BRANDT: Welcome to your Natural Resources Committee. I'm Senator Brandt from Plymouth, representing the 32nd Legislative-- Legislative District, and I serve as Chair of this committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-up sheets on the table in the back of the room for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using-- I guess, how many people are here to testify today? All right. We will be using a five-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill will be included in the record-- to be included the record must be submitted by 8:00 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in official hearing record, but only those testifying in person before the committee will be included on the

committee statement. I will now have the committee members with us today introduce themselves, starting on my right.

JUAREZ: Good afternoon, everyone. Senator Margo Juarez from Omaha, District 5.

HUGHES: Jana Hughes, District 24, which is Seward, York, Polk, and a little bit of Butler County.

RAYBOULD: Jane Raybould, Legislative District 28, and that is central Lincoln.

MOSER: Mike Moser, I have Platte County and most of Stanton County.

DeKAY: Barry DeKay representing District 40, which consists of Holt, Knox, Cedar, Antelope Counties, northern part of Dixon, northern part Pierce Counties.

CLOUSE: Stan Clouse, District 37: Buffalo County, Shelton, Gibbon, and Kearney.

BRANDT: Also assisting the committee today to my right is our legal counsel, Cyndi Lamm. And on my far left is our committee clerk, Sally Schultz. Our pages will introduce themselves today.

TERESA WILSON: Hello, my name is Teresa Wilson. I'm an [INAUDIBLE] at the University of Lincoln, Nebraska.

MADDIE BANKS: Hi everyone, my name is Maddie Banks. I'm a sophomore at the University of Nebraska-Lincoln, and I'm studying political science on the pre-law track.

BRANDT: OK. And with that, we will begin today's hearing with the appointment of Lance Hedquist to the Environmentally Control Quality--Environmental Quality Council, length of term: June 2025 to June 2029, a four-year term. Mr. Hedquist represents municipality government on the council. Mr. Hedquist lives in South Sioux City and is the city administrator. Online comments. Proponents, 1. Opponents, 0. Neutral, 0. And no ADA testimony. Welcome.

LANCE HEDQUIST: Thank you, Mr. Chairman. My name is Lance, L-a-n-c-e, Hedquist, H-e-d-q-u-i-s-t. I am the city administrator of the city of South Sioux City, and have had the privilege of serving on the EQC board for quite a number of years. I think it's been very educational

for me. I think I've contributed a lot to the committee, and I think we've developed a lot of new ideas for the state of Nebraska. I thought I'd give you a little bit of background on myself. I think I'm the oldest city administrator in the United States. I've served as an ICMA member for 55 years now, so I, I am an old guy. Our community was the one that helped lead the 10-cent rebate. It comes back for every ton of garbage that goes into our landfill in the area. We spearheaded the largest Keep America Beautiful chapter in the United States. We also spearheaded the effort to get grass clippings allowed in with our garbage in our city. That produces more methane gas that's then used by the Siouxland Ethanol Corporation. Last year we constructed a 4,000-foot plastic road, the first in the state of Nebraska, where we used millions of plastic bags into the asphalt in that, in the road with the help of Jamilla Teixeira with the University of Nebraska, and the Nebraska Environmental Trust Funds to help build that. We've been a Tree City USA city for over 30 years. We've been a Growth city for over 20 years through the Nebraska Arboretum Foundation. We constructed with the University of Nebraska architecture the first cross-laminated timber building in the state of Nebraska out of dead ash tray-- trees. We do have the fortune of having the most ash trees per capita of any city in the state, which is not good when you have the emerald ash borer in your community. We have the only community tree orchard that it provides fruits and nuts to individuals in our community. We're the only natural gas aggregator in the state of Nebraska. We were the first paperless city in the state of Nebraska. We have bees at our orchard, so we have South Sioux City Honey. We have built a brand new sewer plant that has won two national awards. We're still going to start selling renewable natural gas this year from the gas produced at that sewer plant. We have the most bicycle trails per capita in the United States, and we have a great relationship with our mostly agricultural industries in our community, with Tyson, with Empirical, Ingredion, a lot of very positive companies that are growing.

BRANDT: You've been busy. OK, let's see what we've got for questions. That should have sparked a lot of questions. Senator Hughes.

HUGHES: Thank you Chairman Brandt. Thanks for coming in. Can we just bottle you up and just put you like in all our cities over, over Nebraska?

LANCE HEDQUIST: You're kind.

HUGHES: One question I had I saw you said you spearhead-- or you're the largest Keep America Beautiful chapter. I know with the environmental trust money, some of-- some of the recycling campaigns across Nebraska didn't get funded on their next cycle. Have-- has this affected you at all or do you have any comments?

LANCE HEDQUIST: To be honest with you that on those, on those funds, they've got a little complicated from the local standpoint. And so they're not going after those like they used to do. But I think it's a very positive program. I think it does a lot of good for the state and for lots of chapters, but--

HUGHES: Oh, so you're saying to be part of that organization, it's gotten a little harder on our, our side to be able to do it? Is that what--

LANCE HEDQUIST: Yeah, they say-- indicate that it's just too much work to be done.

HUGHES: Be that status. OK, thank you. Thanks for what you're doing.

LANCE HEDQUIST: Great question.

BRANDT: Senator Moser.

MOSER: So how do you have a sewer plant that wins awards?

HUGHES: That's a good question.

LANCE HEDQUIST: It's the first aggregated, aggregated system, system-- anaerobic system in the country, or certainly in the Midwest. And it won the national award from the construction group across, across the United States. And so it's won two different awards. It's very unique, worked very well, and interestingly enough, it doesn't have any odor.

MOSER: So you're generating natural gas and collecting that so you can use it again for something?

LANCE HEDQUIST: We are collecting the gas from that. Right now we're burning that off, but we've just built a line that will be opened up this spring that'll take it to a new renewable natural gas facility. And that gas is sold to Northwest Energy out in the state of Washington. Gas will never get there, but that's where it's sold to.

MOSER: Well, if it gets injected into the system and you get credit for it.

LANCE HEDQUIST: Yes.

MOSER: It'll probably get used somewhere else.

LANCE HEDQUIST: That's correct.

MOSER: Well, thank you. Congratulations.

BRANDT: Senator Raybould.

RAYBOULD: Thank you, Mr. Hedquist. You know, you and I met some time ago. I was trying to like, I know that guy. I was on a solid waste task force for the city of Lincoln, and you were one of the experts who came and talked to us about that because your city, South Sioux, is always on the cutting edge of obviously a lot of things. So pretty impressive there. The only thing I have an issue with, most trails per capita in the United States. OK, I'm pretty proud that the City of Lincoln has about 175 miles of trail network, but you might win out on the per capita. So I, I don't doubt you.

