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Natural Resources Committee  
February 12, 2014

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[LB1040 LB1115 CONFIRMATION]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, February 12, 2014, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB1115, LB1040, and a gubernatorial appointment. Senators present: Tom Carlson, Chairperson; Lydia Brasch, Vice Chairperson; Annette Dubas; Ken Haar; Jerry Johnson; Rick Kolowski; and Ken Schilz. Senators absent: Jim Smith.

SENATOR CARLSON: Welcome to the Natural Resources Committee. I'm Tom Carlson, state senator from District 38, Chairperson of the committee. And committee members to my far left is Senator Rick Kolowski from Omaha, District 31; and Senator Ken Haar from Malcolm, District 21; I don't think Senator Smith is going to be here today; and then the next empty chair, but he will be here later, is Senator Ken Schilz from Ogallala, District 47. This empty chair is Laurie Lage, our legal counsel and, hopefully, she'll be here in a little bit; to my far right is Barb Koehlmoos, our committee clerk; next to her is Senator Lydia Brasch from Bancroft, District 16, who is also the Vice Chair of the committee; and then Senator Jerry Johnson from Wahoo, District 23; and Senator Annette Dubas from Fullerton, District 34. Our page today is J. T. Beck from...a senior at UNL, so if you need something done, just motion for J. T. and he'll help you out. The first thing that we have is a confirmation hearing and I think we'll go into that and then I'll give the directions for the rest of our hearings after that. So Mr. Bell, do you want to come forward? And you can take the chair there. And the microphone will pick you up just fine so there really isn't any need to adjust that. And we're happy to have you here. We ask you when you start, give us your name and spell it for the transcript and then tell us what you'd like us to hear. [CONFIRMATION]

RICHARD BELL: Thank you. [CONFIRMATION]

SENATOR CARLSON: Okay. [CONFIRMATION]

RICHARD BELL: (Exhibit 1) Good afternoon. I'm Richard R. Bell, it's Richard, R-i-c-h-a-r-d, Robert, R., Bell, B-e-l-l. My home address is 9960 Bloomfield Drive, Omaha, Nebraska, 68114. I'm here for a confirmation hearing. I've been asked to fill the unexpired term of Ron Stave. While I've never met him, I know that he was an outstanding commissioner. He was a lawyer, but totally dedicated to Nebraska Game and Parks. So with that, I'm very thankful that I was asked to serve in this position. A little background about myself is that I grew up in South Dakota. While I was born in North Dakota, and they found out about that when I retired from HDR, I lived at Hecla, South Dakota. It was a small town. I had great parents. I grew up hunting pheasants. I enjoyed it, and I graduated from the Hecla High School in 1965. I attended South Dakota State University and I got both engineering degrees in five years. After my education, I served four years in the United States Army during the Vietnam era. And I

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wanted to go into the consulting engineering business and I joined an architectural engineering company called HDR. We're headquartered in Omaha, Nebraska. I joined them in 1974. And I retired as the CEO chairman and president in 2011. Now while I was at HDR I had a very interesting career. When I went there I worked in various areas, but in 1983 we were sold to foreign ownership. And over a period of time I became the representative that dealt with foreign ownership with our American employees. I had two very proud moments working at HDR. One, is when I led the employee buy back of the company and it was in 1996. At that time we had 1,659 employees. When I retired at the end of 2011, we had 8,000...7,824, if you'd really like to be exact. And I really enjoyed working at HDR. We were world-class, we were the eleventh largest architectural engineering company in the country by Engineering News-Record and we did some very, very notable projects. We've worked all over the country. We've had international projects, but three that I'd like to just highlight and those are, that we did the Hoover Dam bypass bridge. It's a large bridge. If you ever go to Las Vegas, a lot of people drive out and look at it. You can see it on all the commercials for RAM trucks and stuff like that. The other project that we did was a large hospital in Obidobi. It was managed by the Cleveland Clinic, but it was a \$3 billion hospital. Two million square feet. And another project that I'd like to highlight that was rather large and significant, when 9/11 happened, our company did the architectural and engineering work on rebuilding the Pentagon wedges two through five. So in addition to the state projects, the Omaha projects, we've done international projects. You know, I'm very, very proud of HDR and the employee ownership opportunity that we had was absolutely special. We had a great run while I was there for 16 years and my most important job when I left HDR was to leave it in strong hands of the management team that followed. I'm very, very proud of HDR today. I mentioned there was two things I was really proud of. I was in the right position at the right time that our foreign owners wanted to move the corporate headquarters from Omaha to Dallas, Texas. And at that time we didn't have a lot of authority or power, but I had a friendship with our fleet (inaudible) who was our French manager, and my son and his sons had exchanged homes during the summer hiatus. And I told him, I says, if you want to move the corporate headquarters to Dallas, Texas, treat us like executives. If you don't treat us like executives, you're going to be the loser of it. And I was absolutely shocked in 1990 that we were not going to move because the year before we had had the last supper, the last football game, the last this, the last that, and I can always remember calling my wife from Dallas, Texas, and telling her, we are not moving to Dallas, Texas. And then the other end of the phone it was dead-dog silence. And she says, am I supposed to be happy or sad? (Laughter) I said, happy. And we've never looked back. Now I've talked about my experience. We ran a large company. We certainly did strategic planning, financial management. When you're employee owned, you have to be successful because you're dealing with the lives and resources of all the people that work for you. My strength is that people believed that we had the proper plan, we had the proper resources, and I've always believed that the responsibility of management is to provide the opportunity and the resources for young people to succeed. And it was something

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that has been ingrained in the leadership that has followed us and I'm very, very proud of HDR. I've talked about the business side of it, but a little bit about the family side of it. My wife and I have been married for 44 years, 45 years is going to be coming up in August 9. I've got to make sure that I keep my dates correct. Her birthday is on April 9, her anniversary is on August 9. My anniversary is on August 9 also so I have to make sure that works. We have two children. Rick works at HDR and a daughter that worked in the insurance industry and she's created a new career now in something else. But I've enjoyed living in Omaha for 40 years. Until my parents moved away from Hecla, South Dakota, my father died in 2005, my mother we moved last year to Colorado, I now call Omaha my home. And it's just something that we grew up. Now one other thing, when we drove through on the way to the Army in 1970, we had never been to Nebraska before. I certainly followed the Cornhuskers. I'm a football fan, but we drove through Omaha and just as we were leaving Omaha, right there at 10th Street where the old Jobbers Canyon was, where now the ConAgra Campus is, I made the comment to my wife, "who in the hell would ever want to live in Omaha, Nebraska?" Well, I will tell you that when I came up and interviewed for the job in 1974 on July 26, it was about 107 degrees, I flew home on a Friday night to Atlanta and I said, we are moving to Omaha, Nebraska. And her comment to me, "who in the hell would ever want to live in Omaha, Nebraska?" (Laughter.) The reason that we lived in Omaha, Nebraska is very personal. I did not know my grandparents. My kids know my grandparents, and it was a very, very good situation. So it's a personal thing, but I'm very, very proud of Nebraska. I'm proud of this opportunity and what can I really do to really help Game and Parks? I serve on the National Pheasants Forever Board and I'm part of the Reload Nebraska activities and there's a lot of things that are going around the country. The biggest thing is in South Dakota right now and I think we can learn from what's happening up there, but my goal is to make Game and Parks the best organization it can be to create the opportunities so that young people can enjoy the outdoors. And if there's one thing I've noticed about it, because I've known the leadership of Game and Parks for a long time, I'm also on the Game and Parks Foundation, that we help raise some money to help the overall situation, but we are good stewards of the money that are given to us and we just want to make sure that we're totally efficient. I've traveled all over the country and what I'm very proud about is the Nebraska way. When Game and Parks had to reduce the number of parks that they had opening, we worked with the communities in order to determine how it could be maintained and managed in a more effective way. And I really think that cooperation is what we really want to have work. We're good stewards and we want to do the right things for all of the state of Nebraska. That concludes my comments. I'd like to answer any questions that you may have, but I'm honored to be asked to serve as the commissioner of Nebraska Game and Parks for the next two years. [CONFIRMATION]

SENATOR CARLSON: Very good. Thank you for your testimony. Any questions of Mr. Bell? Senator Haar. [CONFIRMATION]

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SENATOR HAAR: Yes, I grew up in Freeman, South Dakota. I didn't know if you know...  
[CONFIRMATION]

RICHARD BELL: I know you had a good basketball team in 1964. (Laughter)  
[CONFIRMATION]

SENATOR HAAR: I was long gone by then. (Laughter) So you were probably in an area, too, where you could on a good day go out and get two limits of pheasants, huh?  
[CONFIRMATION]

RICHARD BELL: Well, I think the statute of limitations has run out. On October 15, twelve of us went out, 1961, and we happened to fill five times. And we brought the pheasants back and gave them to my grandmother, we distributed them throughout the entire town. It was so unbelievable, it was really wonderful. And I don't break the law, but that was one opportunity that I've always remembered. Can I tell you the next day I had a shotgun accident. I think that God got even with me, so. (Laughter)  
[CONFIRMATION]

SENATOR HAAR: You were out with Cheney, right? You were out with Vice President Cheney? [CONFIRMATION]

RICHARD BELL: No, I was with my father. I was with all my...my father, got two brothers. But it was a...I had a perfect childhood life. I had parents that told me what to do and I listened. I was the oldest of three sons. We all graduated from South Dakota State. My dad was the nice guy and my mother was the disciplinarian, but we knew that we were all Bells. [CONFIRMATION]

SENATOR HAAR: Excellent. Thank you. [CONFIRMATION]

SENATOR CARLSON: Okay. Thank you. Senator Johnson. [CONFIRMATION]

SENATOR JOHNSON: Thank you. Thank you, Richard, for coming in and thank you for all your service to Nebraska with HDR. I know a little bit about them when I was mayor and worked on some projects, but with your experience with the Foundation, what...where does the Foundation raise most of its money and is that a...do we need to focus on getting more money into that or are we going to have to get it through other sources? [CONFIRMATION]

RICHARD BELL: The Foundation is there to add additional resources on top of what's given to the organization. The Foundation's fund-raising will never replace what's given to it by the state. It's just when some of these special projects when we can go out and reach into the private sector and get some financial support to add to it to make it just a little bit better, I think that's it. But we just had a meeting on the 19th of January and

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Walter Scott who is on the Foundation...there's a number of people. Jim Abel is the chairman of it, kind of says that we're here to be helpful, where it's really the state has to apply the resources for operations and other things and we like to do special projects along that way and to be helpful. And we are all committed to success, it's just another vehicle. But one other thing, I asked the leadership if I took this commission would I have a conflict? And the Foundation said, no. And so I know what my responsibilities are. My responsibility as a commissioner is to Game and Parks. And they're just looking at me as a money source, if they need some additional contributions.  
[CONFIRMATION]

SENATOR JOHNSON: Okay. Thank you. [CONFIRMATION]

SENATOR CARLSON: Okay. Thank you. Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Mr. Bell, thank you so much for your excellent service and what a great company you worked for and did so much for, thank you. My interest is Pheasants Forever with John Gottschalk and his national leadership now. What plans do you have for repopulating our state with pheasants?  
[CONFIRMATION]

RICHARD BELL: Well, it's in...well, that's part of our Reload Nebraska Program and this is just the first step. National Pheasants Forever has been working in South Dakota because if you look at the population of pheasants truly the largest there and they had the biggest decline, and we're working on a South Dakota mosaic plan and I'm going to the meeting in Milwaukee tomorrow. And then I'm going to give the report that's been done and that's been a cooperative effort between the Pheasants Forever but also the Governor of South Dakota and his staff. And we look at that as being an opportunity for a blueprint to see what's adaptable to Nebraska in order to make it work. And we don't...we didn't want six projects all going on concurrently. We wanted to have the lessons learned and then go forward from that. But the economic impact of pheasant hunting in South Dakota is about \$333 million. It's in about an eight-week period and it's really gotten the attention of South Dakota because the pheasant population has dropped from 1.8 million down to 1.42 million, and that has a direct economic impact. So I think it's lessons learned. I had conversations with Jim Douglas and once we get that information, we'll look at it and come back with a plan. But I think it's most important that we do the right things at the right time and move forward. Now I participate in the Nebraska Road Hunt of Pheasants Forever. They go to all the states, the six states in a deal. I think it's most important that we have a safe hunt and we have an opportunity to shoot birds. And it's not the body...the bird count that counts all the time, but I will tell you that I just got the big plaque and I should have brought it to you, because I attended it. They took the article out of the Omaha World-Herald newspaper that day and put it on a big frame and gave it to me because my dog was on the cover and I was on the cover and it mentioned in there that they had shot 38 birds in six states and 18 were

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shot in Nebraska. How we happened to hit the right field at the right time, and we were safe, but that's not the norm and we have to continue to do the hard work. And I'm a believer that if you create...if you do the right things with the right habitat, for the right reasons, it will work. And I think the staff of Game and Parks and the field biologists and the Pheasants Forever biologists will help us get to where we want to be and can have a positive economic impact. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. [CONFIRMATION]

SENATOR CARLSON: Okay. Thank you. Any other questions? All right, thank you for your testimony and that...we're through with you today almost so thank you for coming. [CONFIRMATION]

RICHARD BELL: Well, thank you for listening to me. I'm very proud to be a Nebraskan, okay. [CONFIRMATION]

