adopted or an agreement approved by the governing body of the generating power agency.

(4) The authority granted in this section is limited to granting a security interest in and a lien on future account contracts or funds specifically designated and used for such commodity futures financial hedging transactions. Except as otherwise authorized under Chapter 70, this section does not authorize granting a foreclosable security interest in or a lien on any other funds, assets, facilities, or property of a generating power agency.

(5) An agreement authorized by this section shall be considered a bond as defined in section 10-1103.

Sec. 3. The Revisor of Statutes shall assign section 2 of this act to Chapter 70, article 6.

Sec. 4. Original section 10-1103, Reissue Revised Statutes of Nebraska, is repealed.