LANCE HEDQUIST: It is per capita. We're a town of 14,000 population and we have 20 miles of trails.

RAYBOULD: OK.

LANCE HEDQUIST: And we connect to Sioux City, Iowa, and to Dakota City, Nebraska.

RAYBOULD: That's amaz-- That's impressive. Yeah, kudos to you and all the things you do for South Sioux. They're really impressive. And you are, I think, a person that we've modeled a lot of our ideas after you. So thank you for being the guinea pig and succeeding so well. So glad you're on board.

BRANDT: Senator DeKay.

DeKAY: Thank you. Thank you for being here today. You piqued my interest when you was talking about plastic bags going into asphalt. How many of-- you put those down on city streets of South Sioux?

LANCE HEDQUIST: We put it down a new road right by Freedom Park, if you happen to know where the Vietnam Wall is in our city. It's 4,000

foot long, and we took plastic bags, it was done by Firststar out of Omaha, took the bags, cleaned them, ground them up and then Jamilla Teixeira with University of Nebraska helped design the system. And we incorporated those bags into what's basically an asphalt system. The nice thing about what we did is that it's measured. The university comes by, measures the effectiveness of the road, how long does it last, are we getting more potholes, we're getting more cracks. And that's-- we've only had it done for about six months, but it's working out very well.

DeKAY: Well, two quick questions. That's why I was going to ask, how are the roads standing up? And then, do you go through a regular asphalt process like they do, and that plastic goes in and gets melted down? Does that cause any other cost for keeping it?

LANCE HEDQUIST: In the-- plastic roads are done throughout the world, and you have them in Sweden, you have them in England, you have them in Ghana, you have them all over the, the world. And it lasts in both hot and cold climates. So that, having that tested, pre-tested before we put it down, and then after it's been put down, we're going to keep watching it to see how it, how it lasts. But all indications are that it'll last longer, it'll also be cheaper if we follow the international law. It was more expensive this way because it's we're not set up to do it as a system.

DeKAY: So this was a new road then, right?

LANCE HEDQUIST: It was a new system that was outfunded by the Nebraska Environmental Trust.

DeKAY: How thick was the asphalt?

LANCE HEDQUIST: The asphalt was an overlay on the top. It was about two inches.

DeKAY: OK. OK, thank you.

LANCE HEDQUIST: Great.

BRANDT: Senator Juarez.

JUAREZ: Thank you. So I wanted to know if you could give me an example of a rule-making petition initiated by citizens.

LANCE HEDQUIST: Well, one of the things that the department does is they've done-- I've served on there a long time, probably 25 years, and so I've seen a lot of things happen. And what's really going on now, before the rules are implemented, it's, it's brought out to the people that are involved. They have much more access, much more knowledge of what's going on, and the boards are not contentious like they used to be a number of years ago. They definitely have the support and understanding by the, by-- most of the hearings we have don't have, don't have very many people there. And most of the time, that's just a question from them on, on the rules. So we don't get a lot of, of questions at the board. We ourselves, as you noted, we did do projects that were supported by our community and had some of those have been implemented by the state, which we're very appreciative of.

JUAREZ: Well, the reason that I was asking the question was because I had in my mind about the recent activity in Omaha regarding the coal plant. And I'm wondering if the community missed an opportunity to do something with your council that might have assisted them, you know, on this issue.

LANCE HEDQUIST: That's obviously a very controversial issue because of the huge shortage in terms of electricity and being able to fill that demand for electricity. So that's definitely a concern, but you have to do it, do it correctly overall. I think some of the regulations on the scrubbing of the coal, I think, is important to do. But the board has not had a lot of discussion on this issue.

JUAREZ: OK, thank you.

BRANDT: OK. I see no other questions. Speaking as a former South Sioux "Citian" twice in the 80s, it's a very well-run city. You should be proud of that. So let's see what we've got. Do we have any proponents? You can go ahead and have a seat. Proponents? Any opponents? Opponents? Anyone in the neutral capacity? Neutral? And I read our online on this, so that will conclude our hearing on Mr. Hedquist. And now we'll go to Jessica Kolterman. And while Jessica comes up, she is looking for a reappointment to the Nebraska Environmental Quality Council. Length of term, June '25 to June of '29, a four-year term. Ms. Kolterman represents the food products manufacturing position on the council. Ms. Kolterman lives in Seward and is the director of administration for Lincoln Premium Poultry. Online comments. We had

proponents, zero. Opponents, 5. Neutral, zero. And no ADA testimony. Welcome.

JESSICA KOLTERMAN: Thank you. Thanks for the opportunity to be in front of you this morning. For those of you who don't know me, my name is Jessica Kolterman. I was born and raised in Seward. After school, I ended up working here as a staff person for some time and then went into agriculture and then on to help start Lincoln Premium Poultry here in Nebraska. Lincoln Premium Poultry is Costco Wholesale's poultry company that they started here about 10 years ago. It's, it's been that long. So I'm excited to have had the opportunity. I will say I didn't initially seek out to be on this commission. It wasn't something I raised my hand for, but I was asked to serve. And given the importance of the issues that come before it and the experiences I've had, I believed it was critical to ensure the diversity of perspectives brought to that group. The commission's role has shifted over time. I think while I've been serving we've had three names in that department, that agency. But with the shift, I've, you know, continued to be there and done my best to represent the industry that I am seated to represent. I'm also a city council member, so I do have a broad background and, and high-level knowledge of things that relate to our cities as well. As long as I'm able to contribute constructively and responsibly, I'll continue to show up and do the work. I might also add that some of the initiatives that I've been very proud to be involved in is taking the things within our company to the next level in terms of environmental accountability and environmental compliance. And we're very proud of what we've done with our company, to be above and beyond requirements of state law. So I'd be happy to answer any questions.

BRANDT: All right. Let's see what we got.

JESSICA KOLTERMAN: All right.

BRANDT: Senator Clouse.

CLOUSE: Yes, thank you, Senator Brandt. Ms. Kolterman, thank you for being here. When you look at the makeup of the council-- can you hear me? I have tendency to lean back, and I get in trouble. When you look up the makeup, you represent food products manufacturing. And some of, you know, there was opponents to this appointment, but tell me on the

food products manufacturing, what all that entails. Because I would think that manufacturing process will have a fair amount of opponents.

