

ONE HUNDRED FOURTH LEGISLATURE

SECOND SESSION

LEGISLATIVE RESOLUTION 599

Introduced by Haar, 21.

PURPOSE: Some public power districts have adopted rate increases despite widespread opposition from their customers. There is no administrative process for review of electric rates, and seeking review through the court system is not economically feasible for most customers. Several public power districts have increased their fixed charges. In some cases, this has resulted in disproportionate increases in electric bills for many low-income customers. Increased fixed charges also negatively impact customers who have invested or intend to invest in energy efficient or renewable energy improvements. There are many factors involved in the process of setting retail rates including wholesale contract requirements and increases in costs of fuels. There is considerable disparity in the electric rates among public power districts. There are reports of municipalities using their electric utilities to generate revenue to offset other costs in the community. There have been a number of concerns raised about transparency in the process of setting rates, with power districts claiming proprietary exclusions to prevent their customers from obtaining information about the costs being used to set retail and wholesale electric rates. There are numerous examples of administrative review procedures for electric rates in other states. Since the Public Service Commission reviews rate increases of other utilities in Nebraska, it is appropriate to determine whether the Public Service Commission can conduct an administrative review process for electric rates in Nebraska.

This study shall include the following:

- (1) A review of the administrative rate review processes currently conducted by the Public Service Commission;
- (2) A review of administrative electric rate review processes from other

states;

(3) An examination of fixed charges and their impact on low-income customers, energy efficient and renewable energy efforts, and alternatives to fixed rate increases;

(4) An examination of the disparity of rates between communities and whether consolidation of some power districts would reduce the costs that are passed on to customers;

(5) Whether some communities are using municipal utility revenue to support other local government functions and whether this practice is appropriate;

(6) The methods of increasing transparency of the process for setting rates for the benefit of the customers;

(7) The impact of wholesale contracts on the process of setting retail rates; and

(8) Such other and additional issues as are necessary for a complete examination of this matter.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FOURTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Transportation and Telecommunications Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.