

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 223** SLS 21RS 313

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2021	10:34 AM	Author: JOHNS
Dept./Agy.: PSC / Louisiana Utilities Restoration Corporation		Analyst: Monique Appeaning
Subject: Storm Recovery Bonds		

UTILITIES

EG NO IMPACT GF EX See Note

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Provides relative to financing utility storm repairs and strengthening and stabilizing utilities. (gov sig)

Proposed law authorizes the Louisiana Utilities Restoration Corporation (LURC) the power and authority to participate as an assignee in the financial transactions with prior authorization from the Public Service Commission (PSC). Proposed law allows LURC or its assignees to perform functions and activities in certain instances associated with financing storm recovery costs through storm recovery bonds. Proposed law provides for the expenditure of money by LURC to be under the direction of its governing board and the regulation of the commission. Proposed law provides that LURC in certain instances may purchase storm recovery property from an electric utility by using the net proceeds of storm recovery bonds that were loaned to the corporation by the issuer of storm recovery bonds that were approved by a financing order. The corporation shall not apply any proceeds of storm recovery bonds or storm recovery charges to any purpose not specified in a commission order, to any purpose in excess of the amount allowed for such purpose in the order, or to any purpose in contravention of the order. Proposed law authorizes special public trusts by LURC under the regulatory jurisdiction of the PSC. Proposed law authorizes LURC to issue financing orders to an electric utility by the PSC to create storm recovery property for specific purposes.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on the Public Service Commission (PSC). Proposed law extends the authority of the Louisiana Utilities Restoration Corporation (LURC).

Entergy reports that long-term system recovery bonds will be used to finance utility repair and restoration. Proposed law authorizes the LURC to create special public trusts. These public trusts will facilitate the investment of system recovery bond proceeds into utilities affected by the storms.

The Legislative Fiscal Office is unable to estimate or quantify any fiscal impact to state and local government utility customers that will be impacted as a result of this legislation.

REVENUE EXPLANATION

There is no anticipated direct material effect on PSC revenues as a result of this measure.

Entergy reports that proposed law authorizes LURC as an avenue to provide system recovery bonds that are not state obligations, and no state or local tax revenues are involved. The bonds will be paid by a storm surcharge collected by the utility, as was done for prior securitizations after Hurricanes Katrina/Rita, Gustav/Ike, and Isaac. The cost savings to utility customers result from reducing the storm surcharge that would otherwise be required to repay the bonds. The surcharge will be lower for customers because it will be based on the interest rate owed on the bonds rather than the utility's higher cost of capital. This legislation does not impinge on the power of the PSC or the New Orleans City Council to regulate electric rates. Any financing authorized by this bill must still be approve in advance by the PSC or the City of New Orleans.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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