JESSICA KOLTERMAN: Mine, in particular, people that don't like large-scale agriculture, so. You know, it's been very interesting. We have a variety of components that go into our business. So because mine is related to food processing, we have the producers that grow the chickens for us out in the, in the countryside, who have a relationship with us to bring those chickens to us for a process. I think sometimes that people have a misconception about the environmental compliance that goes along with that. Our company, when we came to Nebraska, there were no laws governing the litter that's associated with those chickens. So at the time, we went to, at the it was DEQ, and said we would like to have our growers who are associated with us, regulated. We asked DEQ to put in a permitting process so that our farmers in particular, in order to grow with us, would have to get a permit to be in compliance. And that is part of our contract. So you have to obtain, to be a chicken farmer with us, a state operating permit. That state operating permit is-- has to be in compliance in order to continue your contract with Lincoln Premium Poultry. So we have three pillars to our contract. One of them is environmental quality, the other is biosecurity, and the third is animal welfare.

CLOUSE: So as food products, if it wasn't a chicken plant, same qualifications could be a beef packing plant?

JESSICA KOLTERMAN: Beef--

CLOUSE: Pork? All those?

JESSICA KOLTERMAN: --pork, dairy. And the other thing is we have, you know, the factory itself. We had to obtain an air permit to operate as a, as a facility. We did obtain that, there were no issues with our air permit. And this was again about 10 years ago when we were building the operation. And so, you know, our-- we've been in compliance, we've, we've not had any any problems or challenges. And also we do a lot of things with our facility itself to make it the most environmentally-forward facility we can possibly have.

CLOUSE: And I guess what I was getting at was you might be the one position on here that if it wasn't, you would be somebody else and be the same complaints, basically, is that-- would that--

JESSICA KOLTERMAN: Well, I would like to think so, yes.

CLOUSE: OK, thank you.

BRANDT: Other questions? Senator Raybould.

RAYBOULD: Yes, thank you, Ms. Kolterman, for being here. I have to be honest, I don't recall getting as many opponents' comments online for, for any of the, the people that come before us for appointments. And so can you address some of the concern?

JESSICA KOLTERMAN: I guess I haven't seen the opponents, and I don't know what they've said. So I'd be happy to.

RAYBOULD: Well, I was gonna say, could you address some of their concerns? I know they raised issues that there might be a conflict of interest. But I know we seek out industry representatives for the--

JESSICA KOLTERMAN: I've served-- I've served on the Environmental Quality Council now for four years. I guess I don't know why there would be a conflict of interest. I represent an industry that has a seat on the council.

RAYBOULD: Well, I was going to say, you know, it's important that we have industry input and feedback on things that they're seeing. But I know that they cited a number of reasons that multiple sources cite Lincoln Premium Poultry has violated USDA's salmonella standards 93% of the time for all inspections conducted between 2020 and 2024. I know that was on national news.

JESSICA KOLTERMAN: So I guess my question would be how does that-- and first of all, that's not an area of my company that I'm over, but how does it tie into me serving on the Environmental Quality Council?

RAYBOULD: I think they're, they're saying that how can you represent and be an advocate on environmental quality when a business that you work for and represent is not in compliance with a lot of these standards. And--

JESSICA KOLTERMAN: Actually, if you'd like me to respond--

RAYBOULD: No, sure.

JESSICA KOLTERMAN: --the data that is mentioned in that report that was put out, I believe it was this past fall, first of all, the group

that put out the report was by an anti-agriculture organization. So of course, they are after people, companies such as ours, who do have large agriculture operations. The data that was in that report was from a period of time previously. Since that time, many improvements have been made over time. And that data has not been fully published on the USDA database because it's behind. So if the data was caught up, people would see that we are not at those places that is represented in that report today. But also, I will say that is not an area of the organization that I'm involved with intimately. I can certainly talk about it at a very high level. You know, I believe that I've brought a lot to the council with understanding both the industry from the livestock agriculture side, as well as from the manufacturing side. I think that's one of the reasons I was asked to serve, is because I do have such a diverse background and bring a lot of different experiences in addition to the city perspective and, and many others that I, you know, through my career over the years, have been able to bring those experiences to the table.

RAYBOULD: And, you know, one of the other issues they, they raised is that, you know, being on the Environmental Quality Council, you adopt regulations that govern various environmental programs, practices, siting, permitting and things like that. And it's--

JESSICA KOLTERMAN: I don't believe we actually oversee anything related to siting at the Quality Council, not at least when I've been there.

RAYBOULD: Well, siting involves permitting, you know, where the placement of the chicken barns are--

JESSICA KOLTERMAN: Actually, that's at the county level.

RAYBOULD: It says that, I'm just reading what it tells what the Environmental Council does.

JESSICA KOLTERMAN: Well, I can tell you as the expert who does this for a living--

RAYBOULD: Yeah.

JESSICA KOLTERMAN: --barns are sited at a county level, and that is maintained through the county processes. So the state does not have

oversight on permitting related to livestock facilities at the county level.

RAYBOULD: Well, they said that one of the other concerns they had was involving the permitting, that some of the growers' barns have not been issued an NPDES--

JESSICA KOLTERMAN: They're not required to by law.

RAYBOULD: But I thought you said that's something that--

JESSICA KOLTERMAN: We asked them-- no, we--

RAYBOULD: --that you're committed to.

JESSICA KOLTERMAN: We are. And because it is not required by law to get an NPD-- NPDES permit that you're referencing, we aren't required to get them, so I don't know a lot about them, we asked the state to make something equivalent as a state permit. The permit you're referencing as a federal permit and we are not required to do that. But we did ask for an equivalent permit to be made at the state level so that our farmers could apply for that and they could get them and they are required to have them to be in a grower for Lincoln Premium Poultry. So we actually went above and beyond what was required by the state of Nebraska, and it is the same requirements that are in the permit you're referencing. It's just at the state level.

RAYBOULD: OK. Because they're saying that some of the facilities have not been issued a permit by that agency that gives permits.

JESSICA KOLTERMAN: They all have state operating permits, or they cannot grow chickens for us.

RAYBOULD: OK, so that's, that's one of the things that--

JESSICA KOLTERMAN: And if you would like me to have our environmental compliance person come and meet with you to talk about it, I'd be happy to do that.

RAYBOULD: OK. That would be wonderful, because--

JESSICA KOLTERMAN: Yeah, let's, let's do it.

RAYBOULD: --I carry-- I care very much about the water quality--

JESSICA KOLTERMAN: So do I.