SENATOR CARLSON: Good. Thank you. Now, are there...is there anyone who wants to testify as a proponent? Anyone as an opponent? Anyone in the neutral position? Seeing none, then that ends our confirmation hearing for Richard Bell and thank you for coming. Now, before I call on Senator Davis, let me go over just a few rules about testifying here on the next two bills. If you are going to testify, please pick up a green sheet by either door and fill that out and when you step forward to testify, make sure you have it and give it to Barb in that box that's there. Make sure that you have filled it out completely. If you choose not to testify, you may submit comments in writing and have them read into the official record. We have a little problem today apparently with copies, but if you have copies, we want you to have...hopefully, have twelve. Now if you don't, we'll see what we can do, but we had a problem with the copy machine earlier this afternoon. You can take the chair to testify. There's no need to adjust the microphone. Just speak clearly into the microphone and right off the bat, state your name and spell it for the transcript. If you don't do that, I will have to interrupt you and ask you to do it. We don't use electronic devices on the committee during a hearing and so would ask you if you have cell phones to either turn them off or put them on silence or vibrate. We don't allow any displays of support or opposition to a bill. We've never had a problem and I don't see why we would have one today. How many are intending to testify today? Okay. We won't use the light system. Should get along fine without it. So with that, we're ready to open the hearing on LB1115 and Senator Davis, you're recognized to open. Welcome. [CONFIRMATION]

SENATOR DAVIS: (Exhibit 2) Good afternoon, Chairman Carlson and members of the Natural Resources Committee. I am Al Davis, A-I D-a-v-i-s, and I represent the 43rd Legislative District. I am here today to introduce LB1115. This bill would appropriate \$200,000 from the General Fund to the Power Review Board for a study of existing and future state, regional, and national transmission infrastructure and policy to serve

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Nebraska electric consumers, utilities, and private generation facilities in Nebraska seeking to export electricity out of the state. Nebraska has a significant opportunity to export electricity to other states, including states outside of the Midwest. In 2010, the Legislature passed LB1048 which created a process for the Power Review Board to consider renewable energy generation facilities designed for exporting electricity. LB1048 has not been as effective as originally hoped, in part because developers lack a clear path to get the electricity out of the state and in particular, to get it to other regions of the country. The high voltage transmission grid is much like the interstate system. LB1115 would appropriate funds for the Power Review Board to contract for and manage a study of how to best connect Nebraska to the interstates around the state with the goal of understanding how to maximize the potential for export of electricity out of Nebraska to the rest of the country. This study would focus first and foremost on Nebraska. Therefore, a more comprehensive understanding of constraints and opportunities for connections from the state and the region to the rest of the nation is necessary to maximize Nebraska's future participation as a significant supplier in the national energy market. Passage of LB1115 would lead to this better understanding and eventually to greater opportunity by funding the Power Review Board to contract for a professional study of engineering and policy constraints, needs, and opportunities. The scope of the study would be shaped by input from a working group, including but not limited to members of the Legislature, representatives of public power entities, renewable energy companies, the Southwest Power Pool, the Western Area Power Administration, environmental interests and other parties with interests and expertise. This broad input would ensure that the funds served the interests of as many Nebraskans as possible. The Power Review Board would present the results of the study to the Legislature and the Governor on or before December 15, 2014. I am offering AM1790 to LB1115. AM1790 would make a necessary technical change to page 2, line 3 of the bill, by clarifying that the funds appropriated for the study would come from the General Fund. I would be happy to answer any questions, but I do have people following me who are probably more informed on the bill than I am in terms of what the objectives will be and the goals that we have. [LB1115]

SENATOR CARLSON: Okay. Thank you, Senator Davis. Questions of the committee? All right. You'll be here to close? [LB1115]

SENATOR DAVIS: I will. [LB1115]

SENATOR CARLSON: Okay. Thank you. [LB1115]

SENATOR DAVIS: Thank you. [LB1115]

SENATOR CARLSON: Next, our first proponent. [LB1115]

RICHARD LOMBARDI: Good afternoon. [LB1115]

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SENATOR CARLSON: Welcome, Rich. [LB1115]

RICHARD LOMBARDI: (Exhibit 3) Thanks, Senator. My name is Richard Lombardi, R-i-c-h-a-r-d L-o-m-b-a-r-d-i, appearing today on behalf of The Wind Coalition. I am circulating to you a bunch of pictures that I wanted to have for you to take a review at. First, I want to say that this first picture is one of the success of this particular committee. Many of you have been involved for the last six, eight years of an array of wind energy legislation that the Legislature has initiated and passed and implemented. And this is a great visual demonstration of the...that we're now exceeding \$2 billion of investment in wind. We have crossed the threshold with what's committed in contracts out there of more than a gigawatt of energy. On the front picture here is the money level of investment and where that has come from, and then the back page basically shows the increase in capacity. This is absolutely a phenomenal growth period. In two years from now in the city of Omaha, a third of all the electricity in that community will be coming from wind. Two years from now, a quarter of all the electricity consumed in the city of Lincoln will be coming from wind. Huge, huge growth in a relatively short period of time. There has been a question says, are we late to this game? And I want to remind folks, and I know I have a lot of ethanol supporters on this, so if you look at the beginning of the 2000s in ethanol development, we were way behind. Now we're number one, number two depending upon in the country. And with the type of resource, and that's what you see here in the next nice pictorial page, that the wind corridor from north to south is this incredible resource that only we and the rest of the Great Plains states get to enjoy. And I think that what we've accomplished in the last six years by removing significant barriers, the type of growth we've seen has just been absolutely phenomenal. The Bush administration is really the administration that made the commitment to say, nationally, it is in our best interest as a country from a national security standpoint, from an environmental standpoint, from an economic development standpoint, that we get 20 percent of our electricity from wind by 2030. The Nebraska portion of that is almost that they project and that we have easily the capability of meeting is almost equivalent to the amount of electricity we consume right now in the state; it's around 7,800 megawatts. And this was a study that again, the Bush administration put together and the projections from the National Renewable Energy Lab of what that means from an economic standpoint. So that's what the potential is. A lot of you have seen this other map. The next page has to do with where the projects are, who has them in Nebraska, and as you can see, that's the development. The next one has to do with the map of Nebraska wind MET towers. This was data and it's not totally complete data, but it's data that came from the Department of Aeronautics that show where we have over 100 MET towers out there which is usually the indication of where we're going to see wind development. And this is a GPS program that came out and put their...we have some folks from Cherry County here. We know we have a bunch of MET towers in Cherry County that don't show up here yet, but they're there. But that gives you an idea of where we're getting wind data from around the state. And it's



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probably the likely area where there will be growth. I'm going to several pieces here. One from the Southwest Power Pool that basically shows what's going on within the region that Lincoln Electric System, Nebraska Public Power District, Omaha Public Power District, as everybody knows, and we've had the benefit of having Southwest Power Pool folks here over the years and they've been just great allies and they're a very fascinating organization. And that's the regional transmission organization that we're all affiliated with. And this shows some of the...at least the existing plans of growth. And as you can see, up in Cherry County there is the beginning of the process of a very important transmission line that is linking up a lot of wind-rich areas in the state. And that is beginning its construction. The next page, and this is what's important about this bill, is that although we're members of Southwest Power Pool, we're actually bordered by two other regional transmission organizations. There's the MISO that is up in South Dakota and Minnesota and Iowa. And then there's the Western Interconnect, which affords a whole opportunity into the southwest and the west. And I guess if I were to characterize this study, it's almost of a meta-study of the transmission planning processes that are going on in those other areas, because every corner of our state, we need to have access to those markets that those regional transmission organizations bring you into. So I guess one of the parts of the study would be taking a look at what's going on west of us, what's going on north of us. We had a great handle on Southwest Power Pool and what's going on east of us. So there is a lot of activity in transmission that is going on, and so certainly this is a look at what's going on with everything around us. The next one where it says, conceptual and approved Southwest Power Pool plans, what I wanted to point out to you, I like this map. If you look at the green line on the left part of the page, that is going to be connecting down into New Mexico, Arizona, and in the southwest a very high demand area that again we're adjacent to, but because our system is based upon loads, we've developed a system where obviously there's not huge loads so we don't have huge transmission. But it's just the opposite when we're talking about a wind development because we have high wind areas that have low transmission capabilities. And I think the goal of what we're trying to do on this study is just figure out where do we go strategically, and how do we move, again, our product to market. So I think that's a good map to look at. We have all been involved in the public power industry, the Southwest Power Pool, a number of advocacy organizations, from Farmers Union to Cherry County Wind Association and others have been involved in The Wind Coalition, very involved in the determination of what's known as the R-Plan. You've heard a lot about the R-Plan, but there was originally a T-Plan and that's what I'm putting up here. And this was again going in a line to Stegall from Cherry County. That was not included on the R-Plan. That was dropped because, frankly, when you get into regional transmission organizations, it's a lot about how you divide up costs, who is going to pay for what. And they may be considering this in their future planning, but that is some planning work that's already been done that was not going to be financed in the near term through the Southwest Power Pool, so I wanted to just point that out to you as a map that that's been under consideration. There's been a lot of study of that, the T portion of that that's available. And the last, the next to the last page is the R-Plan that

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has been approved again that opens up vast resources of Nebraska and one of the major reasons...one of the prime reasons that that was developed was to make sure that Southwest Power Pool had access to Nebraska's incredible, incredible wind resources. Finally, this is a group of folks that I represent. I have a piece of statement from Jeff Clark with The Wind Coalition. Many of these folks are heavily invested in Nebraska and really want to grow their business. They would be...in the letter that Jeff Clark provides you, that this study, I think, is going to leverage a lot of other technical information from the companies from GE to TradeWind to Invenergy, companies that a number of you have met and they wanted me to make sure that you knew that they will...they will free up whatever staff is necessary to assist us in this effort. And I'll stop there, Senator. Be happy to answer any questions. [LB1115]

SENATOR CARLSON: Okay. Thank you. Any questions of Mr. Lombardi? Senator Haar. [LB1115]

SENATOR HAAR: Yes. Sort of looking backwards to learn from it, one of them that got away from us was Clean Line Energy stopping in Iowa. Why didn't that, and to your knowledge, why didn't that continue into Nebraska? [LB1115]

RICHARD LOMBARDI: Clean Line is a fascinating company that was born out of the wind industry because of this very...the reality that we have that the wind is here, the transmission isn't. So they are working in a multitude of states using direct current types of technology for their transmission. They were making a determination of where the wind was being developed. And clearly, there's no doubt about it, that Iowa...the particular project, the Clean Line Rock Island is...they own the right of way between...or they have the ability to lease the right of way from western Illinois through to Council Bluffs. And I don't think they've totally closed the door, but I think that they made a determination that there was sufficient wind being developed in western parts of Iowa that they were going to focus their efforts. They've retained actually, HDR is their engineering firm. And I think one of the first actual obstacles that they mentioned was what you all did last year with LB104, that basically we...our state was at a disadvantage because we were charging for manufacturing inputs that other states weren't. And we removed that barrier and I think we're going to see the benefit of that. So I think that when they started the process they saw several obstacles of wind development and didn't, in the near term, think that there was going to be this type of wind development. I suspect that we have...I think we're still getting their attention, but I think that they're in the midst of their project. It's costly, but that may...I would think with part of this study, frankly, we would get an update from them as to where they're at in their development because that's, obviously, a natural route going to Chicago and environs. [LB1115]

SENATOR HAAR: Okay. Good. So the door isn't closed, but...(Laugh). [LB1115]

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RICHARD LOMBARDI: Yeah. No, this is obviously a really a dynamic process going on with a lot of transmission. In fact, Southwest Power Pool and MISO are having some joint planning efforts. There's just an awful lot of efforts, a lot of moving parts, and this is attempting to try to get a snapshot of those developments. And I just think it's timely. It's what you do when you're going to do something is that you start doing this type of planning. And I think that the Legislature has been fairly consistent in their message over the last six years that we want to move this ball and I think this is the next thing you do to move this ball. [LB1115]

SENATOR HAAR: Okay. Thank you very much. [LB1115]

RICHARD LOMBARDI: Thank you. [LB1115]

SENATOR CARLSON: Senator Johnson. [LB1115]

SENATOR JOHNSON: Thank you, Chairman Carlson. Thank you, Rich. In the introduction, Senator Davis talked about plans that in the past maybe fell short and you commented now about Southwest Power Pool and the plans. What will this one do that that one didn't do, and was that...was it...this the scope of that one or can you explain a little bit? What will we learn if we allocate more money to continue a study? [LB1115]

RICHARD LOMBARDI: In the Southwest Power Pool situation, they...with all their members and they have a number of different layers where they decide how much cost allocation in the sharing of costs for any type of transmission development. And they...and they are probably the most aggressive of all the regional transmission organizations on wind development because they know that's a real big asset. That, I think, actually that gets to one of the points here. I think that to get our on-ramps to regional transmission organizations, other people in other states aren't going to pay for it. I think at the end of the day, we're going to have to figure out that this is...this is not likely. There's certain places to create a road to the connections, that we will have to decide whether or not that's something that we need to do. There are...there's a lot of cost-sharing that Southwest Power Pool has to offer and we're hoping to be...you know, obviously, we're going to be included in future plans. But I think to move our product to market, there's going to be some places where we as a state are going to have to determine whether or not that's an important investment to make. So I think that's one of the things that this study will identify by taking a look at all the other moving parts with regard to regional transmission in the surrounding regional transmission organizations. And so, obviously, the majority, the major utilities in the state are members of the Southwest Power Pool. But I don't think...I think what that told us is that they weren't willing to...their members weren't willing to pay for that connection to the west. And that's, obviously, an area that we've got to do something about. And I think...I suspect it's going to ultimately fall on our shoulders, but before you make those types of decisions you want to do the planning that we're talking about here. [LB1115]

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SENATOR JOHNSON: So this one is going to focus on the west? [LB1115]

