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FLOOR DEBATE

January 18, 2006 LB 336, 548

the body's memory as to what our amendment will do, I'll give you a brief summary. AM1864 is substantially the same bill as LB 336, which was advanced from the committee unanimously. There were no opponents to the bill at the time of the hearing. It creates the Public Entities Mandated Project Charges Account. It allows public power utilities an additional financing option for power facility projects that are mandated by either the federal or state law. Under this bill, the governing board of a public utility would have the option to finance and pay for a mandated project by authorizing a separate customer charge on each customer's electric service bill, representing the customer's portion of the mandated charge. The public power entity would also have the authority to issue bonds for such mandated projects, with the payment of the bond secured by a first lien on the revenue from the separate customer charges. So the bonds could be secured by that charge. The revenue stream from such mandated project charges would be dedicated solely to paying mandated project charges and financing costs, and would remain in place until such costs are paid. Mandated projects must be capital projects mandated by federal or state law, or a regulatory agency. The act is structured so as to enable public power entities to obtain favorable financing to pay for mandated projects. The dedicated revenue stream from the separate customer charges provide a secure source of payment for mandated project bonds and would allow public power entities to secure favorable terms from bond markets. The amendment allows a person to file a petition for judicial review in the Supreme Court within ten days after the authorizing resolution as been adopted, and review is limited to determining whether the financial calculations formula or other method adapted by the public entity is fair and reasonable and nondiscriminatory allocation to the public entity's customers of mandated project charges needed to pay for the mandated project. This portion of the amendment can be better explained by Senator Beutler. Since 1994 this type of financing is currently being used by other states. The Mandated Project Charges Act can reduce by 70 cents per \$1 the annual revenue needed to meet debt payment. For example, the savings on a \$400 million debt would be approximately \$15 million. This reduction is possible because of the AAA rating that may be obtained because of the dedicated charges and bond structure. As you know, we are a 100 percent