RAYBOULD: --in our state. And I know that, you know, the Fremont processing plant to process, you, I guess, go through two million birds a week.

JESSICA KOLTERMAN: Yeah.

RAYBOULD: You process two million bird a week, each bird takes a gallon of water.

JESSICA KOLTERMAN: Depends.

RAYBOULD: Yep, a gallon of water. So that's two million gallons of water a week. And so one of the concerns that also that has been raised is with, you know, with the Costco chicken processing plant in, in Fremont is do they have a water reclamation system before all that water gets discharged--

JESSICA KOLTERMAN: Yes, it's all pretreated and it's actually goes through the city of Fremont.

RAYBOULD: OK, and so it's--

JESSICA KOLTERMAN: I'd be happy to come sit down with you and take you through the whole thing.

RAYBOULD: Yeah, that would be great.

JESSICA KOLTERMAN: Absolutely.

RAYBOULD: I'm somewhat familiar with it, but it would be wonderful to have that opportunity to sit down with you. So I think I was trying to get to raise some of the concerns that have been expressed by other people that are also pretty involved with environmental issues in our entire state. So thank you very much.

JESSICA KOLTERMAN: I mean, it's no secret that when we first came to Nebraska, there are many groups and organizations that opposed us.

RAYBOULD: Sure.

JESSICA KOLTERMAN: And we had over 250 public hearings to get our entire project approved. Everything moved forward. We've been in operation for almost six years now-- or actually, six and a half,

going into our seventh year, and we have been in compliance with all regulations as they exist. And I-- like as I said, we've gone above and beyond. So I'd be happy to come and take you through, bring our nutrient people with meet-- meet with you and share all the details.

RAYBOULD: That'd be wonderful. Thank you so much.

JESSICA KOLTERMAN: Of course.

BRANDT: Senator Hughes.

HUGHES: Thank you. Jessica is a constituent for the record. Thanks for coming in. Thanks for renewing this. I think on some of that opposition, they don't understand what the makeup of the Environmental Quality Council is. They're trying to get numerous people from different aspects because we've got a food products manufacturer, but we also have a professional engineer with experience in control of air and population. I'm assuming-- this is a very diverse group that are and we can talk to and get different aspects of people, boots on the ground, that are doing this. I think with some of this opposition, they see one thing and they say, oh, it's a conflict of interest because this one, they assume Lincoln Premium Poultry is, you know, somebody that's regulated potentially by this group. But it's like, they're just trying to get all the people on the table to talk through and, and, and implementing how their regulations work and stuff. So thank you for being here. And I don't-- maybe I'll just ask this. You guys are talking about looking for a second location potentially in Nebraska, or is that--

JESSICA KOLTERMAN: We have.

HUGHES: --or do we not talk about that here?

JESSICA KOLTERMAN: We have looked at it. I think Costco has decided like right now today--

HUGHES: Yeah.

JESSICA KOLTERMAN: --we're not moving forward at this time.

HUGHES: OK.

JESSICA KOLTERMAN: And I don't know what that looks like. I mean as a Nebraskan, I'm always eager to help grow our state. So obviously

something near and dear to me. But it's up to our leadership at Costco what they would like to do in the future, so.

HUGHES: I was just curious, if you had-- thank you for being here. Thank you for taking-- you don't have to do this. And it's more meetings and more things to do, but appreciate you being there. Because with your background, she is on city council in Seward.

JESSICA KOLTERMAN: And I run the 4th of July.

HUGHES: And she's the daughter of Mr. 4th of July, let's be clear. But you might have to do everything your dad tells you because that's just how it works.

BRANDT: OK. We got Senator Juarez.

JUAREZ: Thank you. I just have a couple of quick questions. It says here that there's two regular meetings a year.

JESSICA KOLTERMAN: Actually, there's 2 to 3, I believe.

JUAREZ: OK. Where are they held at?

JESSICA KOLTERMAN: They move around. So sometimes--

JUAREZ: OK. So you check the website then?

JESSICA KOLTERMAN: Yeah, so sometimes they're in Lincoln. Sometimes we move to different parts of the state. So we've had them in Hastings, Grand Island, Kearney, various places.

JUAREZ: And are they always held during the day time--

JESSICA KOLTERMAN: Yes.

JUAREZ: --not evening? OK.

JESSICA KOLTERMAN: During the day. Mm-hmm.

BRANDT: Any other questions? I see none. Thank you.

JESSICA KOLTERMAN: And I want to thank you for taking good care of your page. She does happen to be my birth daughter, so.

BRANDT: Oh, well, that was, wasn't [INAUDIBLE].

HUGHES: She's turning red now. Way to go.

BRANDT: All right, do we have proponents for the nomination? Proponents? Opponents? Any opponents? Neutral? Anyone in the neutral capacity? We already read the online comments. That will close our hearing on Jessica Kolterman and it will bring up our next nominee, Kevin Peterson. As Kevin is walking up here, he is a reappointment to the Nebraska Environmental Quality Council. Length of term, June '25 to June of '29, a four-year term. Mr. Peterson represents agriculture active in crop production spot on the council. Mr. Peterson lives in Osceola and is a farmer. Total online comments. Proponents, 1. Opponents, 0. Neutral, 0. And no ADA testimony. Welcome.

KEVIN PETERSON: Thank you, Senator Brandt, members of the Natural Resources Committee. My name is Kevin Peterson, and for the record, that's spelled K-e-v-i-n P-e-t-e-r-s-o-n, and I'm a fifth-generation farmer from Osceola in Polk County, where my family and I raise real crops, cattle, and custom feed hogs. I'm honored to speak to you today regarding my reappointment to the Nebraska Environmental Quality Council. In addition to serving on the EQC since 2021, I currently serve as a director on Upper Big Blue Natural Resources District Board and the Nebraska Agriculture Leadership Council. Previous to that, I have served on the board of leadership of the Nebraska Environmental Trust from 2014 to 2017, the Nebraska Pork Producers Association from 2014 to 2019, St. Paul Lutherans Church-- Church's Congregational Council from '14 to '20, and the Nebraska Farm Bureau Federation Board of Directors from '18 to '21. I also maintain membership in Ag Builders of Nebraska, the National Pork Producers Council, the Osceola FFA Alumni Association and the Osceola Masonic Lodge. When I was first approached about applying for the council in 2021, I was immediately drawn to the opportunity. Too often production agriculture and conservation interests seem at odds, and I believe that my experience on past boards, as well as the EQC these past four years, uniquely qualifies me to help bring these two groups together to advance the environmental quality of the state while continuing to produce food, fuel, and fiber for a growing world population. The advancement in management techniques in crop and livestock production in my lifetime has gone a long way towards bridging that gap, but there is still work to do. And I believe with tools and techniques currently in the use, and new technologies to come, we can continue a regulatory climate in Nebraska that is agreeable to those interested parties. On our own farm, we have been able to organically fertilize 300 acres with the effluent created by our hog operation. We monitor the nutrient content