RICHARD LOMBARDI: This actually is going to look at...I think that to...that is obviously the big area where we have an incredible top-ten wind resource where we have the least amount of transmission capability. But my sense is that there is...the goal is that and all the people that have worked to this date on it is take a look north, south, east, west. One of the issues it talks about in here, Senator, is about markets. There's a lot of changing market forces out there, not the least of which is there's tremendous energy demand being developed and requests coming out of North Dakota. You have about 60 gigawatts of energy of coal-fired plants that are retiring, which is about ten times the amount of electricity that we use in this state. Some places have certainly renewable portfolio standards that they've got to meet. So there's a lot of changing market forces out there as well as the decreasing cost of wind in locking in fixed rate power. Having certainty in the energy market is incredibly valuable and that's one of the great things that we have with wind is that we can tell you what you're going to pay now, what you're going to pay twenty years from now. Can't do that with many energy resources, but you can with the renewables because we don't have any fuel costs. [LB1115]

SENATOR JOHNSON: Okay. Thank you. [LB1115]

RICHARD LOMBARDI: Sure. [LB1115]

SENATOR CARLSON: Senator Dubas. [LB1115]

SENATOR DUBAS: Thank you, Senator Carlson. So I want to make sure that I'm understanding what you're saying. So the big picture...big picture, regional planning is probably going the direction we need to go. What this study is looking to do, is what do we need to do in Nebraska to make sure we're connecting with the big picture and that we're doing the kinds of things that we need to do within our state to get that...those...that foundation in places. Is that correct? Am I understanding correctly? [LB1115]

RICHARD LOMBARDI: Yes, for the transcriber, yes. [LB1115]

SENATOR DUBAS: (Laugh) All right. Thank you. [LB1115]

SENATOR CARLSON: Senator Haar. [LB1115]

SENATOR HAAR: I should know this, but do we allow for private transmission ownership in Nebraska? [LB1115]

RICHARD LOMBARDI: No, but really, no. I mean... [LB1115]

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SENATOR HAAR: I mean like in Kansas, there are a number of companies that just privately owned transmission companies. We don't allow for that in Nebraska now, do we? [LB1115]

RICHARD LOMBARDI: No. No. [LB1115]

SENATOR HAAR: Okay. [LB1115]

RICHARD LOMBARDI: I mean there's a lot of private public that works and then on a lot of the projects, the wind projects there's a certain amount of transmission interconnect... [LB1115]

SENATOR HAAR: Right, yeah. [LB1115]

RICHARD LOMBARDI: ...that is paid for by the companies. But, no. And that's why it's with the Power Review Board. I mean, if you look at Section 2 of the bill which is basically a reiteration of 70-1001, you made it really clear in LB1048 that the ratepayers weren't going to subsidize the economic development of private entities. That's pretty clear. And in all fairness why I think this is the best and honest way to approach it is that, one, is that this is...we're using an agency that has statewide jurisdiction that crosses across all the surface areas of all the public power districts. They have the expertise of in-house, they have all the transmission in-house that they know and they have, not to suck up to them too much, but they have just a great executive director that is used to dealing with all of us. And it seemed to be the logical place and this Legislature has made a real commitment over the years that this is a major economic development initiative. And so the costs are being shared by the state taxpayers rather than ratepayers on it. And it goes across all the public power boundaries. So that's why I think this is a proper place to put it and there is provisions in the Power Review Board statutes that call for working groups, which I think are a great tool. And this Legislature knows the power of working groups. That's how you move the ball, so. [LB1115]

SENATOR HAAR: My follow-up question, LB1048 was basically a wind for export bill. [LB1115]

RICHARD LOMBARDI: There's a lot in that bill. [LB1115]

SENATOR HAAR: Yeah. [LB1115]

RICHARD LOMBARDI: You did create a regulatory path for private companies to provide winds, but you also had...got rid of personal property tax and entered nameplate capacity. You had some early MET tower. You had an awful lot going in that bill that was extremely helpful, but that was a very helpful process. [LB1115]

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SENATOR HAAR: Okay. Thanks. [LB1115]

SENATOR CARLSON: Okay. Thank you. Other questions? Seeing none. Thank you for your testimony. [LB1115]

RICHARD LOMBARDI: (Exhibits 4 and 5) Thank you, Mr. Chairman. I have a statement in support from the Center for Rural Affairs and then one from The Wind Coalition that I would like to have entered into the record. Thank you. [LB1115]

SENATOR CARLSON: Okay. All right. Thank you. Next testifier. Welcome. [LB1115]

JAMES WILLIAMS: Thank you very much. Good afternoon. My name is James Williams, J-a-m-e-s W-i-l-l-i-a-m-s. I'm here with Invenergy. I'm development manager for Invenergy. I appreciate the time today. Thank you very much for having us here. I'll be brief in my comments. I want to provide a little bit of info about Invenergy, what we're doing in the state of Nebraska, and then also invoice my support for LB1115. Invenergy is currently developing and constructing the Prairie Breeze Wind Project, 200 megawatt project in the Antelope and Boone County in Nebraska. It's about a \$400 million project. We have this...this site is under contract, a long-term contract with Omaha Public Power District, and that's the Prairie Breeze Project. Over the last four years Invenergy has been working in the state of Nebraska developing this project. We're very excited to see it come to fruition. It will be coming on-line here in the very near term. We're pleased with that. We have opportunities in the area to expand and provide for, you know, additional renewable energy sources and economic development in Antelope, Boone Counties and the surrounding counties in this area. And we're excited about the opportunity to do that. We believe there's certainly domestic opportunities and there's also, you know, potential opportunities for export, and that's why LB1115 is a good bill. It's a Nebraska centric study that will provide, you know, transmission information, policy information for the state of Nebraska, and allow policymakers like yourself to have a good understanding of Nebraska's position in the market of SPP and then the market of the United States in general. I think that would be very helpful. You know, part of the positives that we've seen from the Prairie Breeze Project, we're currently hiring. We'll have more than ten full-time employees that will be working for Invenergy to operate the windfarm, and living in the community, spending dollars in the community, hopefully bringing kids to the community. And then additionally between the payments to landowners that have worked very cooperatively with us through the process, and then payments to the counties adding to the tax base will be tens of millions of dollars that will flow into these communities over the next twenty or so years. And we're very excited about this as the project comes on-line here. Shortly it will be the largest wind project to be built in Nebraska and, you know, truly great opportunity to see more of that. So I'm here in support of LB1115 and the amendment, AM1790. I think folks here before me have given a good summary of, you know, the ideas for the bill. I think I would add that

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it's helpful to have, you know, the Power Review Board looped into the process and having them, you know, the purpose being to have a third party, you know, independent study take a look at Nebraska specifically and, you know, provide their expert opinion on the transmission grid as it exists today, find out where opportunities are, find out what obstacles may still be out there, both from the transmission end and from the policy side. That's certainly part of the process and the idea of the study. I think that would bring value to Nebraska, and you folks as policymakers to allow you to understand how Nebraska is currently situated in the market. With that, I'd say, thank you again. I would note that certainly the industry appreciates the passage of LB104 last year. We were able to take advantage of that and pass the savings on to ratepayers of Omaha Public Power District. Be happy to answer any questions you may have here today. Thank you. [LB1115]

SENATOR CARLSON: Okay. Thank you. For your questions, Senator Brasch. [LB1115]

SENATOR BRASCH: Thank you, Mr. Chairman and thank you for your testimony today and your interesting facts you've brought forward. Just from reading your...you're with The Wind Coalition, correct? [LB1115]

JAMES WILLIAMS: Invenergy is a member of The Wind Coalition. Yes, I work for Invenergy. We're independently owned, a clean energy company. We developed and then own and operate wind projects. [LB1115]

SENATOR BRASCH: And where are you based out of, may I ask? [LB1115]

JAMES WILLIAMS: I'm sorry. I'm in Denver, Colorado. [LB1115]

SENATOR BRASCH: You're in Denver? [LB1115]

JAMES WILLIAMS: Yes, ma'am. [LB1115]

SENATOR BRASCH: Okay. And a coalition of several members here I see in your letter. [LB1115]

JAMES WILLIAMS: Yes, of The Wind Coalition. We're a member of that, The Wind Coalition, that Rich Lombardi represents is made up of a group of wind industry companies throughout, I believe it's SPP and ERCOT, which is Texas. [LB1115]

SENATOR BRASCH: How many states are involved and are you aware...? It's okay. [LB1115]

JAMES WILLIAMS: Five to seven, approximately. [LB1115]

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SENATOR BRASCH: And are you aware of any Nebraska based ones specifically at this point or is it just all independently owned and operated, but you're a part of one coalition that...? [LB1115]

JAMES WILLIAMS: Yes, so The Wind Coalition is an industry trade group effectively across this large area of many states that, you know, tracks policy and tries to position the wind industry accordingly. And there are companies that are developing wind projects that are Nebraska based companies and I think you'll actually hear from at least one of those companies here, shortly. [LB1115]

SENATOR BRASCH: Very good. I just was not that familiar with the operation. You're an association member, more or less. The coalition is a network of memberships. And how many states do you deliver wind to? You're a producer as well, correct, member-producer? [LB1115]

JAMES WILLIAMS: Yes, so Invenergy is an independent power producer. We're members of many trade organizations like The Wind Coalition across the country, across North America. Invenergy, we have developed about 8,000 megawatts of clean energy projects in the world. [LB1115]

SENATOR BRASCH: And it's international? [LB1115]

JAMES WILLIAMS: Correct. [LB1115]

SENATOR BRASCH: Correct. How do you deliver, the science or technology is... [LB1115]

JAMES WILLIAMS: So for...there are transmission grids all over the world. You know, the United States has transmission grids specific to our country, and then spills over, maybe, into Canada, Mexico, a little bit, but... [LB1115]

SENATOR BRASCH: So you have offices internationally? [LB1115]

JAMES WILLIAMS: Sure, we do, but really we have power plants... [LB1115]

SENATOR BRASCH: Power plants, okay. [LB1115]

JAMES WILLIAMS: ...internationally and that's where we generate the energy and depending on the situation in Nebraska, we have a long-term contract with Omaha Public Power District to purchase the output from the wind power plant that we own, that Invenergy owns and operates. [LB1115]

SENATOR BRASCH: And how would it...the age of your company, is it ten years or how



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many years in business? [LB1115]

JAMES WILLIAMS: Thirteen. [LB1115]

SENATOR BRASCH: Thirteen years. And original owner or have you grown, I'm just curious about the industry if it...? [LB1115]

JAMES WILLIAMS: Sure. It's grown significantly since 2001. The company was started by an individual who still is majority owner of the company, and it started with no power plants and now we're up to 8,000 megawatts. That equals about 50...more than 50 different separate projects or transactions that we've done with different utilities all over the country and the world. [LB1115]

SENATOR BRASCH: Very good. Thank you for coming forward today. [LB1115]

JAMES WILLIAMS: Yeah, very welcome. [LB1115]

SENATOR CARLSON: Senator Haar. [LB1115]

SENATOR HAAR: A couple of questions. First of all, now that you're here, and if you had your druthers, what else would you like to see Nebraska do, from your standpoint? [LB1115]

JAMES WILLIAMS: Sure. Buy as much wind power as possible. (Laughter) You know, I think that this study is...I'm joking there, but I think this study is an excellent opportunity to take a look at what Nebraska can do both from, you know, a domestic end and, you know, an export potential for wind energy. And the state, I think, what Invenergy would like to see Nebraska do is to do these types of studies to understand how, you know, I think it helps educate you folks as policymakers and allows us to then understand, you know, what we can do to help serve the state of Nebraska. [LB1115]

SENATOR HAAR: But in terms of policy, like you said, LB104 was very useful to you, and what additional legislative steps...do you have any in mind or maybe that's something you come to my office and we'll talk about. [LB1115]

JAMES WILLIAMS: Yeah, we could certainly talk about it. I mean, I think that is the purpose of the study in one part is to look at the policy in the state and provide ideas of how Nebraska can better situate itself or better compete with surrounding states. I think that there's, you know, there's different policy across the country, you know, whether it's RPS or production tax credits at the state level, different policies that states have implemented that have, you know, been effective. [LB1115]

SENATOR HAAR: So you see that as part of the study? [LB1115]

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JAMES WILLIAMS: I see that a part of the study. When I look at, you know, Section 3 of the legislation of the bill, that's, you know, detailed in there is a review not just of the transmission system, but of the policy that is... [LB1115]

SENATOR HAAR: Does Invenergy own private transmission or do you always just tap in? [LB1115]

JAMES WILLIAMS: Invenergy currently owns more than about 250 miles of transmission encompassing the country, if not North America, in SEANET. And we look at...and I guess we've developed and constructed these lines and we see it as a way to bring our projects to market. [LB1115]

SENATOR HAAR: And that goes beyond... [LB1115]

JAMES WILLIAMS: A great example...so those are private transmission lines. A great example of just how transmission plays into projects is that for our Prairie Breeze 200 megawatt wind project, in order to effectively connect to the transmission grid into Nebraska Public Power District in that situation, we built a 20-plus mile transmission line in order to allow our power generated at the windfarm to flow onto the grid. In this situation, we constructed a line and actually transferred title of the facility to the Nebraska Public Power District. But there are instances in other places where we own private transmission lines that are a part of our tie, our extension cord to inject power to the transmission grid. [LB1115]

SENATOR HAAR: But beyond just the tie, I mean, for example, in Kansas you see considerable private transmission. Do you own any of that or it's mainly just the tie? [LB1115]

JAMES WILLIAMS: That's not part of our business model. [LB1115]

SENATOR HAAR: Gotcha. Gotcha. [LB1115]

