

STATE OF NEBRASKA

POWER REVIEW BOARD



Dave Heineman
Governor

December 29, 2009

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Lavon Heidemann
Chairperson, Appropriations Committee
Nebraska State Legislature
P.O. Box 94604
Lincoln, NE 68509-4604

Dear Chairman Heidemann and Members of the Committee:

Pursuant to LB 1 (2009), passed during the special session, each State agency is required to submit a report to the Appropriations Committee detailing its specific actions and plans to implement the budget actions pursuant to Legislative Bills 1, 2 and 3. The Power Review Board (the Board) submits the following information as its budget actions report, taking into account the specific directions set out in your Memorandum dated December 4, 2009.

As a result of section 243 in LB 1, the Board's budget has been reduced by \$10,052 in FY 2009-2010, and will be reduced \$20,583 in FY 2010-2011. Fortunately, at this time the Board does not foresee that the budget reduction will have an impact on the Board's staffing. The Board intends to take the necessary cuts from its operating expenses, not from the personal services category. This should avoid the need for layoffs or furloughs. Layoffs or furloughs for such a small agency could make the workload difficult to manage. Since the Board has only three employees, with a very low turnover rate, leaving positions vacant is not a feasible budgeting option. The last time one of the Board's employees left and was replaced was June 2006.

The Board does not anticipate any impact on services provided to the public, or in the Board's case, services primarily dealing with electric power suppliers operating in Nebraska. The Board's services rely largely on the ability of the Board's personnel to process applications and related activities. Since the Board will not use furloughs to meet its budget reductions, services should not be impacted by LB 1.

The Board is entirely funded through assessments levied against Nebraska's electric power suppliers. Thus, there is no impact on the receipt of any federal funds.

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The Honorable Lavonn Heidemann

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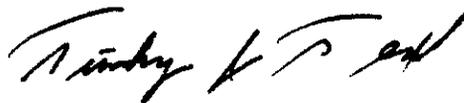
December 29, 2009

As previously stated, the Board is funded through assessments levied against electric power suppliers operating in the State of Nebraska. The Board does not set or receive any fees to support its operations, so no fees will be increased during either biennium to offset the cash fund transfers to the General Fund required by LB 1.

In order to meet the budget reductions that will be transferred to the General Fund, the Board expects to transfer funds from its operating expenses. In particular, the Board plans to take the funds from two account categories – contractual services and travel. In FY 2009-2010 the Board has already transferred the entire \$10,052 from its contractual services category. In FY 2010-2011 the Board plans to allocate the largest part of the \$20,583 fund transfer from contractual services, supplemented by a reduction in its travel account. The Board is able to do this because the consultant currently contracted to prepare an annual report required by Neb. Rev. Stat. § 70-1003(6) (concerning whether retail competition in the electric industry would benefit Nebraska) is willing to accept approximately half of what would otherwise be the market price for such services.

We hope the above report provides the Committee with the information it requires. If I can be of any further assistance, or if you or any members of the Committee have questions, please do not hesitate to contact me at the address, phone number or e-mail on this letterhead.

Sincerely,



Timothy J. Texel

Executive Director and General Counsel

pc: Senators Conrad, Fulton, Hansen, Harms, Mello, Nelson, Nordquist, Wightman
Scott Danigole, Legislative Fiscal Analyst
Cynthia Miserez, DAS Budget Analyst