yearly and work with our agronomists to make sure that that application is done in a safe and an economical way, and that has led to prod-- productivity improvements on some of our more marginal acres. During my time on the council, I'm continually struck by the diversity of expertise and the background of its members. In a state like ours, with its land, water, and population differences from north to south and east to west, we owe our citizens and stakeholders regulations that work in specific ways to address broader issues. I'm excited for the chance to continue to be a part of this group and work with the rest of the council to provide perspectives that can represent the state as a whole. In closing, I would like to thank the committee for your time and consideration today, Governor Pillen for the appointment and the chance of serving the state again, and my family for supporting me in everything that I do, and I'd be happy to take any questions that you have.

BRANDT: OK. Senator DeKay.

DeKAY: Thank you. You mentioned you use organic fertilizer from your hog operation on three [INAUDIBLE]. Have, have you seen any test results on how that affects the nitrates going up or down with that? Or, or you've been using it long enough to have--

KEVIN PETERSON: We have the-- how the nitrates move within the soil is going to matter less on the actual fertilizer and more with how your soil type is and how water moves through it. So how we apply is we make sure that everything is incorporated into the ground as it goes in. And so that would take care of any runoff that would get to a lower spot on the farm, and then would make that leaching maybe take place sooner. And the other thing, an advantage of the organic fertilizer is, you have a portion of that, that nitrogen fertilizer that, that becomes nitrate when, when it mineralizes in the soil. That's organic, so that actually binds that, that molecule together and keeps it towards, towards the usable place for the plant.

DeKAY: So, you knife that into the ground then?

KEVIN PETERSON: It's actually, without being too technical, it's a little wavy disk that makes a little bit of a trench. The manure drops in and then there's two disks that close over the top of it. I don't, I don't pull a shank anymore.

DeKAY: OK.

KEVIN PETERSON: It takes a lot less power and things like that. It disturbs the soil a lot less. I, I do no-till in the background that we apply hog manure onto.

DeKAY: OK, thank you.

BRANDT: Other questions? Senator Hughes.

HUGHES: What district are you from, Kevin?

KEVIN PETERSON: The 24th District.

HUGHES: The best one. Yes, that's right.

KEVIN PETERSON: Yes, Senator Hughes.

HUGHES: Just kidding.

KEVIN PETERSON: Two for three on constituents today.

HUGHES: Yeah, I am. I'm two for three today. I got, I got to carry this on. There are so many Petersons in Polk County, you have no idea. So I don't know that you could possibly be on one more board or, or something in your area, so I'm throwing this out to you. Just something to think about. 2030, I'll be termed out.

KEVIN PETERSON: Right. I do, as much as my wife indulges me as far as these boards that I've been on and things that I got to do.

HUGHES: She does not draw the line at this.

KEVIN PETERSON: She-- that, may-- that line may have been drawn. And I enjoy being married way more than I would enjoy a seat at Nebraska Legislature.

HUGHES: We all heard it here. All right, thanks for doing this. It's really good of you. So appreciate it.

BRANDT: OK. Other questions? I see none. Thank you--

KEVIN PETERSON: Thank you.

BRANDT: --for showing up today. Are there any proponents for the nomination of Kevin Peterson? Proponents? Opponents? Any opponents? Anyone in the neutral capacity? Seeing none, that will close our

hearing on Kevin Peterson, and we will move to Senator Holdcroft's bill, LB1172. OK, if everybody can take a seat or leave, and we'll begin the hearing. Please proceed, Senator Holdcroft.

HOLDCROFT: Good afternoon, Chairman Brandt and members of the Natural Resources Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t. I represent Legislative District 36, which includes west and south Sarpy County, 80,000 acres of the finest farmland in Nebraska. I am here today to introduce LB1172. Meeting the challenges of Nebraska's energy and power demand is a high priority that requires consideration of policies that support baseload and dispatchable power such as nuclear, natural gas, coal, hydro-- and hydroelectric energy. Intermittent sources such as wind and solar simply cannot meet the reliability needs of high-tech manufacturing and data centers on their own. Additionally, the Southwest Power Pool or SPP Regional State Committee and Board have approved minimum planning reserve margins requirements of 36% winter season and a 16% summer season PRM, effectively beginning, effectively beginning summer 2026 and winter 2026-27. This means that load-responsible entities in the SPP region must have access to enough generating capacity to serve their peak consumption with at least 36% margin during the winter season and at least 16% margin during the summer. LB1172 seeks to remedy the concerns of providing ample dispatchable generation to satisfy the needs of a growing economy and the conditions imposed by the Southwest Power Pool on planning reserve margins, while at the same time being respectful of an "everything above" energy resource posture. This bill takes a straightforward approach requiring an electric supplier to maintain 75% of the dispatchable electricity capacity in its generation portfolio and, and defining dispatchable electricity as a source of electricity that is readily available for use on demand. Additionally, the 75% requirement continues to allow providers to set aside a significant portion of their energy portfolio for intermittent or renewable generation sources. Senators, I respectfully ask that you consider LB1172 as a part of the energy strategy of this committee, and that it be advanced to the full Legislature. Chairman Bosn-- Brandt and members of the Natural Resources Committee, thank you for your consideration of LB1172. I'm happy to answer any questions you may have, although I may defer to those coming behind me to better answer your questions. Thank you.

BRANDT: All right, let's see what we've got. Senator Juarez.

JUAREZ: Thank you, Senator Holdcroft, for being here today. So again, if you can't answer this, I understand to defer, but my question is, the bill grants power districts out of compliance 60 days to report to the state how they'll achieve compliance. What are the ramifications for failing to meet the requirements? Are there any?

HOLDCROFT: Well, I'm going to leave that one to somebody behind me. I don't-- I don't have that answer.

JUAREZ: OK.

BRANDT: Senator Hughes.

HUGHES: Thank you, Chairman Brandt. Thank you for coming in, Senator Holdcroft, and bringing this bill. Do you have any idea, of our current public power generators, where are they at in this? Like you want 75%, what are they hitting now? Do you know?

