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LB 279

SENATOR LANDIS: Thank you. You'd have to go through either offering a bond or putting up a substantial cash reserve, separating money out, basically like the capitalization requirements that an insurance company would have if they were to write insurance in this state.

SENATOR WITHEM: And why is it that Peoples and Minnegasco are such large corporations that they can't afford this, but why is this bond a significant burden back upon them?

SENATOR LANDIS: It is the taking of their...taking money out of their operation, putting it aside in a reserve that they do not have access to and it's dropped out of their cash flow and not...

SENATOR WITHEM: As it would be for Senator Wesely and I to take money out of our and set it aside and the rationale is that we need this regulation and because of their established track record, they don't?

SENATOR LANDIS: That's correct.

SENATOR WITHEM: Okay. Senator Hartnett, I punched my light again because I have some comments to make, but, Senator Hartnett, if you would like to...

SENATOR HARTNETT: I think that other companies are exempt from that, Senator Withem, under Section 5 of the amendment. The company you're talking about, if you opened a company, they're not liable to Section 44. It simply brings the gas companies that we talked about to the same statute as a small company, so that they're both exempt from, as I read it, from...

SENATOR WITHEM: Well, that's a different reading that I'm getting from Senator Landis.

SPEAKER BARRETT: One minute.

SENATOR LANDIS: (Mike not activated immediately.) ...setting. There are a series of preexisting exemptions. This adds it to it and one of those exemptions is, where you sell a product, you may service that product over time and add a service contract without having a cash set-aside situation.

SENATOR WITHEM: Okay. But the situation I was describing was