## 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:

Pre Topic:

No specific pre topic given

Topic:

Environmental trust financing for electric utilities

**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.

**Drafting History:** 

Vers.	Drafted	Reviewed	<b>Typed</b>	Proofed	Submitted	<u>Jacketed</u>	Required
/? /1	mkunkel 06/11/2007	jdyer 06/12/2007	rschluet 06/12/200	7	lparisi 06/12/2007	sbasford 01/16/2008	

FE Sent For:



<END>

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No spec	ific pre topic gi	iven							
Topic:									
Environ	mental trust fin	ancing for elec	tric utilities						
	SC to require e	*			tal trust financing t takes bond mark	-			
Draftin	g History:								
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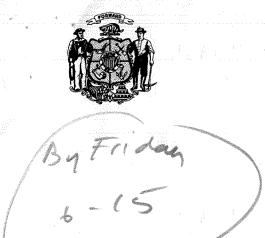
Required

/?

mkunkel

FE Sent For:

<END>



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State of Misconsin 2007 - 2008 LEGISLATURE

O-NOTE

**2007 BILL** 

MDK: **\( \)** 

Gen

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.

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

and

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 $\mathbf{2}$ 

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:

SECTION 1. 196.027 (2) (a) (title) of the statutes is repealed and recreated to read:

196.027 (2) (a) Permissive applications.

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

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

SECTION 3. 196.027 (3) (a) of the statutes is renumbered 196.027 (3) and amended to read: Exceptions to Commission, jurisdiction

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

## BILL

affects the authority of the commission to adjust or reduce an energy utility's revenue

2 requirements under sub. (4) (a).

3 History: 2003 a. 152, 326. SECTION 4. 196.027 (3) (b) of the statutes is repealed.

4 (END)

d-note

# DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-2722/1dn MDK:-**\(\eta\)**:...

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?

Mark D. Kunkel Senior Legislative Attorney Phone: (608) 266-0131

E-mail: mark.kunkel@legis.wisconsin.gov

## DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-2722/1dn MDK:jld:rs

June 12, 2007

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> Mark D. Kunkel Senior Legislative Attorney

Phone: (608) 266-0131

E-mail: mark.kunkel@legis.wisconsin.gov

### Basford, Sarah

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.