HOLDCROFT: I do not know, but I'll bet somebody behind me knows.

HUGHES: OK.

BRANDT: Senator Raybould.

RAYBOULD: Thank you, Senator Holcrest [SIC]. I don't know how you managed to do this, but you had, I think, 61 emails, online comments, of opposition. Can you tell me what you think their people are mad about?

HUGHES: It's his sweet disposition.

HOLDCROFT: Well, you know, I think this is a, it's a fairly conservative approach to, to how much we should have in, well not necessarily reserve, but dispatchable. I mean I think there's a, there's a lot of people out there who love green power, they love solar power, they love wind. But when the sun's not shining and the wind's not blowing, that's not there. And so then you have to have a reliable base to provide for power. And, and our power needs are increasing. OK? And it's not just, you know, it's, it's things like these data centers. Well, they, they need that power all the time. I mean, they don't, they go up and down with people who light off their, their air conditioning, whatever. So our, our baseload needs are rising. And our-- I believe that we should have the percentage of our dispatchable should also rise as those types of industry come into

the-- into our state. So, so back to your question why, I think you're hearing from the, most of the green folks who they know that if we go 75% dispatchable, there'll be less priority to do solar and wind.

RAYBOULD: OK, that's probably one of the many reasons they cited. But I want to let you know that you are speaking to a committee that has three graduates of the LEHI Energy Institute, Senator Dekay, Senator Hughes, and myself, and we all recognize the enormous responsibility of making sure we have additional electrical capacity generation, so that we can meet the increasing demands for all of AI data centers, you name it, crypto, down the block. But I think, I guess just that 75% threshold, and I guess what I'm hearing from the opponents is just a push to go back to fossil fuels rather than looking at the renewables, which we all know as graduates of the Institute, solar and wind are the quickest ways we can meet that demand for additional capacity in the shortest amount of time. We all recognize that small modular reactors are where we need to be, but that's a 15-year prospect. But we need additional capacity now. And wind and solar are about a five-to seven-year lead time to try to get that deliverable out to the people who want it. So I think what I'm seeing is that people are, are concerned that this bill is going to push us back to more coal rather than a balance. And I know that I think Lincoln Electric Systems, NPPD, OPPD, Loup Power, Grand Island Utilities, I mean, I think they're all really mindful of delivering affordable, reliable electricity all the time. And so I think they already look at a portfolio that can do just that. So I think what I'm seeing, and you can say no, this-- that they, the opponents are saying that you're just pushing it and requiring to go back to fossil fuels.

HOLDCROFT: I think the trend is that we are seeing more and more demand of baseload, not the give and take of people again lighting off their, their air conditioning or their heaters when they go home. We're seeing more of these industries that are coming to the state that need to have this all the time. And so when you load up yourself with a lot of solar and wind, which is not reliable when the sun doesn't shine and the wind doesn't blow, you've got to have that dispatchable reserve. And so that's, that's what this bill is, is about.

RAYBOULD: OK, thank you.

BRANDT: Other questions? Senator Clouse.

CLOUSE: Yes, thank you Senator Brandt. Well, I'm not a graduate of LEHI, so I must be chopped liver. I read these, and it's the taking away from local control of our power districts, elected boards that are elected to make these decisions. So I'll be curious as to what some of the proponents and opponents have to say. I hope we have some proponents because I think we've got a lot of opponents.

HOLDCROFT: I have one, at least one proponent.

BRANDT: Senator DeKay.

DeKAY: I did graduate from LEHI, but I'm not sure Senator Hughes did, so I'm going to leave that for further discussion.

HUGHES: I did.

DeKAY: But yeah, what Senator Clouse was referring to, I think if we can, we try to leave it to the subject matter experts on how they're going to generate dispersed electricity in a cost-efficient, effective way. So I'm curious to hear who comes up behind you to testify. So thank you.

BRANDT: Would you like to answer the question?

HOLDCROFT: Was there a question there?

BRANDT: Was there a question there?

DeKAY: Whether Senator Hughes graduated or not, so.

BRANDT: All right, I see no other questions, so--

HOLDCROFT: I'll be here to close.

BRANDT: OK, thank you. Proponents.

JIM SMITH: I am that proponent.

BRANDT: OK, welcome.

JIM SMITH: Good afternoon, Chairman Brandt and Vice Chairman DeKay and members of the Natural Resources Committee. My name is Jim Smith, J-i-m S-m-i-t-h, and I'm here on behalf of the Platte Institute with supporting testimony for LB1172. I would like to thank Senator Holdcroft for introducing LB1172, and this committee for its careful

consideration of this very important legislation. Senator Holdcroft provided a strong overview of the intent and purpose of LB1172, and I would like to add that we are very open to working to resolve any constructive objections from the public power advocates that follow me today. Due to my limited time, I'd like to hone my remarks and focus on the importance and value of the defined dispatchable power requirement and the likely concerns of public power. Because intermittent power supplies, such as wind and solar, are not readily available during times of peak demand, their accredited values toward meeting the reserve requirements of the Southwest Power Pool are deeply discounted in comparison to dispatchable power supplies such as coal, nuclear, and natural gas. This bill simply reflects reality that dispatchable generation is the low-cost and most reliable option for achieving the reserve margins required by SPP, as well as meeting the load requirements of Nebraska's current and future energy consumers. Regarding public power, I believe the primary concern is that LB1172 oversteps local control. I myself am a product of public power, and I would guess most everyone in this room favors the public power model in Nebraska. We also value local control. However, Nebraska's public electric utilities are not islands that function independently. Rather, they are interconnected generation resources that can impact each other. We simply are not seeking to remove the local control of public power boards or to prohibit intermittent generation for that matter. Rather, we ask for guardrails that lead to rational decision-making for reliable, low-cost power. I am hopeful that this committee will advance LB1172 or, better yet, consider it as part of a package of bills to address the pow-- the supply and affordability of power in Nebraska. To better align the legislation with the preferred or familiar language of the Southwest PowerPool and the Power Review Board, I recommend two slight changes to this legislation. One, to restrict compliance to transmission-owning members, which would then exempt small villages or municipalities and towns. And two, to qualify generation as that which is committed. Again, I'm happy to work with this committee and other advocates on perfecting this legislation, but this is very important legislation and I'll welcome your questions. Thank you, Senators.

BRANDT: OK, let's see what we've got. Senator Juarez.

