LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 110** SLS 22RS 181
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: May 12, 2022 9:05 AM
Dept./Agy.: Statewide
Subject: Louisiana Electric Utility Energy Transition Securitization
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UTILITIES RE1 SEE FISC NOTE SG RV See Note

Creates the Louisiana Electric Investment Recovery Securitization Act. (gov sig)

Proposed law enables LA electric utilities, if authorized by a financing order issued by the Public Service Commission (PSC), to use securitization financing for certain energy transition costs, because this type of debt may lower the total amount of costs being included in customers' rates in comparison with conventional utility financing methods or alternative methods of recovery, thereby benefiting ratepayers. Proposed law provides that the energy transition bonds not be public debt or a pledge of the full faith and credit of the state or any political or governmental unit thereof. Proposed law provides for definitions. Proposed law provides that an electric utility may petition the PSC for a financing order. Proposed law provides that energy transition property specified in a financing order shall continue to exist until the energy transition bonds issued pursuant to the financing order are paid in full and all financing costs of the bonds have been recovered in full. Proposed law provides the Uniform Commercial Code - Secured Transactions shall not apply to energy transaction property or any right, title, or interest of a utility or assignee, whether before or after the issuance of the financing orders with certain exceptions.

EXPENDITURES	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

Proposed law creates the Louisiana Electric Utility Energy Transition Securitization Act, which will have no fiscal impact on the Public Service Commission.

The State Bond Commission (SBC) reports that there is no anticipated fiscal impact to implement the provisions of the proposed law. SBC approval is required before any public entity incurs debt or any tax-exempt bonds are issued. The Office of the SBC provides staff to support the SBC. Staff routinely review applications submitted for SBC approval each month. To the extent SBC is required to review and approve any debt instrument under this provision, SBC would realize a corresponding workload and expenditure obligation. Proposed law may result in an opportunity for non-taxable bonds, "to achieve certain tax and credit benefits of financing energy transition costs."

Proposed law provides that all energy transition bonds authorized by a financing order of the PSC shall contain on the face a statement of the following: "Neither the full faith and credit nor the taxing power of the state of Louisiana is pledged to the payment of the principal of, or interest on, this bond".

REVENUE EXPLANATION

Proposed law may result in a revenue increase for the State Bond Commission (SBC) to the extent SBC approval is required for proposed debt instruments. The revenue impact would be an indeterminable increase based on the size of the bond. The Office of the SBC's sole source of funding is application and closing fees, which is considered SGR. The total fee paid to the Office of the SBC is based on the percentage of the issuance of debt, with the percentage decreasing on a sliding scale as the size of the debt issuance increases. There is no anticipated revenue impact for the Public Service Commission.

Senate Dual Referral Rules
- ☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- ☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House
- ☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
- ☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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