

**2007 DRAFTING REQUEST**

**Bill**

Received: 05/11/2007

Received By: mkunkel

Wanted: As time permits

Identical to LRB:

For: Robert Cowles (608) 266-0484

By/Representing: Ryan Smith

This file may be shown to any legislator: NO

Drafter: mkunkel

May Contact:

Addl. Drafters:

Subject: Public Util. - electric

Extra Copies:

Submit via email: YES

Requester's email: Sen.Cowles@legis.wisconsin.gov

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Environmental trust financing for electric utilities

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**Instructions:**

Allow PSC to require electric public utilities to use environmental trust financing. Requester realizes that bonding may be contingent on bond market, so prepare draft that takes bond market into account.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	mkunkel 06/11/2007	jdye 06/12/2007	rschlue 06/12/2007	_____	lparisi 06/12/2007	sbasford 01/16/2008	

FE Sent For:

<END>

*NO*

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/?	mkunkel						

FE Sent For: 6/27 <END>



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-2722/1

MDK:.....

D-NOTE

JKD

By Friday  
6-15

2007 BILL

Gen

1 AN ACT ...; 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; 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.

and

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 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

**BILL**

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) <sup>(title)</sup> *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 <sup>2</sup>such costs with environmental trust  
11 bonds.

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

14        196.027 (3) Exceptions to Commission jurisdiction. If the commission issues a financing order to an energy utility, the  
15 commission may not, in exercising its powers and carrying out its duties regarding  
16 rate making, consider the environmental trust bonds issued pursuant to the order  
17 to be the debt of the energy utility, the environmental control charges paid under the  
18 order to be the revenue of the energy utility, or the environmental control costs or  
19 financing costs specified in the order to be the costs of the energy utility, nor may the  
20 commission determine that any action taken by an energy utility that is consistent  
21 with the order is unjust or unreasonable. Nothing in this paragraph subsection

CS

**BILL**

1 affects the authority of the commission to adjust or reduce an energy utility's revenue  
2 requirements under sub. (4) (a).

History: 2003 a. 152, 326.

3 **SECTION 4.** 196.027 (3) (b) <sup>✓</sup> of the statutes is repealed.

4 (END)

d-note  
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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2722/1dn

MDK:.....

date

^  
jld

Sen. Cowles:

Please review this bill to make sure it satisfies your intent. ✓

Note that current law defines "environmental control activities" as, in part, installing or constructing environmental control equipment in connection with plant that was in use before March 30, 2004. ✓ I did not affect that definition. Thus, under the bill, as under current law, environmental trust bonds may not be used for installing or constructing environmental control equipment for plant that was put into use after March 30, 2004. ✓ Is that okay? a

Mark D. Kunkel  
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E-mail: mark.kunkel@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2722/1dn  
MDK:jld:rs

June 12, 2007

Sen. Cowles:

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Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.wisconsin.gov](mailto:mark.kunkel@legis.wisconsin.gov)



**Basford, Sarah**

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**From:** Smith, Ryan

**Sent:** Wednesday, January 16, 2008 10:23 AM

**To:** LRB.Legal

**Subject:** Draft Review: LRB 07-2722/1 Topic: Environmental trust financing for electric utilities

Please Jacket LRB 07-2722/1 for the SENATE.

01/16/2008