JUAREZ: Thank you. OK, so I'll ask you the question that I asked Senator Holdcroft. I don't know if you can answer. I actually have more than one. I asked him, the bill grants power districts out of compliance 60 days to report to the state how they will achieve

compliance, and what are the ramifications for failing to meet these? Do you know the answer to that?

JIM SMITH: The intent of this legislation is not for it to be punitive. That is, we would like to see it voluntary. We would like to see participating power suppliers meet the conditions of the legislation and, if they are not in compliance, that they would simply prepare their plan for coming into compliance. But there would be no punitive action against those that are not in compliance, that would be my, my understanding in the intent.

JUAREZ: OK, thank you.

BRANDT: Senator Hughes.

HUGHES: Thank you. Thanks for coming in, Mr. Smith. I have two questions. You said, I myself am a product of public power. What do you mean by that? We all get our power from public power.

JIM SMITH: Right.

HUGHES: But I think, is there more to this than that?

JIM SMITH: Well, I've had the rare privilege of participating in two of George Norris' experiments in Nebraska: the Unicameral system and public power. I spent 30 years in the electric and gas utility business, half of that in public power. I retired from OPPD when I came into the Legislature.

HUGHES: So what did you do for OPPD?

JIM SMITH: System planning, load forecasting, rate design, a number of roles.

HUGHES: OK, thank you. And then my second question is, just how you stated it, did, did the Platte Institute bring this bill, like work with Senator Holdcroft on this bill?

JIM SMITH: Yes.

HUGHES: Yeah, that's what I wanted to know. Thank you.

BRANDT: Senator Raybould.

RAYBOULD: I'm, I'm looking at the language in the bill, and I think it doesn't say what you intended to say. I think you wanted to say that 75% of the portfolio has to be dispatchable, but it says electric supplier shall maintain 75% of the dispatchable electricity capacity in the generation portfolio of such electric supplier. And maybe, maybe that's parsing words a bit, but I think you want to say 75% has to be dispatchable.

JIM SMITH: Of, of an end of-- and what I would say is for the transmission member. So there, yes, if that language can be improved upon to advance the legislation, we certainly would like to work with public power and the Power Review Board to get the right language, but there can always be improvement in language.

RAYBOULD: So I have another question for you, Senator Smith. Are, are they really trying to push back on renewables and the march forward to more renewables in portfolios? Because I know we have Lincoln Electric System here, and a few others can-- but you know, I think, and LES can correct me, maybe a third is renewables, a third is natural gas, a third is still coal. Because like all the things that we've articulated, you know, during the day, wind and solar are perfect. And at night, we've got coal to, to be in storage and back up. So but it is the intent of the bill, to the best of your knowledge, working with Platte Institute, just pushing us back to like getting more coal or what-- help me understand the bill a little bit better.

JIM SMITH: I would say the bill would be agnostic to that. I grew up in an era of utility operations that a, a diverse and balanced portfolio, generation resources is really good for the consumer, it's good for utility. Because whenever, let's say if we are overly dependent upon natural gas and we have high natural gas prices because of the very harsh winter, then that's going to get passed on to the consumers, and it could limit some of the generation capabilities. If we're over reliant on renewables, same thing. They are intermittent by their very design. And likely with, and same with coal. We need a more balanced diverse portfolio. What this bill is geared towards is all around the capacity of the instantaneous demand that is required to meet artificial intelligence and new technology in our manufacturing. It requires the capacity, the energy to be instantly available. And the only way we can achieve that is, if you look at renewables, all generation is not created the same. So on renewables when you're looking at it being accredited by the Southwest Power Pool, it's maybe accredited at 15% of the total generation to reflect that it's not

constantly available. Whereas coal can be 90-something percent accredited. So you have to have six or seven times more renewable generation just to get to that 15%, which is a high cost to the consumer to meet that condition. This is all about capacity. It's not about a balanced portfolio. We believe we can achieve a balanced portfolio even with the 75% condition. And if 75% is not the right number, I would love to have the public power folks and the Power Review Board folks say, what is that right number? What do we have today? I would say we're probably not far off today. This is looking forward and saying, let's make certain we have these guardrails in place.

RAYBOULD: OK, thank you.

BRANDT: Senator Moser.

MOSER: Well, I was listening to the discussion of the bill from the beginning here, and it said 75% of the dispatchable capacity. Yeah, I don't-- I think it's just a clumsy way of saying it. You would like to see 75% of their electrical supply be dispatchable, in other words.

JIM SMITH: 75% of the committed capacity.

MOSER: Because 75% of the dispatchable electrical-- electricity capacity in its portfolio, I mean, it's kind of, kind of self-defining. 75% of what? What they would have to supply to the SPP, or 75% of their total capacity?

JIM SMITH: Correct, Senator. That, that was one of the changes that I would recommend to qualify generation. So when we talk about 75% of the total capacity to be committed generation, that's what we're looking for.

MOSER: Yeah, that's not what it says there. Well, and again, why would they build new-- if they're going to build green energy sources, that'll upset their balance and the utilities aren't going to want to do that. So Senator Raybould's question I think was pretty much answered before she asked it.

JIM SMITH: But Senator, they are doing that.

MOSER: They're building too much--

JIM SMITH: They're not, they--

MOSER: Reliable?

JIM SMITH: They are running the risk of not keeping up with the amount of dispatchable generation necessary to meet the demands and, and the reserve margins. That is the risk.

MOSER: But they are required to have reserves with the SPP, right?

JIM SMITH: And those are, those are adjustments that you see in the language today.

MOSER: And you think those are too low of reserves and that they should be--

JIM SMITH: No, that's not my call, and I don't believe that I'm saying that Southwest Power Pool knows what they're doing with setting the reserve margins. We just need to make certain that we can comply in the least-cost, most-effective way. And truly, the least-cost, most-effective way is to maintain a strong balance of dispatchable generation.

MOSER: So, why would we want to-- I mean, if it wasn't for the Platte Institute, we wouldn't be here with this bill, right?

JIM SMITH: I don't-- I would hope someone else would have brought this type of legislation. In fact, tomorrow, I believe this committee will have some legislation in front of it that is really somewhat kindred.

MOSER: Well, I'm not going to argue with you. Thank you.

BRANDT: Senator Clouse.

CLOUSE: Yes, thank you, Senator Brandt. Mr. Smith, why did you focus on generation and not transmission?

JIM SMITH: Well, they're very, very different. Generation is, is critical. That's the starting point.

CLOUSE: Right.

