

2007 SENATE BILL 448

February 4, 2008 – Introduced by Senators COWLES, A. LASEE and LASSA, cosponsored by Representatives A. OTT, HAHN, BIES, ALBERS and SOLETSKI. Referred to Committee on Commerce, Utilities and Rail.

1 **AN ACT to repeal** 196.027 (3) (b); **to renumber and amend** 196.027 (3) (a); **to**
2 **repeal and recreate** 196.027 (2) (a) (title); and **to create** 196.027 (2) (am) of
3 the statutes; **relating to:** environmental trust bonds issued by energy utilities.

Analysis by the Legislative Reference Bureau

Under current law, an energy utility is allowed to apply to the Public Service Commission (PSC) for an order allowing the utility to finance the costs of the following activities by issuing bonds: 1) the construction, installation, or otherwise putting into place of environmental control equipment in connection with a plant that, before March 30, 2004, has been used to provide service to customers; and 2) the retiring of any existing plant, facility, or other property to reduce, control, or eliminate environmental pollution in accordance with federal or state law. Current law defines the foregoing activities as “environmental control activities.” If approved by the PSC, the bonds, which are referred to as “environmental trust bonds,” are secured by revenues arising from charges paid by an energy utility’s customers for the utility to recover the cost of the activities, as well as the cost of financing the bonds.

As noted above, current law allows an energy utility to apply for an order approving environmental trust bonds. If an energy utility has not applied for such an order, current law prohibits the PSC from requiring that an energy utility use environmental trust bonds as a financing mechanism.

This bill allows the PSC to order an energy utility to apply for an order approving environmental trust bonds. If the PSC orders an energy utility to make

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such an application, the PSC's order must specify the environmental control activities and related costs that must be described and estimated in the application. The PSC's order must also specify whether the energy utility must propose to finance all or a portion of the costs with environmental trust bonds. The bill does not otherwise change the requirements under current law that apply to the PSC's consideration of an application.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 196.027 (2) (a) (title) of the statutes is repealed and recreated to
2 read:

3 196.027 **(2)** (a) (title) *Permissive applications.*

4 **SECTION 2.** 196.027 (2) (am) of the statutes is created to read:

5 196.027 **(2)** (am) *Mandatory applications.* The commission may order an
6 energy utility to apply for a financing order under par. (a). The commission shall
7 specify in an order under this paragraph the environmental control activities that
8 must be described, and the environmental control costs that must be estimated, in
9 the application, and shall specify whether the energy utility must propose in the
10 application to finance all or a portion of the costs with environmental trust bonds.

11 **SECTION 3.** 196.027 (3) (a) of the statutes is renumbered 196.027 (3) and
12 amended to read:

13 196.027 **(3)** EXCEPTIONS TO COMMISSION JURISDICTION. If the commission issues
14 a financing order to an energy utility, the commission may not, in exercising its
15 powers and carrying out its duties regarding rate making, consider the
16 environmental trust bonds issued pursuant to the order to be the debt of the energy
17 utility, the environmental control charges paid under the order to be the revenue of
18 the energy utility, or the environmental control costs or financing costs specified in
19 the order to be the costs of the energy utility, nor may the commission determine that

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1 any action taken by an energy utility that is consistent with the order is unjust or
2 unreasonable. Nothing in this ~~paragraph~~ subsection affects the authority of the
3 commission to adjust or reduce an energy utility's revenue requirements under sub.
4 (4) (a).

5 **SECTION 4.** 196.027 (3) (b) of the statutes is repealed.

6 (END)