JAMES WILLIAMS: Currently is...there are companies that are specifically transmission development companies. The way we interact with them is that we would be on one end of that extension cord like the Clean Line projects that were mentioned earlier. And we'd be able to use some of the transmission capacity, purchase some of that capacity on the lines that they'd be building to load. [LB1115]

SENATOR HAAR: Good. Thank you. [LB1115]

JAMES WILLIAMS: You're welcome. Thank you. [LB1115]

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SENATOR CARLSON: Senator Schilz. [LB1115]

SENATOR SCHILZ: Thank you, Senator Carlson. Good afternoon. Thanks for coming in. [LB1115]

JAMES WILLIAMS: Good afternoon. [LB1115]

SENATOR SCHILZ: You know, as I read through the bill and I look at and see what you're doing, a couple of questions come to mind. When you talk about the opportunities, could you outline for me just for a little background, what kind of entities does Invenergy sell energy to? Who are you selling to these days? Whose... [LB1115]

JAMES WILLIAMS: So Omaha Public Power District would be a great example. [LB1115]

SENATOR SCHILZ: Right. [LB1115]

JAMES WILLIAMS: There are other utilities similar to that across the country, Xcel Energy owns utilities in Minnesota, Colorado, and Texas, we've worked with them. In Iowa, MidAmerican Energy, we've worked with them. So, I mean, I could probably list off a few more but it's essentially, you know, bilateral contracts with utilities. [LB1115]

SENATOR SCHILZ: Sure. And as I see it, when we talk about opportunities within this bill, part of those, I would hope, would be for the state of Nebraska to work to help define where those opportunities for those potential customers could be. And then part of the study, I think, if I were going to do it, would be to figure out how to create those relationships so that moving forward when it is possible to...or when somebody actually needs something, they don't need to look anywhere else but here. And that's a part...I think, and you can tell me if I'm wrong, but I think Nebraska is a little bit of a different kind of animal out there because we're basically building these specifically for export. And you just don't see...just don't see that happening all over the place very much and that our whole market would be exporting basically except for possibly 10 percent. So I just wanted to hear opinions on that and what you think if that's a valuable part of what we could do here or if it's not. [LB1115]

JAMES WILLIAMS: Yeah, good...great question. I think it is absolutely a valuable part and that's the point of identifying where opportunities would be for Nebraska resources, you know, the great wind resource here, and identifying, you know, specific operators as you said, you know, which utilities or which regions in the country are there going to be opportunities, and then effectively how does Nebraska deliver to those potential customers. [LB1115]

SENATOR SCHILZ: Or whoever is working with this to get it there. [LB1115]

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JAMES WILLIAMS: Yeah, absolutely. [LB1115]

SENATOR SCHILZ: Do you have...is any of this information available now or are you developing it yourselves when you go places, or how does that work right now? [LB1115]

JAMES WILLIAMS: Yeah, when you're talking about the information that will come out of this bill, I think that you can find it in different places right now. It's always changing so there's always going to be new information to add to a study to allow for, you know, the full picture to be painted as new transmission lines are built, or as new, you know, loads are identified that need to be filled. It's certainly out there, but I think the purpose of this study is to make it specific to Nebraska. A lot of the information is regional. This would be state specific and I think that, to me, is the key benefit to a study like this. [LB1115]

SENATOR SCHILZ: But what I understand that you're saying this and once again correct me if I'm wrong, but a lot of this data is out there. It just needs to be gathered and synthesized for what we would utilize it for. Is that a true statement? [LB1115]

JAMES WILLIAMS: I think it's partially true. I think that yes, the transmission information is out there on what the system looks like today. Is the information been analyzed in a way to understand how Nebraska best utilizes both the existing and then potential future transmission? No, that information would be new based on this study. [LB1115]

SENATOR SCHILZ: At least as far as you know, correct? [LB1115]

JAMES WILLIAMS: In my opinion. Thank you. [LB1115]

SENATOR SCHILZ: Okay. Thank you. [LB1115]

SENATOR CARLSON: All right. Any other questions? Seeing none, thank you for your testimony. [LB1115]

JAMES WILLIAMS: Thank you. [LB1115]

SENATOR CARLSON: Next proponent. Welcome, David. [LB1115]

DAVID LEVY: Thank you. Chairman Carlson, members of the Natural Resources Committee, David Levy, D-a-v-i-d L-e-v-y, with Baird Holm law firm, here today on behalf of Geronimo Energy. Geronimo's a subsidiary, Grande Prairie Wind is currently developing a 400 megawatt wind project in Holt County, northeast of O'Neill. Geronimo is also the successor in Nebraska to Midwest Wind Energy and some of the Edison

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Mission Energy assets. I think you all are very familiar with those companies, having seen them and their representatives here on a number of the wind energy bills. Between them, Midwest Wind and Edison Mission have developed almost 300 megawatts of wind energy in Nebraska and have invested over a half a billion dollars in Nebraska. Geronimo is headquartered in Edina, Minnesota, and I want to talk for a minute a little bit about a project that Minnesota undertook that feels a lot like what I think LB1115 would ultimately lead us to. That project was called CapX2020. The CapX2020 effort in Minnesota was a comprehensive study of transmission needed for reliability and import-exports, in import and export markets in Minnesota, which ultimately spread to the Dakotas and Wisconsin. So ultimately became a subregional effort to look both at opportunities for export, markets for exports, Senator Schilz, you talked about that in your question, but also it had a positive impact on understanding and reliability of the transmission system internally as well. So ultimately it had great benefits both for renewable energy in the state. Minnesota has renewable portfolio standard, export of renewable energy, and the transmission grid, and opportunities, constraints and needs within the state. Ultimately, CapX2020 led to approval of a network of high voltage transmission lines that would benefit both customers and generators for export. Billions of dollars of private investment in that transmission work and encouraged and facilitated additional billions of dollars in energy development such as windfarms in Minnesota, which does not have the wind resource we do, but is far outpacing us in terms of development. One of the things that they say in the information on CapX2020 that I think is really important to bring home here, and to differentiate this somewhat from some of the good work that's already done, the CapX information says they're preparing for the next 25 years. And it's not just the next 25 years of transmission within the state of Minnesota, but it's markets, it's export, it's renewables, it's traditional base load generation. The world of electricity is changing almost by the day right now. And so to really, truly prepare for the next 25 years, whatever the entity or entities have to have a great understanding of all of those factors, infrastructure, generation, markets, export. You know, it is possible today and will be even more possible in a few months to generate electricity in Nebraska and sell it in Seattle or Phoenix, Boise, Chicago, Nashville, Tennessee, wherever it might be. And with that, the new reality is there's a much more open transmission system and the access to markets is much greater. And so what LB1115 would do in my view is help us understand those markets, where they are, how we could get there today, what we might need to do to be able to get there tomorrow, and also anytime you do any of that kind of review and study and ultimately development, you're also looking at your internal system because you've got to get across your internal system to get to those interstates, those freeways outside of the state that Senator Davis talked about. Wind energy and renewable energy development has been tremendous in the United States in the last decade. Rich Lombardi had some numbers on that. But ultimately there are finite opportunities. Phoenix is going to keep growing and probably demanding more and more electricity. We are in a competition with other states however to serve that. And it is my belief and opinion, and Geronimo Energy's belief and opinion, that as a state, Nebraska needs to

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start looking at this now and make sure that we are participating in those opportunities. To do that, we need to understand where those markets are, how we get the power there, and that's really on a national coast to coast basis. SPP, NPPD, all of those entities are doing great work in this regard, but to my knowledge they are not looking coast to coast. They're not necessarily looking at markets. It's not their charge. It's not a criticism of what they do. This study, though, goes beyond both geographically and with the market component in addition to how do you get it there to market. Because as Senator Schilz said, ultimately this...our state is...the opportunity is export. We can export five to ten times as much electricity probably as we can ever use. You'll hear more about the potential economic development benefits of that generation development here. We need to look at all of those things and LB1115 would do that. So be happy to answer any questions. [LB1115]

SENATOR CARLSON: Okay. Thank you. Questions? Senator Haar. [LB1115]

SENATOR HAAR: And I should know this one too, but do we actually...are we net exporters of wind energy at this point? [LB1115]

DAVID LEVY: At this point, no, we are not. [LB1115]

SENATOR HAAR: Do we really export any that you're aware of? I was trying to think of... [LB1115]

DAVID LEVY: I am not aware of a wind energy project in Nebraska that has a power purchase agreement... [LB1115]

SENATOR HAAR: Outside. [LB1115]

DAVID LEVY: ...with an out of state entity. The reality of this is we don't know where the electrons go. [LB1115]

SENATOR HAAR: Of course. Of course. [LB1115]

DAVID LEVY: It's a paper transaction, a buy and sell transaction. But like I said, when you look at power purchase agreements, to my knowledge they are all domestic at this time. But as you heard, OPPD is over 30 percent. [LB1115]

SENATOR HAAR: Oh, yeah. [LB1115]

DAVID LEVY: I think our in-state utilities have done a great job. There is more opportunity in state, but, you know, the long term and great opportunity is export to foreign markets. [LB1115]

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SENATOR HAAR: But if you...I mean, you did a lot of work with LB1048 exporting wind. We know there's wind energy being imported from Oklahoma at this point, so we're not really exporting any on paper anyway and yet we're importing wind energy. [LB1115]

DAVID LEVY: You're right. That's...that statement alone, I think, makes the case for LB1115, as one of the things we have to do is start exploring those markets. And Oklahoma has been very aggressive and, you know, they out-competed us on that one. And that shouldn't happen. We're losing that opportunity and those opportunities won't always be there. [LB1115]

SENATOR HAAR: So I should vote for this bill? (Laughter) [LB1115]

DAVID LEVY: I would strongly encourage it, yes. Thank you for helping me along. [LB1115]

SENATOR CARLSON: Okay. Any other questions? Thank you for your testimony. [LB1115]

DAVID LEVY: Thank you all very much. [LB1115]

SENATOR CARLSON: Next proponent. Welcome. [LB1115]

ERIC JOHNSON: (Exhibit 6) Thank you. Thank you, Chairman, members of the Natural Resources Committee. My name is Eric Johnson, E-r-i-c J-o-h-n-s-o-n. I am here on behalf of Banner County Wind Energy Association to read in their letter of support of LB1115. Dear Chairman Carlson and members of the Natural Resources Committee: Please accept this letter as our testimony in support of LB1115. Banner County Wind Energy Association is a not-for-profit LLC established in 2009 for the purpose of encouraging the development of renewable energy facilities in the Panhandle of Nebraska. Our board consists of eleven landowners representing 84 members, all of whom are landowners in the Panhandle. We have been, and continue to be, very active in our quest to bring wind energy development to our area. We are a member of the Nebraska Energy Export Committee and have testified and lobbied in the Legislature during the development of LB1048. Ultimately, our goal is to bring rural economic development to our area. Small communities that are not close to metropolitan areas are struggling to survive. Businesses, schools, hospitals, and other public entities are either struggling or disappearing altogether. Recently, our group could not even have a lunch meeting because of both of the restaurants that we have met at in the past are closed in Kimball, Nebraska. Renewable energy projects have the ability to revitalize rural areas. You only have to go to Iowa, South Dakota, Wyoming, or Colorado to see this happening. At night from the hill north of Kimball, you can see hundreds of red blinking lights from the windfarms in Weld County, Colorado. In Weld County, which is just across the border from Nebraska, the citizens are building a brand new school at

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New Raymer. In 2010, the Legislature passed LB1048, which is a step in the right direction. Unfortunately, compared to surrounding states very little development is happening in Nebraska. Given the tremendous environmental and economic benefits these projects provide, why is Nebraska being left behind in the renewable energy explosion? The first step to solving a problem is identifying the causes. Banner County Wind Energy Association supports the passage and implementation of LB1115 which will provide some of the answers to these questions. We believe that LB1115 is a great idea vital to the future of renewable energy development in Nebraska. If we don't get with the program, Nebraska is not only going to be left behind, we are going to be left out. We believe that LB1115 is a good idea vital to the future of renewable energy development in Nebraska. Thank you for your consideration. Signed, Jim Young, Chairman of the Banner County Wind Energy Association. [LB1115]

SENATOR CARLSON: Okay. Thank you, Eric. Any questions of the committee? [LB1115]

ERIC JOHNSON: Thank you. [LB1115]

SENATOR CARLSON: Okay. Thank you. Next. Welcome, John. [LB1115]

JOHN HANSEN: Good afternoon, Mr. Chairman, members of the committee. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union, also their lobbyist, also a cochair of the Nebraska Wind Conference. We are in support of LB1115. And as we think about this issue, why would we need such a study? And I would say that as we look at our unique 100 percent public power state, that it is not the job of anyone of the public power entities to gather that kind of information which would help us as a state be able to more strategically think about the marketing of our natural resources in a productive and beneficial manner. So I would make the case that it is not our public power entities job to do this study, but they have a lot of the expertise involved in order to be able to make it work and to do it, and they need to be a part of it. I have been a part of several efforts, including the Nebraska Transmission Advocacy group that interacted with the Southwest Power Pool relative to helping more appropriately locate the transmission corridors for the Southwest Power Pool path in Nebraska as we partnered with our public power partners in order to do that. It was a very constructive, collaborative effort and appropriate. But why doesn't the Southwest Power Pool do such a study? Because I argue the same as public power entities, it's not their job to look out after Nebraska's very unique and diversified interest. It's their job to look out for the specific requirements of why you form an RPO, a regional power organization, and why you...how you meet their goals and objectives within their geographic area. And those...those requirements and that mission is somewhat sometimes similar, but very different from what this study would do. Depending on how you look at Nebraska as a state relative to how we play out in the bigger arena relative to wind exports, we are either, as is my own farm which



