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Senate

State of Minnesota

S.F. No. 4262 – Process to allow natural gas utilities to sell bonds (As amended in SCS4262A-1)

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Date: March 29, 2022

Section 1. **Definitions.** Provides definitions for terms used in the new sections governing extraordinary event bonds.

Section 2. **Financing order.** Provides the process for the issuance of a financing order the Public Utilities Commission (PUC) to enable a utility to recover extraordinary event costs through the issuance of extraordinary event bonds. Provides details about the information that must be included by a utility in an application to the PUC. Allows the PUC after notice and a public hearing on an application, to issue a financing order upon certain findings of the commission. Provides the required contents of a financing order. Specifies that a financing order remains in effect until the extraordinary event bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

Section 3. **Postorder commission duties.** Requires a utility, within 120 days after issuance of extraordinary event bonds, to file with the PUC the actual initial and ongoing financing costs, the final structure and pricing of the extraordinary event bonds, and the actual extraordinary event charge. Requires the PUC to review the prudence of the natural gas utility's actions.

Section 4. **Use of outside experts.** Allows the PUC to contract with outside experts with experience in securitized utility customer-backed bond financing similar to extraordinary event bonds and to hire temporary staff.

Section 5. **Extraordinary event charge; billing.** Provides the billing treatment that must be provided to customers of a utility that has extraordinary event bonds issued. Requires a utility to file information about the impact on customer rates and application of extraordinary event revenues.

Section 6. **Extraordinary event property.** Sets forth the property rights, security interests, and terms for sales of extraordinary event property for which extraordinary event bonds are issued under a financing order.

Section 7. **Extraordinary event bonds.** Authorizes banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries to legally invest any money within the individual's or entity's control in extraordinary event bonds. Specifies that extraordinary event bonds are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision.

Section 8. **Party not subject to commission regulation.** Provides that an assignee or financing party, not already regulated by the commission, does not become subject to commission regulation solely as a result of engaging in any transaction involving the issuance of extraordinary even bonds or related activities.

Section 9. **Effect on other laws.** Discusses interaction and governance of the new sections if there is a conflict with existing laws.