

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	730,000	0	0	730,000
FY2027-2028	0	505,000	0	0	505,000
FY2028-2029	0	505,000	0	0	505,000
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	505,000	0	0	505,000
FY2027-2028	0	505,000	0	0	505,000
FY2028-2029	0	505,000	0	0	505,000

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1259 adopts the Grid Modernization Act.

The bill outlines parameters for large load electrical customers to work with public utilities and private generation providers to ensure the costs for increased power demanded by the large load customer are carried by the large load customer and not the general consumer. It outlines necessary requests, agreements contracts and restrictions large load customers must cooperate with in order to secure necessary power.

The bill mandates the Power Review Board (PRB) promulgate rules and regulations and provide oversight and approval over the large load customers and the Large Load Contracts made with public utilities and private generation providers.

Large Load Contracts must be reviewed and approved by the board. Rules and regulations may be adopted by the board to expedite process of approval.

The bill outlines requirements if transmission services are required for the contracts. It requires the payment for this transmission come from the large load customer or the private generation provider. The PRB is required to review transmission cost allocation methods consistent with federal law and may adopt and promulgate rules and regulations for this. The PRB estimates this will incur costs of a consultant, which is estimated to be \$75,000.

The bill allows large load customers to have a private generation system provided by a large-scale provider. The PRB may adopt rules and regulations regarding to require notices and warnings regarding separation from the public power utility. The PRB estimates this will incur costs of a consultant, which is estimated to be \$75,000.

The bill requires the public utilities to provide documentation to the PRB in order for the PRB to determine the costs to meet the needs of the Large Load Customers are being funded by the Large Load Customer rates and not the rate of other customers. The PRB estimates ongoing costs of \$85,000 for consultants to help make this determination.

The bill requires the PRB to investigate the option of a large-load flexible tariff for public power utilities. The PRB estimates this will incur costs of a consultant, which is estimated to be \$75,000.

The bill requires the PRB to review this act every 3 years starting in 2029. The PRB is required to retain a qualified independent consultant with expertise in transmission cost methodologies to assist in adopting and promulgating rules and regulations for the allocation of transmission costs. The PRB estimates an annual expense of \$420,000 to retain this highly specialized consultant.

The estimate of the PRB is broken down below.

Requirement	FY 2026-27 est.	FY2027-28 est.
Develop Rules and Regulations for cost allocation	\$75,000	
Consultant to Promulgate Rules and Regs regarding large load customers separation from public power	\$75,000	

Hire Analyst to Make Rate Determinations	\$85,000	\$85,000
Consultant Firm Assistance with cost allocation methodologies	420,000	420,000
Investigating and adopting large load tariff	\$75,000	
Total	\$730,000	\$505,000

The PRB anticipates the ability to generate revenue for the ongoing costs associated with this bill. They do not anticipate they will be able to recover the \$225,000 used to develop rules and regulations in 3 new areas.

There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1259 AM: AGENCY/POLT. SUB: Nebraska Power Review Board

REVIEWED BY: Joe Massey DATE: 1/30/2026 PHONE: (402) 471-4181

COMMENTS: No basis to disagree with the Nebraska Power Review Board's assessment of fiscal impact from LB 1259

Please complete **ALL (5)** blanks in the first three lines.

2026

LB⁽¹⁾ 1259

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Power Review Board

Prepared by: ⁽³⁾ Tim Texel

Date Prepared: ⁽⁴⁾ January 28, 2026 **Phone:** ⁽⁵⁾ 402-471-2301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$730,000	\$505,000	\$505,000	\$505,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$730,000	\$505,000	\$505,000	\$505,000

Explanation of Estimate:

Among other duties for the Power Review Board (PRB) in LB 1259, the PRB would be required to review transmission cost allocation methods consistent with federal law and may adopt rules and regulations on the topic (See Section 13). Section 20 requires the Board to retain the services of a qualified independent consultant with expertise in transmission cost allocation methodologies to assist the PRB in developing transmission cost allocation methodologies. Cost allocation is a highly complicated area requiring technical expertise. The issue necessarily involves the allocation of substantial financial resources for the regulated entities. The PRB has a staff of three people, with an attorney, a paralegal, and a business manager. The PRB does not have the technical expertise to develop regulations addressing cost allocation or to provide technical assistance to a consultant. The Board has knowledge of bids received by the Southwest Power Pool for a consultant that would assist the Regional State Committee (a committee of state regulatory commissioners) with cost allocation methodologies. The bids exceeded \$400,000. The hourly rate for consultants at firms ranged from \$405 per hour for a basic expert consultant to \$780 per hour for the most experienced partners in the firms. The PRB has little more information on the issue upon which to base an estimate at this time. Based on this limited information, the PRB estimates that a consultant (or firm) in this highly specialized field would cost somewhere in the vicinity of \$420,000 per year. With the additional work to develop rules and regulations, the PRB estimates an additional cost of \$75,000 in the 2026-2027 fiscal year.

Section 14 authorizes the PRB to promulgate rules and regulations to require appropriate notices and warnings regarding a large load's separation from local public power utility's transmission or distribution system. As with the previous topic, the Board lacks technical expertise in this area. The PRB could retain the services of a consultant for the purpose of drafting the applicable rules and regulations. This would not be an ongoing expense. Based on the information in the previous paragraph, the Board estimates that a consultant may cost \$75,000 for the 2026-2027 fiscal year.

Under Section 17 of the bill the PRB would make certain rate determinations. The PRB is not entirely clear exactly what rate determinations it would make, but it is the PRB's understanding that it is common for public utility commissions in most other states to have rate analysts to assist their commission when approving rates. An online search indicates that these experts typically make between \$70,000 to \$90,000 per year. The median salary is \$82,800. If the PRB retained a consultant to assist with rate determinations, that would avoid the additional cost of benefits and office space required by a full or part-time employee. The Board assumes the rate determinations would be sporadic and not sufficient to warrant hiring an employee. In Section 18 the Board would be tasked with investigating and adopting a large-load flexible tariff. The Board is hopeful the rate analyst consultant could assist with this obligation, also. Based on the foregoing, the PRB estimates that hiring a part-time consultant to assist in rate determinations would cost approximately \$85,000 per year. The Board

estimates the additional work for a consultant to design a large-load flexible tariff may cost an additional \$75,000 in fiscal year 2026-2027.

In Section 19 the PRB is tasked with conducting a review of the Grid Modernization Act and conducting an investigation with stakeholder input that analyzes the impacts of the Act, develop data on the usage of the Act, assessment of transmission system reliability, and develop recommendations whether to expand or modify the Act. A report is then issued to the Natural Resources Committee. To conduct an assessment of transmission system reliability would likely require the assistance of an expert consultant. However, the first report under the requirement in Section 19 is due in 2029, followed by every three years thereafter. Since this fiscal note only covers the 2026-2027 and 2027-2028 fiscal years this fiscal note does not include any costs associated with the new requirement.

Section 20(5) of the Act requires the PRB to impose a fee on each large-load customer to cover the cost of retaining consultants to evaluate large-scale service requests and contracts, as well as other reasonable costs incurred by proceedings for evaluations under the Act. The PRB assumes this could provide revenue for the rate analyst and cost allocation methodology expert. Development of rules and regulations are not recoverable expenses under the bill, so these costs would have to be covered by the PRB's existing assessments on public power utilities.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27 EXPENDITURES	2027-28 EXPENDITURES
	26-27	27-28		
No employees would be hired.	0	0		
Consultants would be used instead.				
Benefits				
Operating			\$730,000	\$505,000
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL			\$730,000	\$505,000