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is 12 miles from anywhere, we're either in the middle of nowhere or we're strategically located. (Laughter) And so we are at...when we are divided as a state between the eastern and the western grid and that puts us squarely in the middle of nowhere or strategically located, depending on how it is that we address the very unique restrictions that come with being able to move power back and forth across that divide. My frustration as a member of the task force, the Nebraska Power Association National Renewable Energy Lab, had cofunded, each put up \$500,000; NREL put up \$500,000 and provided expertise, the Nebraska Public Power Association did \$500,000 of in-kind on the Wind Integration Task Force which did a very, I thought, appropriate job was that we didn't really give enough time and attention to the particulars that go with the enormous wind capacity that we have in Senator Schilz' district in the west end of the state. And that as we look at how it is that that whole tri-state arrangement comes into the western part of our state and as it is involved and engaged, it is a very different kettle of fish there than it is in most of the rest of the state. So we have a lot of wind resources, but as a state we don't have very much load in that part of the state. So then if you're going to utilize that resource in state, you have a lot of transmission in order to be able to get it to the other end of the state. So their needs an interests, I think, need to be clearly involved in this effort or we don't do the state as a whole justice. And so we're all Nebraskans. We all have wind resources. We all have a need. So I'm not sure exactly what it is I would do here, but I think that it needs to be clear that the needs that are peculiar and specific to the western end of the state would be included in this study. And that means...that makes things more complicated, but that's more appropriate in my opinion because they are in a unique situation and it's easy to just kind of ignore their interests from time to time. Maybe Senator Schilz would disagree with me on that, but in my view as I look at the particulars of this proposal, there are several suggestions I would...or observations I would make and suggestions I would make. In page 3 starting on line 6 where we depending on how we use commas or semicolons, I don't think "operators" is appropriately clarified and defined. I don't think "developers" is appropriately defined. I'm not sure what kind of operators, what kind of developers and if they're going to have a place on this effort, I think that we need to more clearly define those. And I would also opine that it is after all the folks who own the wind in Nebraska, who are the landowners who are not specifically listed in this group, and I think landowners ought to be included. And I would also point out for anyone who has ever worked with landowners, as been my job for 24 years, we ain't all on the same page all of the time. There's a lot of diversity of opinion and so as I look at all the different folks who would like to get their hands on our wind and do something with it, I think that we need to more clearly identify and delineate landowners and have them also included. And the last observation I would make is that as I look to other states and have been doing this for a very long time, two entities in the other states that I look at, work with, that are more successful at developing their state's wind resources are usually two entities that are much more engaged than is our state, is their State Energy Office and their Department of Economic Development. And those two entities are always engaged and they are more specifically required to be engaged because they see wind energy

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development and deployment as a part of both their state's strategic energy interests and also it is a part of their state's strategic economic development interests. And so if I were to house this request for this, instead of putting it in the capable hands of the Nebraska Power Review Board, I would house this mission in either one of those two entities and I suggest that without having asked either one of them before coming before the committee today. But I would suggest to you that they are, as we talk about transmission loads and transmission issues, when you talk about stranded capacity, a term that we use to talk about capacity that doesn't really have a home and go some place, I would say that in our state those two agencies in our state ought to be more involved. And this might be an opportunity to help get one or the other involved in this process and it would be a good experience and they both have expertise in this area that would be good for them to bring to the table and also to help them get more involved and engaged. And with that, I would end my comments. [LB1115]

SENATOR CARLSON: Okay. Thank you. Questions? Senator Johnson. [LB1115]

SENATOR JOHNSON: Thank you. Thank you, John. I was listening to your conversation and I really got interested when I heard you talking about two entities that put in a half a million dollars and got something out of it. Compared to what we're...I'm not sure where the \$200,000 came, you know, how that number came up, but it appears that you've almost come up with as many suggestions to improve as what you...I think you believe in the project, but you have a lot of things. What are we going to get for \$200,000? [LB1115]

JOHN HANSEN: Senator, that is a great question. [LB1115]

SENATOR JOHNSON: For somebody else. (Laughter) [LB1115]

JOHN HANSEN: And it's...as a former public official who negotiated a lot of consulting contracts and a lot of them for a lot of money, the operative question is just how much does this really cost and what are you actually going to get for the amount of money you spend? And, you know...so I'm not familiar with the methodology that was used to get at the \$200,000, but I know that NPA put in \$500,000 of in-kind expertise and did, I think, a very good job in the Wind Integration Task Force study and NREL put in \$500,000 cash, but also provided a lot of technical expertise as well. So in that case they were doing more of what I would call new research, and they had consultants that had a lot of national expertise who had worked with the development of a lot of other regional efforts. So I look at this study as taking...there will be some new data, but there's a lot of the information that you would need to do this, at least to my mind, is already out there. It's a matter of helping bring it together, organize it, put it in a more usable format, raise some of the questions that need to be raised. So \$200,000 may well be an appropriate number. My grandfather used to ask the question, what's the difference between a \$2,000 bowl and a \$1,000 bowl? He said, unfortunately, most of the time, about \$1,000.

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(Laughter) You raise the question that I always struggle with relative to consultants.  
[LB1115]

SENATOR JOHNSON: Yeah. Okay. Thank you. [LB1115]

SENATOR CARLSON: Senator Haar. [LB1115]

SENATOR HAAR: John, thank you for bringing wind to this community, (laugh) to this committee you're in. And I timed you, you were exactly three minutes. It's amazing. So I asked this question earlier of David Levy. Do you know of any wind that actually we're exporting right now? [LB1115]

JOHN HANSEN: There are...there are folks from NPPD here who could answer that question much more accurately than I can, but in terms of contracts out of the state, the answer is no. We don't have...we don't have any out of the state exports. We've got the 100 megawatts from Oklahoma coming in to LES. We've got another rural district in northeast Nebraska and some other communities with them that has apparently signed a sole source contract with a utility out of Kentucky to provide their needs in future years. And so we've got two known imports of wind energy. We have no known exports going out. There is some excess capacity in NPPD's portfolio and part of that is sold on the spot market and part of that comes from wind. So therein lies an educated guess by...Paul Malone who sits back here who I'm sure probably could tell you what a ballpark estimate of that is. But that's just in and out of the excess capacity on a daily basis that gets sold, but it's not as a result of a contract that we have out of state. And Senator Haar, if I might, you asked a question earlier about whether or not we allow private transmission in the state. Invenenergy owns a private transmission from their project over to the substation south of Meadow Grove. We just don't give them eminent domain authority. So that's restricted to public power. So we do allow for private transmission. They just don't get the use of eminent domain. [LB1115]

SENATOR HAAR: Okay. Good. And thank you, I lied about the three minutes, by the way. [LB1115]

JOHN HANSEN: Did you? (Laughter) But thank you for lying for me. [LB1115]

SENATOR CARLSON: Okay, Senator Brasch. [LB1115]

SENATOR BRASCH: Thank you, Chairman and thank you, John. Good to see you. I think you raised a really good question or point about the Department of Energy. And I don't know if they're here to testify or have, but they play a part in it at all. But as I recall, back in 1990s, the Nebraska Department of Energy, I think, Bob Harris was the director then, he did express an interest in developing wind energy. He's one of the people interested. I don't know where Bob is these days or what he's doing, but has the Energy

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Department ever played an interactive role in the groups you've talked with or do they use that as a source? Are you...any thoughts on that? [LB1115]

JOHN HANSEN: Thank you for the question, Senator. I think Bob, these days, is in Atlanta. And I worked with Bob Harris when he was the energy director and I know those folks, I work with them. I have a lot of respect for them and I just think that there's expertise there that we're not using as much as we could or should, especially other states, you know, task their energy department with doing more things. So, you know, it's not on my part a jab at all at the Nebraska Department of Energy. I think that those folks could be helpful, and should be. And we should think about having them, you know, put to work. And, you know, the Nebraska Department of Economic Development, we've included them on an invite list to participate in our wind conferences, but I know based on my interactions with other states, Minnesota in particular, that in Minnesota they much more clearly have department level engagement and responsibilities relative to helping move wind energy development forward because they think of it strategically in that way. And that's a friendly suggestion on my part that the Department of Economic Development has a lot of expertise and there's folks over there that I'm good friends with and have a lot of respect for. And so I just look at who are the players that we could be putting to work and I just offer that as a suggestion. [LB1115]

SENATOR BRASCH: And I do think it's a good one. And I don't know if, you know, they would be stakeholders in this study or a partnership. But at one point, they did...energy received a significant amount of funds through, I believe, it was Bob Kerrey's administration when Enron...there was a lawsuit and money was...had been given towards energy in Nebraska, and that's where the dialogue all started. But I didn't know where it had went. Do you think a study would help benefit our Nebraska based developers, perhaps, and that's my interest as I have constituents in Burt County with Burt County Wind looking for a path. And they want to work with NPPD or OPPD or any entity to find the Nebraska way to have things happen on a reasonable affordable time line. [LB1115]

JOHN HANSEN: Well, my sense is that we still have in-state potential for a home for more electricity and, you know, despite all of the things that we've done so far relative to export energy, you know, we're...if you look at last year, this year, and next year, it's a remarkable three-year period. Last year we built in the state of Nebraska 75 megawatts of wind. This year we're going to build 275 megawatts of wind, and next year by the time we get done, we're going to have another 400 megawatts of wind. It will be the most wind development ever developed in our state's history, but all of that is in state. And so...and we're certainly not done with all that we can do there. But if we're going to realize every potential, we're going to have to look at export, but we ought to also look at different kinds of ownership structures, and we ought to include everybody in the mix, big and small. And so you're seeing other states also doing a better job, in my opinion,

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of being able to kind of fit in smaller projects in unused capacity. And they've also studied those things in order to be able to make that work so you could say, all right, where do we have the potential here to plug in maybe a ten, a 15, a 20 megawatt project based on the transmission we have. So we have a lot of potential across the board, in my opinion, for all kinds of projects. And the advantage of those kinds of projects that you're talking about is that per capita, they kick out three, four, five times more economic development benefits than do outside investor-owned projects. So I think that it would be good if the study included as much as we can, data that's useful to all kinds of developers in our state. [LB1115]

SENATOR BRASCH: I appreciate it. [LB1115]

JOHN HANSEN: And we also have a lot of munis that are interested in partnering and doing things in smaller projects in their areas. [LB1115]

SENATOR BRASCH: Very good points. Thank you. [LB1115]

SENATOR CARLSON: Okay. Any other questions? Thank you, John. [LB1115]

JOHN HANSEN: Thank you very much, Mr. Chair. [LB1115]

SENATOR CARLSON: And I may have miscounted. How many more proponents do we have? One more, okay. Welcome. [LB1115]

GEORGE JOHNSON: (Exhibit 7) Good afternoon, Senator. Thank you. My name is George Johnson, G-e-o-r-g-e J-o-h-n-s-o-n. I live in Cody, home of the cowboys, up in north central Cherry County. I had...this is the first time that I've ever testified before a committee and so I went to your Unicameral Web site last night to see exactly how I should do this and it was recommended that I type out my testimony so that you could read it and so that I wouldn't get too long-winded or short. But a little bit of my background, I've been an entrepreneur all my life and lived in north central Nebraska. Started several businesses, some of them successful, some not. Most ranched for about 20 years and most recently started a gourmet vinegar...wine vinegar company. One hundred percent Nebraska products and we export it to every state in the nation, so we're familiar with that concept. I'm here to testify in support of LB1115 as the president of Cherry County Wind Energy Association. Our association has 75 landowner members comprising 450,000 acres of land in Cherry County that's committed for future wind energy development. I'm sure all of you have heard the refrain that Nebraska ranks third in the nation in wind generation potential, but ranks twenty-third in actual production. It seems we continue to be a step behind our neighboring states in taking advantage of all the economic benefits of wind energy development in Nebraska. I'm not here to debate the reasons for that, but rather provide some commonsense reasons why we need to learn how and where to export the

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renewable energy resources of our state. I think everyone in Nebraska that knows how to read or owns a TV knows that we have an escalating property tax problem and we're very aware of that out in western Nebraska. There doesn't seem to be any single answer for it, but wind energy development could significantly contribute to the solution. According to a recently completed study by Bluestem Energy Solutions, and Baird Holm, LLP, both of Omaha, for each megawatt of new wind energy developed in Nebraska a total of \$6,626 of additional property tax is paid. The National Renewable Energy Laboratory calculates that Nebraska has the potential to site 918,000 megawatts of wind energy generation. For purposes of discussion, let's just assume that we gathered 1 percent of that potential resource. The resulting addition to Nebraska property taxes would be over \$608 million annually. In addition, again according to the National Renewable Energy Laboratory studies, the direct and indirect economic impact to Nebraska would be \$3.3 billion annually over the 20-year life of the projects. Now no one has ever accused me of not thinking big enough, but I'm from Cherry County, you have to remember. We do things on a large scale out there. I agree with John that it is not the responsibility or statutory requirement of our public power entities to study how we might export renewable energy out of Nebraska. However, someone needs to take responsibility for this effort. If we are going to reap the same benefits that our neighboring states are realizing, someone has to take responsibility. Nebraska currently has 359 megawatts of installed wind generation capacity. Iowa will have 10,000 megawatts by the end of 2014, and their retail customer rates are less than ours are. Texas currently has over 12,000 megawatts of installed wind generation capacity, accomplished in large measure by the Electric Reliability Council of Texas. ERCOT, I believe was mentioned by an earlier testifier. They are very similar to our public power utilities as they are a nonprofit corporation. However, they made a strategic decision over a decade ago to build a transmission network in the Texas Panhandle to facilitate wind-generated electricity to be integrated into the grid. The cost was shared by all ratepayers and it has since generated tens of billions of dollars in economic activity and lower rates for their customers. I'm not here to advocate for a specific solution that would enable us to participate in the renewable energy revolution that's taking place across America. Rather, to ask you to make sure we make every effort to study the impediments, find solutions so that Nebraska can participate in this unprecedented economic opportunity of renewable energy generation. And I believe that LB1115 is a significant first step in the dialogue to find solutions enabling Nebraska to become a significant supplier of renewable energy. Thank you. [LB1115]

SENATOR CARLSON: Okay. Thank you. Thank you for coming this distance and testifying today. Any questions of Mr. Johnson? Yes, Senator Haar. [LB1115]

SENATOR HAAR: Thank you. Yeah, I met you at the wind conference... [LB1115]

GEORGE JOHNSON: Yes. [LB1115]

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SENATOR HAAR: ...and I thank you for coming so far and I just want to say, amen.  
(Laughter) [LB1115]

GEORGE JOHNSON: Thank you. [LB1115]

SENATOR CARLSON: Okay. Thank you for your testimony. [LB1115]

GEORGE JOHNSON: Thank you, Senator. [LB1115]

SENATOR CARLSON: Okay. Now did I miscount, are you a proponent? Okay. All right. Any other proponents? All right. Any opponents of LB1115? Anyone testifying in a neutral position? Okay, come forward. Welcome. [LB1115]

PAUL MALONE: (Exhibits 8 and 9) Thank you. Good afternoon. My name is Paul Malone, that's P-a-u-l M-a-l-o-n-e. I'm the transmission compliance and planning manager at Nebraska Public Power District and I'm here today to testify in a neutral position on LB1115 on behalf of NPPD and the Nebraska Power Association, which is comprised of all the electric utilities in Nebraska. I have worked at NPPD for 36 years and have been involved in all areas of transmission planning, operations, and engineering. I currently represent NPPD on a number of Southwest Power Pool committees. SPP is a regional transmission organization subject to the jurisdiction of the Federal Energy Regulator Commission, that's FERC, and I'll refer to. NPPD, OPPD and LES, we voluntarily joined SPP in 2009, to allow us to participate in a larger geographic energy market and be part of the regional transmission expansion planning process that SPP has. SPP is headquartered in Little Rock, Arkansas, and they serve members in nine states including Nebraska, Arkansas, Kansas, Missouri, Oklahoma, Texas, parts of Louisiana, Mississippi, and New Mexico. I would also mention that WAPA, Western Area Power Administration, upper Great Plains region, headquartered out of Billings, Montana, a base and electric power cooperative and Heartland Consumers Power District has served customers in North Dakota, South Dakota, actually Montana, parts of Minnesota and Iowa, are considering joining SPP. They are well along in that process. WAPA has publicized this in the Federal Register and are currently negotiating conditions to join SPP by the fall of 2015 if all things work out. So there will be additional states covered by the Southwest Power Pool. SPP services include reliability coordination service, that's the real time operation of the grid; generation reserve sharing, that's the emergency transfer of energy when power plants fail; the operated energy market, that's actually going to expand greatly come the first of March; and they perform integrated transmission planning. We call that ITP. So that's what I would like to talk to you about today. A couple of caveats in relation to other comments I've heard. The Southwest Power Pool transmission studies are all focused on the eastern interconnection, not the western grid. And if you don't know, I'll digress for a moment or two. There's three major grids in the United States, refer to one as eastern interconnect, the other one is western interconnect, and then Texas or ERCOT. And the eastern

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interconnect, there's a line you can draw north and south through the country. It actually goes through Alberta...or Saskatchewan, excuse me, North and South Dakota, Nebraska, Kansas, Oklahoma, down through Texas. All of those utilities to the east of that are tied together in a synchronous manner. You can transfer energy from one to the other. All the states to the west of that are part of the western interconnection and there's no ability to transfer energy across that. So from Nebraska to Colorado, Wyoming, the only way we can transfer energy is through converting the AC network to DC back to AC. So there's very limited capacity to move energy to the west. That's not to say that other projects couldn't be built to do further things, but I just wanted to emphasize that point that the Southwest Power Pool studies are focused on the eastern interconnection. And also the second point I want to make is there's great stakeholder involvement in all of these SPP transmission studies. The studies are done by the staff of SPP, which numbers close to 600 total. They have an independent role. But all of the members, there's various stakeholder committees, participate. All the utilities, the marketers, they have a representative from The Wind Coalition, Steve Gaw, I know very well, and he's very active in participating in all these kinds of studies. So let me describe the SPP transmission planning process. It's a three-year process. It's an iterative process. We do a twenty-year study. It takes 18 months. Then we roll that forward into a ten-year study. It takes the next 18 months. Then on top of that we're always doing what we call the near term study. Every year we look at many reliability needs that might not have otherwise been addressed by those longer term studies. The objectives of these long-term studies, and they are quite comprehensive, you know, is to develop a very robust and flexible transmission network for the SPP region. The twenty-year assessment also looks beyond the SPP borders. And I'd also mention, as I'm sure you're quite well aware, nearly all the states in the Southwest Power Pool have great wind potential, Nebraska, Kansas, Oklahoma, Texas. And we're all very similar in that a lot of wind potential tends to be in the western part of the state and, of course, all of the population and therefore the load tends to be in the eastern part of the state. So we're always moving energy kind of in the west to east fashion across the system. Since 2006, SPP has authorized the construction of over \$6 billion of transmission facilities. And I think that's quite a testament to the willingness of SPP members to move forward with transmission investment. I don't have the statistics, but I can tell you in the years prior to that there was very little transmission investment. Since 2009 when the Nebraska utilities joined, we've had over \$580 million of transmission investment authorized for construction in Nebraska by the Southwest Power Pool. And these transmission projects have served to greatly improve our interconnections between Nebraska and Kansas and Nebraska and Missouri in a project yet to be completed, as well as strengthen the internal network in the Nebraska system to provide reliability enhancements as well as opportunities for additional wind interconnections. You heard the comments about what we refer to as our R plan is a major 345 kV project that is going to be built and go in service the first of 2018, and it will go from Gerald Gentleman Station near Sutherland, Nebraska, northward into the Cherry County area, turn east and proceed to Holt County where it will interconnect with an existing 345 line. That will



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improve the reliability greatly and allow for additional interconnections of wind should those projects come forward and request interconnection. There's a straightforward process to request interconnection to get it studied and then follow-up delivery studies. I also would mention that SPP does have a cost-sharing mechanism which has greatly enhanced the willingness to move forward to build transmission. The cost-sharing mechanism is that each member pays a portion of the transmission costs based on a ratio of their load to the load of all SPP. So NPPD represents about 7 percent of the load, and SPP, OPD, I think around 6, and LES about 2 percent. So that gives you some example. NPPD has reviewed LB1115 and, you know, for the \$200,000 for a study of the state and regional transmission lines, future needs. NPPD and Nebraska Power Association think the study is just not needed. And, in fact, it's already being completed by the Southwest Power Pool. This study is called the "2013 Integrated Transmission Plan, 20-Year Assessment." And I brought copies of that study for you if you care to look it over. This 20-year assessment studied five different potential future scenarios to account for possible variations in, you know, what the economic and policy drivers might be. One of the scenarios that was studied, which we call Future 3, looked at the...and evaluated the impacts of a 20 percent federal renewable energy standard for SPP members. So that would be having 20 percent of the energy and the entire footprint come from renewables, and an additional 10,000 megawatts of wind for export beyond SPP's footprint. And the areas they looked at delivering to was the Entergy region which is a large utility that covers Arkansas, Louisiana, parts of Mississippi and Texas. It also looked at delivery into the southern company which is Georgia, Alabama area to develop delivery into the TVA area as well as farther east into...well, into the PJM market which actually is some of Illinois and farther east. So we look at delivering 10,000 megawatts beyond SPP. In that study, the state of Nebraska, we modeled 4,500 megawatts of wind generation. That's, you know, ten times what we have today and 2,300 megawatts was planned to be exported. So, you know, about 2,200 megawatts would have been what we need in the state to meet our renewables and another 2,300 megawatts would be exported. Now this was a very aggressive type study and would require over 6,000 miles of transmission line and cost of \$9 billion because this required transmission well beyond the SPP footprint into other regions. I did want to mention another transmission study that is underway and this is an interregional study, this being conducted jointly by the Southwest Power Pool and Midcontinent ISO, or MISO region. MISO is the eastern border of SPP and it covers the states...well, actually covers Manitoba Hydro, covers Minnesota, Wisconsin, Michigan, Indiana, Iowa, Missouri, Arkansas, down into Louisiana because Entergy companies just joined MISO in December 19, so that's a very large footprint. So we have a very large seam all the way from the northern border of Canada down to the gulf. Anyway, we're working on a study jointly with them. And it's again, a lot of stakeholder involvement and this is required pursuant to FERC Order 1000 which required interregional planning be done and interregional cost allocation. We will evaluate the benefits and costs and potential planning of projects that would tie the two regions together. We just recently had a stakeholder meeting in Dallas and it was fairly well-attended. A lot of people had

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proposed different projects that could be evaluated in that study as well as, you know, transfers of energy between SPP and MISO or vice versus. So this study will be completed in the first quarter of 2015. Any projects that would come out of that would have to be approved by both the SPP stakeholder and board as well as the Midwest ISO stakeholders and board, and we'd have to agree on a cost-sharing allocation for that. So in conclusion, the study proposed by this, we just feel is simply not needed because these types of export studies are already being conducted and they are being paid for by our electric ratepayers. That concludes my comments and I'd be happy to answer any questions you may have. [LB1115]

SENATOR CARLSON: Okay. Thank you. Questions? Senator Haar. [LB1115]

SENATOR HAAR: So you're testifying in opposition to the study? [LB1115]

PAUL MALONE: No, just in a neutral position. It's just that we feel... [LB1115]

SENATOR HAAR: Well, but you say the study is not needed. [LB1115]

PAUL MALONE: Right, but we don't oppose it going forward and being done. We just feel from our position and from utilities we just think it's not...you know, the study has been done. If you think there's other things we're missing, I guess we didn't understand that. But if you want to look at a study that addresses the western interconnection, then that's something that wasn't covered by the SPP studies. [LB1115]

SENATOR HAAR: Okay. Just for information, could...I understand that March 1 the SPP is going to have their rather significant move for Nebraska Public Power. Could you tell a little bit about that in terms of being able to basically talk about the distribution of assets and so on. [LB1115]

PAUL MALONE: Well, on March 1 SPP plans to implement its, what they're referring to as their integrated market. And this will not just affect NPPD... [LB1115]

SENATOR HAAR: Okay. [LB1115]

PAUL MALONE: And OPPD and LES... [LB1115]

SENATOR HAAR: Okay. [LB1115]

PAUL MALONE: ...actually Grand Island and Hastings are participating in a fashion too. This will change right today, they operate what they call the energy imbalance market. And this is getting a bit beyond my area of expertise so have to accept that, I guess. But right now we operate the energy in balanced market and it's been in place for a number of years. And it basically allows for bilateral trading between two willing partners of

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energy on any kind of long-term basis, daily, weekly, and allows for just a marketplace to clear prices on an hourly basis. On March 1, it will go forward in a much more comprehensive manner to have both...I'm getting into some technical things, a day ahead market, a real time market, a transmission congestion rights market, an ancillary services market, and other participants can participate and offer the resources in. All load has to take the resources at a market clearing price. There's a lot of details happen. Yeah, comprehensive market very, very similar to what's being done in the Midcontinent ISO, what's being done in the PJM area, California ISO, similar to that. [LB1115]

SENATOR HAAR: So they'll basically be telling...well, NPPD and all of these, when to turn up the throttle and when not to. [LB1115]

PAUL MALONE: That's correct. We would offer in our resources, we would offer...we would estimate our load and offer that in, here's the load we need. We would offer in our resources and they would...the market would determine the market clearing price and tell us what level to run our resources at. [LB1115]

SENATOR HAAR: You know my next question is going to sound kind of crabby because that's the way I feel about this. But, you know, my LB965 and you testified against...or the NPA testified against it, and this one you're saying it's not needed, which I would consider a negative. Do you think the Legislature ought to just stay out of public power's domain and let you do your work? I mean, is that what NPA is saying to us? [LB1115]

PAUL MALONE: Well, I don't...you referred to one other bill, Senator Haar, and I'm not familiar with that. But with regard to transmission, of studies, I guess we felt that we're making every effort to conduct the studies necessary to build a very robust transmission system in Nebraska so that, you know, we could meet all reliability needs, allow additional wind to connect, and tie into the rest of the market. So we're just...I guess we're not sure what additional work needs to be accomplished, unless we're not understanding. [LB1115]

SENATOR HAAR: Okay. Well, I guess we'll ask Senator Davis a little bit more about that. But I think part of it is simply the...maybe this study is being done, maybe it's not, but the frustration is that things aren't happening. And like we heard earlier, we're really in terms of at least PPA is not exporting any wind, and yet we're importing wind energy and that's...it just seem so upside down for Nebraska. [LB1115]

PAUL MALONE: Well, I can't speak... [LB1115]

SENATOR HAAR: And you don't have to respond to that, so. Yeah. [LB1115]

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PAUL MALONE: Okay. [LB1115]

SENATOR HAAR: Okay. Thank you. [LB1115]

SENATOR CARLSON: Okay. Any other questions? Seeing none, thank you for your testimony. Anyone else in neutral position? Welcome, Tim. [LB1115]

TIM TEXEL: Thank you, Chairman Carlson, members of the committee. My name is Tim Texel, that's spelled T-i-m, last name is T-e-x-e-l, and I am the executive director and general counsel for the Nebraska Power Review Board. I am testifying today in a neutral capacity basically to clarify one issue. I just wanted to clarify that after consultation with the Legislative Fiscal Office, I guess you could characterize it as I asked for the change that's proposed in AM1790 that would change how it's funded. The wording in the current green bill would require us to assess the utilities and use our cash funds. And it was my understanding and I believe the original intent to have it come from General Funds that we would administer at the Power Review Board and not have us assess the public power entities to pay for the study. So we needed to clarify that and so I just wanted to underscore the need for that. A very minor amendment it seems like, but to me it's a very important one for what I do and how it's funded. Just to explain a little bit, the board is entirely cash funded and I believe all of you know that, but as it's worded, the language in LB1115 would require, as I said, the board to assess the current Nebraska electric power suppliers to fund the study. Given the nature of the study that's to export power, which is not the mandate of public power entities, it makes more sense to do that with General Funding. So the two words involved in that, as I said, seem like a minor change, but for that point they're necessary and I just wanted to give you the background for that and ask that if it does move forward, that you include that amendment in it. [LB1115]

SENATOR CARLSON: Okay. Thank you for your testimony. Any questions? All right. Appreciate it. Thank you for that clarification. [LB1115]

TIM TEXEL: Thank you. [LB1115]

SENATOR CARLSON: Anyone else other than Ken in a neutral position? Welcome, Ken. I've never known you to be too neutral. (Laughter) [LB1115]

KEN WINSTON: (Exhibit 10) Thank you. Well, I will take that as a compliment. Good afternoon, Senator Carlson and members of the Revenue Committee...Revenue...I'm in the wrong place. No. (Laughter) Natural Resources Committee. Actually I was intending to just drop off this letter, but then there was some things that came up during testimony so I thought I would speak. My name is Ken Winston, K-e-n W-i-n-s-t-o-n. I'm appearing on behalf of the Nebraska Chapter of the Sierra Club. The Sierra Club is taking a neutral position on LB1115. And although we're supporting renewable energy and we've

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historically been involved...I know I've been in front of this committee many times and other committees supporting renewable energy and we were involved heavily in the development of LB1048, there were some issues that came up during our executive committee's discussion of the bill that we wanted to bring up before this committee. And so, I just wanted to present them today. First of all, the main thing that the Nebraska Sierra Club would like to see is that renewable energy be developed, first of all, for Nebraskans because we see a lot of benefits for Nebraskans by renewable energy development and that that should be the first priority. So we just want to make sure that that is the priority. Then secondly, there is a lot of concern about potential impacts to the environment in the siting process. And so we think there ought to be standards for that. We know there's some excellent maps and there's some excellent work that the wind and wildlife working group has done, but we'd like to see some of that incorporated into standards that are just considered to be part of the process. And we'd also like to see those considered as part of the transmission siting process as well. And then the final, I guess the final two things are...well, the other two things that I wanted to mention was just as John Hansen was testifying, we would support additional members on the advisory committee because there's a lot of different viewpoints and we feel like there should be as many diverse viewpoints as possible represented on the advisory committee. And then just the final thing which John brought up, and Mr. Malone corroborated, is the fact that there really haven't been studies of what to do about electricity going west. And really, that may be the biggest potential market for some of the areas that we have where we have tremendous potential. Banner County, I don't imagine would be sending their electricity east towards Lincoln or Omaha, it would be more likely to go to Denver or Cheyenne or someplace like that. So...or maybe Los Angeles. But so we think that that's a valid reason if the study is going to be conducted, that definitely ought to be a piece of that. So those would be the comments that we would provide. Be glad to work with the committee and the introducer if this is going forward. [LB1115]

SENATOR CARLSON: Okay. Thank you. Any questions of Ken? Good. Thank you for your testimony. [LB1115]

KEN WINSTON: Thank you. [LB1115]

SENATOR CARLSON: Anyone else in the neutral position? Seeing none, Senator Davis, you're recognized to close. [LB1115]

SENATOR DAVIS: Thank you, Senator Carlson, members of the committee. Of course, I had to step out for a few minutes to testify on another bill in Government, so I may have missed some of the discussion. But I did try to take some notes and Sherrie was here to kind of talk a little bit about it. Let me address a few of the issues. We talked a little bit, there was a question about where the \$200,000 came from, was that going to be enough. And, you know, we've had a fairly extensive dialogue about that and we

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think that, you know, it would be great to have more money obviously. But, you know, I spoke with the Appropriations Committee and basically was told, you know, you'd better keep it as skeletal as you can, which is what we've tried to do. I think that we can learn a great deal from a study that's done here in Nebraska. I can't imagine that the way we've defined what we want to do is something that is already being done elsewhere totally because the objective here is to try to find a way to market the product outside the state of Nebraska, which is where our real opportunities are. Because Nebraska is a state that is a fairly stable state in terms of population, the energy needs here are huge in the summer because of irrigation. Wind energy is not going to be able to replace the coal plants that are here and the nuclear plants that are here. NPPD has done a great job all the way along in what they do and this is no criticism of them. I'm extremely happy that we have this public power system that we have in the state of Nebraska. I just think it's very important that we start thinking about the big picture which is not Nebraska. Yes, we need to serve our Nebraska constituents as much as we can, but the opportunity lies elsewhere. We heard some discussion about enlarging the board and I don't have an objection to that if the committee chooses to do that. In fact, I think it probably would be a good idea, but the one thing that I would caution you about is, anything that you do along that line will probably add some cost to the project. And so that, since we've allocated the \$200,000 figure, that will be reduced. We heard some discussion from John Hansen about possibly locating it in other aspects of government. We think the Power Review Board is a good place to do that because it has statewide jurisdiction and the expertise. It might be helpful to have people from the Energy Office or Economic Development participating in the dialogue and maybe that is an approach we could take. The last thing I want to say is, you know, I like to think about natural resources. This is what you guys do here in this committee and I look at Wyoming, if they had not done anything with the coal industry...now I recognize that that was a private development but, you know, I'm sure Wyoming made a lot of exceptions to the law and exemptions and facilitated the development of the coal industry there which has been a huge, huge part of their economy. In fact, it's moved them into a tax position that we'd all be loving to have, which is no income tax. Wouldn't that be great? The Governor would really like that. Saudi Arabia, if they hadn't developed their oil industry, if it hadn't been developed, things wouldn't be very good in that country. Nebraska sits on the Ogallala Aquifer and lots of water. That's publicly owned, kind of like public power. It's not really the property of the landowner, it's the property of the state of Nebraska. So what if the state of Nebraska had said, well, you know, we're not going to develop that water. What would the effect be for Nebraska? This is really a small investment in a tremendous opportunity and the opportunity is in California, it's in Florida, it's in Chicago, it's in New York. It's not Nebraska. So with that said, I hope that you move the bill forward and that we can get to the business of trying to develop wind export. It is the one thing that I think will help rural Nebraska more than anything, reversing population loss and decline. Thank you. [LB1115]

SENATOR CARLSON: Okay. Thank you. Questions of Senator Davis? Senator Haar.

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[LB1115]

SENATOR HAAR: Yes. Thank you very much for bringing this bill, I appreciate it. The NPPD and NPA testified in a neutral position that this study is not needed. How would you respond to that? [LB1115]

SENATOR DAVIS: I think that the Southwest Power Pool has done a good job doing what it does, which is to try to look out for the interests of the people that are in that particular region. This is an export. In my mind, this is really more about exporting energy and working on the fringes as you heard Senator...or you heard John Hansen talk about being in the middle of nowhere or on the right edge of a great opportunity. I think that's what we're looking at with this rather than just rehashing what's already been done. Hopefully, we can take what's been done and apply what we've learned through that and develop more with this study. [LB1115]

SENATOR HAAR: Good. Thank you. [LB1115]

SENATOR DAVIS: Thank you. [LB1115]

SENATOR CARLSON: Any other questions? Okay. Thank you. [LB1115]

SENATOR DAVIS: Thank you. [LB1115]

SENATOR CARLSON: And with that, we'll close the hearing on LB1115. And we've got good endurance up here with this committee and we'll open the hearing (inaudible). Open the hearing on LB1040. Senator Karpisek, welcome. [LB1115]

SENATOR KARPISEK: Thank you, Senator Carlson and members of the Natural Resources Committee. I don't get to come to your committee very often, but I guess if you want a riverboat casino, you have to come to the...oh, wait, that's not this bill is it. (Laughter) I got mixed up what bill I've got, Senator, sorry. For the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I represent the 32nd Legislative District. LB1040 was introduced on behalf of a community action affiliate in my legislative district, Rick Nation, who will testify behind me, brought me the idea behind this bill. LB1040 amends LB1001 that was passed in 2008 by Senator White and it adopted the Low-Income Energy Conservation Act, which was amended in 2011 by Senator Utter with LB385. LB1040 would designate the Energy Improvement Fund from the Department of Revenue to the State Energy Office. The office shall work directly with selected subgrantees to appropriate awarded energy conservation improvement funds and shall monitor all work performed as a result thereof. The bill is introduced to utilize existing structure while simplifying process of making it more efficient. It eliminates matching funds as the system that was not working as originally intended. Many rural companies do not feel they are able to put funds aside without raising rates for the

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current program, do not feel that they can raise rates when they're mandated or obligated to provide the best price to a consumer. The bill maintains current and existing language that \$250,000 from the General Fund shall be set aside for the program. The bill puts the oversight of the fund with the State Energy Office, which currently oversees all federal funds for Low Income Weatherization Assistance programs. So Mr. Nation will be able to tell you more about how this was set up, and maybe some of you know, will remember what Senator White was trying to do. I think, in short, it hasn't worked because the electrical companies are supposed to put funds in and it's supposed to be matched, and then the Department of Revenue is supposed to get the money to where it needs to go. And I think after the ARRA funds ran out, all of that just kind of went away. Like I said, the State Energy Office right now deals with all the federal money that comes in on low-income weatherization, so I guess my thought is, if they are using all the federal money, why wouldn't we use...why wouldn't they do the state money also? The \$250,000 from the General Fund is ready in statute. However, it hasn't always been used because this program hasn't been used. Other than that, I think those behind me will be able to do a better job to tell you the real story of what's going on, but I'd be glad to try to answer any questions. [LB1040]

SENATOR CARLSON: Okay. Thank you, Senator Karpisek. Questions? [LB1040]

SENATOR JOHNSON: I'll just make a comment. This sounds too logical to me for you to be bringing it. (Laughter) [LB1040]

SENATOR KARPISEK: Mr. Nation, I know. It's Mr. Nation who was a big part in it. [LB1040]

SENATOR JOHNSON: Okay. [LB1040]

SENATOR KARPISEK: Senator Johnson sits on General Affairs, so he knows. [LB1040]

SENATOR CARLSON: Any other questions? Seeing none, you're off the hook. [LB1040]

SENATOR KARPISEK: Thank you. [LB1040]

SENATOR CARLSON: All right. And we have a proponent...we have...how many testifiers? Okay. All right. Welcome. [LB1040]

RICHARD NATION: (Exhibit 11) My name is Richard Nation, R-i-c-h-a-r-d N-a-t-i-o-n. You'll have to forgive me, I'm coming off of a cold and so I didn't touch the papers or anything else so you're safe. (Laugh) I approached Senator Karpisek after I realized that there was a bill in the...that the Legislature had passed, but that we had never seen any



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action particularly in our area. And so...and to be quite frank, this came to my attention because if you were familiar at all with what was going on in the federal Department of Energy, they had passed what you recall, was the stimulus bill and we got a lot of resources from that stimulus bill. But in the process this Congress decided that the regular funding therefore wasn't so needed, they cut it by 66 percent, and then the next year they also sequestered about 5, 6 percent of that. So when the stimulus money was gone, we were really looking for other resources and that's when we came across the existing bill that the Legislature had passed. Turns out, though, that it wasn't getting utilized by many of the rural utility companies because of what they saw as their charter to get the best price of energy to their customers, and that utilizing the tax revenues that the Legislature had then put into it, but they would have to increase their rates somehow to match those funds. And that's where it's starting to stumble there, and so that didn't happen. I think LES and OPPD were the only two that ever made use of the funds and I think they probably had other resources that they could do that with. But most rural utilities did not have that ability, so it was really not getting used statewide. So I approached Senator Karpisek and asked him if there was any way we could utilize these funds in a way that would simplify the whole process and actually get it to all parts of the state. And the idea being that the Nebraska Energy Office already has a weatherization assistance program. They already have a humongous structure of how to implement the program and they monitor it very heavily. I mean, we get monitored every month on what we...the houses we do. So it's very well-run program and when...in fact, the stimulus money that Nebraska got was all...met all of its requirements as far as the weatherization program was concerned. I'm not sure every state can say that, but we did use it. So anyway, I wanted...so that's why I approached him and that's why he has introduced this bill and I appreciate his doing so. My district, the Blue Valley Community Action, I'm the CEO of that. I guess I forgot to mention that and my service area includes part of Senator Johnson's Butler County and part of Senator Dubas' Polk County, and then Senator Karpisek's area and the Speaker's area and also part of Wallman's area. So we cover nine counties in Nebraska and so there's an awful lot of area that we would be able to utilize these funds and make sure they actually did get utilized for what the Legislature originally intended, because we didn't see it currently being done. So that's a short piece and I put out some written testimony that's probably done much better than I can speak it, but I hope that helps answer your questions of why I had asked him to do this. Questions? [LB1040]

SENATOR CARLSON: Okay. Thank you. Questions? Senator Haar. [LB1040]

SENATOR HAAR: Yes. So originally this was to go through the public power utilities, right? [LB1040]

RICHARD NATION: Yes. Actually, it went to the responsibility of the Revenue...Department of Revenue to organize a program and then it was to take 25 percent of the revenues, sales tax revenues that had to be matched by the local utility

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and then the local utility would then get that award after they requested it and set up a program to work with individual homeowners, or residents, I guess I should say, instead of homeowners. [LB1040]

SENATOR HAAR: So was it that some chose not to do it, or they simply didn't have the resources? [LB1040]

RICHARD NATION: Well, they said they didn't have the resources because of the way that they saw their charter. [LB1040]

SENATOR HAAR: But OPPD and NPPD or... [LB1040]

RICHARD NATION: OPPD and LES I think were the two that used it. [LB1040]

SENATOR HAAR: Okay. [LB1040]

RICHARD NATION: And so they apparently either saw the charter differently or they had other resources that weren't available. [LB1040]

SENATOR HAAR: Sure. [LB1040]

RICHARD NATION: And I don't think they used it that often either, to tell you the truth. [LB1040]

SENATOR HAAR: Okay. [LB1040]

SENATOR CARLSON: Okay. Thank you. Any other questions? Well, thank you for your patience in coming in today and testifying. [LB1040]

RICHARD NATION: Doesn't cost you anything, that's the good news. (Laughter) [LB1040]

SENATOR CARLSON: Okay. All right. Thank you. Welcome. [LB1040]

JILL BECKER: Good afternoon, Senator Carlson and members of the Natural Resources Committee. My name is Jill Becker, last name is spelled B-e-c-k-e-r, and I'm the registered lobbyist for Black Hills Energy, and just wanted to testify in support of LB1040 today. Under the original provisions of LB1001 that Senator White introduced, the natural gas companies were not included. It was just the electric utility companies and it's my understanding that under this bill, natural gas companies would be included. But kind of a secondary, I guess, issue, really the benefit that I see in this bill is that there...this provides a mechanism for agencies like our community action agencies who when faced with their clients needing energy efficiency measures in their homes, this

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gives them a fund of money to provide those energy efficiency improvements. And I think that is what we have seen really drop off significantly since the ending of the stimulus package. When the stimulus package was going on, frankly, we had a pot of money that was spent very quickly on those weatherization projects, but honestly, energy efficiency in homes is really an ongoing issue. And for many of the people that this bill would impact, they don't have the financial resources to do what often amounts to very minimal energy efficiency measures in their home. They're typically not very difficult to do. They may not be very expensive, although sometimes they can be, but that's why we see this bill as beneficial. I would suggest that maybe the committee takes a harder look at the language for the allowable energy efficiency projects to ensure that that language would include furnace replacement. I don't know that a furnace modification is really what we want. I think we just want to maybe do a furnace replacement because a lot of times the energy efficiency level of those furnaces is...I mean, it's just very, very poor and furnaces are so much more efficient now that that's probably one piece that you would want to ensure that you can change. You know, a furnace typically will cost several thousand dollars and then there might be additional need in the home for the duct work or whatever, but that can have a tremendous impact on the monthly utility bills of that customer. And regardless of whether they have an electric furnace or natural gas furnace, you know, that clearly is one of the biggest drivers of their utility bills. So I think I'll close my comments and open myself up for questions if you have any. [LB1040]

SENATOR CARLSON: Okay. All right, Jill, thank you. Questions? Senator Haar. [LB1040]

SENATOR HAAR: Do you recommend gas or electric furnaces? (Laughter) [LB1040]

JILL BECKER: Well, I would recommend gas, but thank you for asking, Senator Haar. (Laughter) You know I would say, you know, I would just completely assume that in the past, electric companies would advocate for electric furnaces, so this would level the playing field a little bit. [LB1040]

SENATOR HAAR: Yeah. No, I mean often there's a combination. Maybe the furnace is on gas and the water heater may or may not be, whatever. [LB1040]

JILL BECKER: May or may not be, yep. [LB1040]

SENATOR HAAR: So what role do you see playing now if this goes under the Energy Office for Black Hills Energy? [LB1040]

JILL BECKER: I don't know that we necessarily would have a role, Senator. I mean, I suppose we could maybe be a subgrantee. That's not defined in the bill. Maybe we could, I guess. I don't really necessarily see us doing that, although we could. There are

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companies that do energy efficiency audits and projects for homeowners, so I don't know that that's a business we're necessarily going to get into. But I think what we see is that when a client calls, our community action agency is needing assistance with their bill, if all we do is help them with their bill but they still have no insulation and no efficient furnace, we're probably not really...we're helping them temporarily. It's a Band-Aid, not a long-term fix, so. [LB1040]

SENATOR HAAR: Sorry to tell you, we're all electric because we don't have gas. [LB1040]

JILL BECKER: I know. Well, we'd like to have you go gas. I knew that you weren't though. (Laugh) [LB1040]

SENATOR HAAR: Well, thank you very much. [LB1040]

JILL BECKER: Yep. [LB1040]

SENATOR CARLSON: Okay. Thank you. Any other questions? Seeing none, thank you for coming. [LB1040]

JILL BECKER: All right. Thank you. [LB1040]

SENATOR CARLSON: Any other proponents? Opponents? All right, welcome again. [LB1040]

KEN WINSTON: (Exhibit 12) Good afternoon, Chairman Carlson, members of the Natural Resources Committee. My name is Ken Winston, K-e-n W-i-n-s-t-o-n, and I'm appearing on behalf of the Nebraska Chapter of the Sierra Club in opposition to LB1040. And actually, this is one where we had some debate about whether we should support or oppose or be neutral on the bill. And it came down to the fact that there was a lot of concern about eliminating a program that had been developed through a wide-ranging coalition of a lot of different people and moving all of that over into the State Energy Office. And one of the concerns was the idea that our local public power districts tend to have a better handle on what's happening in the energy usage in their communities. And I guess anytime you centralize something, you take it away from...a little further away from the direct input of the people in the community. And so we just felt like the fact that this hasn't been used very much, we'd rather see a way to...some efforts to make this kind of program work. And in that vein would recommend another bill that's been introduced this session which is LB978, introduced by Senator Burke Harr, along with Senator Kolowski and Senator Ken Haar and Senator Mello. And that bill would go the other direction. Instead of saying...instead of providing moving the funding to the State Energy Office, it would provide an incentive for private sector energies to get involved in energy conservation efforts and use an on-bill payment

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program. And I could talk about that at more length, but at this point I guess I just wanted to indicate that we would prefer to see something that's more localized and more focused on providing incentives for the private sector. And a part of that is because of the fact that I believe that we're talking about \$250,000 here, which any amount of money is significant and in certain small communities that could be a really big deal. But the concern is that in the range of the amount of money that the Energy Office has to deal with with these kinds of things, that would be a drop in the bucket. Basically be, very small piece of their budget. And so we have a concern that it would be lost in that part of the budget and it wouldn't go very far. We think that a private sector program like the on-bill payment program that I'm talking about would have the potential of having a much greater reach and providing a lot more people with an opportunity to have their homes improved. And as Ms. Becker said, you improve the...you've dealt with the problem as opposed to just putting a Band-Aid on it, and really, that's what we need to do. We need to help folks reduce their energy consumption rather than just help them out of one month when they've had a problem, so. And just for the record, the Sierra Club was involved heavily in the original creation of this, the Low Income Energy Conservation Fund. We're very interested and strongly support Low-Income Energy Conservation efforts. So it's not a knock at all on Senator Karpisek's intent. We think it's an excellent intent. We appreciate what he's trying to do and the intent of the bill. But as I said, we worked with the Omaha Public Power District and I know that there were farm groups and a number of...there's was some religious organizations that also supported it, including the Catholic Conference at that time. So I just feel like rather than saying, we're not going to do that anymore, we're going to put the money in with the State Energy Office's funds, let's go in a different direction and that would be the direction that I described. [LB1040]

SENATOR CARLSON: Okay. Thank you. Questions? Seeing none, thank you. [LB1040]

KEN WINSTON: Thank you. [LB1040]

SENATOR CARLSON: Anyone else in a neutral position? Senator Karpisek. I didn't...I guess, excuse me, I didn't ask neutral. That was opposition which surprised me. Now, anybody in a neutral position? [LB1040]

SENATOR KARPISEK: It did surprise me too. [LB1040]

SENATOR CARLSON: Okay, go ahead. [LB1040]

SENATOR KARPISEK: Thank you. Just to say what on Mr...sorry, I'm a little bit riled up. (Laugh) What Mr. Winston said, I agree and I like his on-line bill or the pay forward thing and we talked about trying to do them together. So I guess that kind of hit me out of the blue. Just because everybody came in and worked together on that project, it doesn't

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work. I think OPPD, and I don't want to say that Mr. Nation was wrong, but I think only OPPD ever did anything with it and that was in the early day, in the beginning. Nothing is happening with it now. It's sitting there. If it worked better, I'd be...we wouldn't be here. The utility companies I don't think really wanted it in the first place. I don't want to speak for them. I'm surprised they're not here in support to say, good, get it out of here. And to Senator Haar's question, I think it is hard for them to put money in when they're trying to keep rates low. How do they justify a rate hike to do this? In the bill a report would be given to the Legislature every year from the Energy Office. To Ms. Becker's point, I'm not sure what a subgrantee is, but I think that they could qualify if they'd want to. But I think that that could be in the rules and regs set by the agency. So that way when things change, I think they could change that if somebody decided they want to come in, the department or the agency could say, yes, that works instead of going through a whole new bill. I did know that they currently will replace gas for gas or electric for electric, so the Energy Office isn't in the business of picking one or the other. And I think that might be...I mean, I know it's not up to them, but I know myself I have a gas furnace, yes, furnace, and maybe an electric water heater and maybe that isn't the smartest thing, if I was to really sit down and think about that. Again, I think that it's a good idea for us to try to do something. Again, this wouldn't come in and just pay their bills. This would help...we've got people like Mr. Nation out there trying to help people weatherize their houses and so in the long run use less. And as we talk about wind energy and all those things, that if we can use less it helps everybody. And so I just think it's a pretty darn good idea and I'd be glad to answer any questions. [LB1040]

SENATOR CARLSON: Okay. Thank you. Senator Johnson. [LB1040]

SENATOR JOHNSON: Thank you. I don't know the answer to this, but I'm curious. When I was mayor we had an employee within the company within the city that retired from active and we kind of put him on the green thumb type project and he did energy audits. And would that have qualified under this previous? [LB1040]

SENATOR KARPISEK: Previously, no, I don't think so because there would have had to been a utility company that would have put money in and then it would have been a matching grant. [LB1040]

SENATOR JOHNSON: Well, he worked for the utility company because it's a separate...we own our own utilities. [LB1040]

SENATOR KARPISEK: Utility, correct. [LB1040]

SENATOR JOHNSON: So he was employed by them, so it was kind of an in-kind maybe. [LB1040]

SENATOR KARPISEK: If it would have been in-kind, I guess... [LB1040]

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SENATOR JOHNSON: I was just curious. [LB1040]

SENATOR KARPISEK: I guess somebody would have to make that call and I would say it would have been the Department of Revenue who would be using that as matching funds. [LB1040]

SENATOR JOHNSON: And I don't know if they ever applied for funds because it was separate accounting and everything, so. Okay. [LB1040]

SENATOR KARPISEK: Right. And I'm not real sure that it would even work in this bill either, I guess. [LB1040]

SENATOR JOHNSON: Maybe not. [LB1040]

SENATOR KARPISEK: Again, I think it would come down to whoever is authorized to run the program. [LB1040]

SENATOR JOHNSON: Thank you. [LB1040]

SENATOR CARLSON: Okay. Senator Haar. [LB1040]

SENATOR HAAR: Yeah. Senator, do you...I don't know what deals were made about combining the two and I should remember which bills I've cosigned. (Laughter) [LB1040]

SENATOR KARPISEK: There were no deals made. [LB1040]

SENATOR HAAR: Okay. Do you know, or have you decided with...you know, because we're all kind of aware of this, priority bills make a big difference. Have you considered this a priority bill, or...? You're not sure yet. [LB1040]

SENATOR KARPISEK: Well, you know, I'm not because a lot of my bills don't get out of committee, Senator Haar. (Laughter) Let's be honest. I don't know, but... [LB1040]

SENATOR HAAR: You don't know yet. [LB1040]

SENATOR KARPISEK: ...but if I may or may not, I would say it's not a big possibility. However, I would like to see if it could get attached on to something and since I'm not in this committee very often, I don't know that there is. And I was planning to talk to the Chair, if it does come out and see if he thought that would be okay, somewhere. [LB1040]

SENATOR HAAR: Okay. Well, in our committee we just do what the Chair says, so you

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can... [LB1040]

SENATOR KARPISEK: Well, and I usually do that on the floor, too, what your Chair says, but not always. [LB1040]

SENATOR CARLSON: Okay. Yes, Senator Brasch. [LB1040]

SENATOR BRASCH: Thank you, Chairman, and thank you, Senator Karpisek. Speaking of bills that don't get out of committee...(Laughter) Just kidding. [LB1040]

SENATOR KARPISEK: I know it's shocking that that...yes. [LB1040]

SENATOR BRASCH: It's shocking. Very shocking that some electrical bills are. This is a very thoughtful bill that you brought forward today and thank you for bringing it here and... [LB1040]

SENATOR KARPISEK: Thank you, and again, I won't take much credit for it. [LB1040]

SENATOR BRASCH: Okay. Understood. Well, thank who brought it to you then. Thank you. [LB1040]

SENATOR CARLSON: Any other questions? Okay. Seeing none, thank you, Senator Karpisek. [LB1040]

SENATOR KARPISEK: Thank you. [LB1040]

SENATOR CARLSON: And with that, we close the hearing on LB1040. Committee, I just want to make a quick announcement to you before we adjourn. [LB1040]