JIM SMITH: Transmission-- I'm sorry, I guess I don't follow--

CLOUSE: If you belong to the pool, then isn't transmission just as important as generation? Because if you have adequate transmission and plenty of capacity and transmission and not bottlenecked, does it matter where the generation is coming from? If you have an adequate transmission, then generation should be put into the system as a good balance?

JIM SMITH: Well, yes, I think a, a strong, dependable, reliable transmission system is critical, but I do not believe that that is the same as having an appropriate level of dispatchable generation.

CLOUSE: So on dispatchable generation, where in the state would you recommend putting it? Because we have, obviously, transmission bottlenecks within the state. You know, that's what small modular reactors, the nuclear, that what that's all about. And I guess I'm--

JIM SMITH: No, I--

CLOUSE: I think the power districts are doing as best as they can.

JIM SMITH: I think, yes, I think that would be up to the power districts to decide where they put the generation. We're just saying when you add that generation, factor in the dispatchable requirements.

CLOUSE: So if we put in another 1,000 megawatts out at Gentleman Station, does that help your issues on transmission here in Omaha? We could put another 1,000 megawatts out there, but it doesn't do any good--

JIM SMITH: That would--

CLOUSE: --where the load centers are at, and it's more difficult to get it in the OPPD area with the renew-- with the generation that's either fossil fuel or natural gas or whatever.

JIM SMITH: Well, I, I would say, yes, transmission, a strong transmission system is important to the state. But again, we were talking earlier about not taking away local control, and it's the local public power districts and the RAAs and others that make a determination of whether they need to add generation and the best way to get that, that generation to their, their load requirements, whether it's transmission or whether it is another power plant.

CLOUSE: OK, I just am concerned we're locked in on, on one piece of the utility world.

JIM SMITH: Yes, and--

CLOUSE: And that concerns me. And, and I do trust my friends in the power districts, that they're making the right decisions. And when we talked forever, rates and reliability, what's first? Reliability. You know, even though I argued that with my customers, the important rate to them. But reliability was always number one.

JIM SMITH: Absolutely.

CLOUSE: Thank you.

JIM SMITH: Public power, reliability, affordability, and accountability, that's what-- those are the three pillars of public power.

CLOUSE: Thank you

BRANDT: Any other questions? I guess I've just got one quick one. So a utility quite often doesn't own the renewable. It's owned by private industry, and they may have a power purchase agreement or just an agreement. Do they have to own the facility to be part of the 75%, to be a part of 100%, or just the fact they have a contract with the facility in Oklahoma that's a wind farm down there, does that count as the renewables? Have you guys thought this out on, on--

JIM SMITH: No, that's a bit of the devil that's in the details. I think the intent is if it's under their control through a contract agreement or ownership, that's what we would be looking at. But again, very willing to, to work with others that come in with a constructive question as to how to make that work better.

BRANDT: And then my second question is batteries. Is a battery dispatchable or not?

JIM SMITH: I would say it is, it's, it's guaranteed on demand if it's juiced up.

BRANDT: All right, that's, that's all we've got. Thank you. I don't see any other questions.

JIM SMITH: All right. Thank you, Senators.

BRANDT: You bet. Further proponents. Any more proponents? OK, opponents. Any opponents? Come on up. Welcome.

JASON ROSENKRANZ: Good afternoon. Chairman Brandt, members of the Natural Resources Committee, my name is Jason Rosenkranz, J-a-s-o-n R-o-s-e-n-k-r-a-n-z, I currently serve as the director of resource planning and risk for Nebraska Public Power District. I want to thank you for the opportunity today to speak in opposition to LB1172 on behalf of NPPD and the Nebraska Power Association, a voluntary organization comprised of the 166 utilities that produce and deliver electricity to Nebraskans. I respectfully offer this testimony in opposition to the bill based off 19 years of-- almost 19 years of experience in the utility industry, with about 8 of those years being directly related to resource planning and related responsibilities. I am a voting member of the Southwest Power Pool, SPP, Supply Adequacy Working Group. I hold bachelor's and master's degrees in engineering and also a master of energy business degree. LB1172 is clearly well-intentioned. It reflects a concern for reliability, affordability, and the continued ability of Nebraska's electric system to meet customer needs under all conditions. However, the approach of this bill, specifically, the requirement that utilities maintain a defined level of dispatchable generation, is unnecessary and overly restrictive given the regulatory and operational obligations utilities already meet as members of the Southwest Power Pool. Utilities operating within SPP are subject to comprehensive, enforceable requirements that are designed to ensure resource adequacy and system reliance across a wide geographic footprint. These standards require utilities to maintain sufficient accredited capacity to meet peak demand plus the planning reserve margin, accounting for the performance characteristics of all resource types, be they thermal, renewable, storage, or even demand-side resources. Both SPP and member utilities conduct rigorous planning studies, stress tests, and seasonal assessments to verify that member utilities can reliably serve load under a wide range of conditions. I believe LB1172 would unnecessarily constrain this proven approach with a prescriptive state mandate that risks reducing diversity, limiting flexibility, and increasing costs with no guarantee of resulting reliability or cost-benefits to ratepayers. For example, a large utility under this framework could meet the requirement of this language with an entire fleet comprised of one type of generation, even if that generation type was expensive, as long as it was dispatchable. I don't believe

that that would meet our requirement to be reliable, unaffordable, because of the benefits that those resources would not be able to confer as opposed to a more diverse resource portfolio. Nebraska public utilities already face strong incentives, both regulatory and financial, to maintain reliability-- reliable service, and my employer, NPPD, already maintains a strong focus on dispatchable resources and recognizes the benefits of a diverse resource mix, as well as, renewable resources that best serve our customers. For these reasons, while I respect the intent behind LB1172, I believe the bill is unnecessary and should not be advanced. Nebraska's participation in prudent utility practice already provide a robust tested framework to ensure reliability, cost-competitiveness, and resource diversity. Preserving that flexibility is in the best interest of Nebraska ratepayers. I thank you for your time and consideration, and I'm happy to answer any questions you may have.

BRANDT: Let's see what we've got. Senator Clouse.

CLOUSE: Thank you, Senator Brandt. Good job. I didn't know if you could do anything in five minutes.

JASON ROSENKRANZ: You, you know me well.

CLOUSE: But go back to that transmission issue. Is, is-- what's the balance when you're doing your system planning on transmission and generation?

JASON ROSENKRANZ: Yeah, system planning has to take into account both the unique aspects of the generation under consideration, as well as the transmission constraints or opportunities for where it's going to be located. And so you really need to be focused. Good resource-- good resource planning focuses on both of those issues in order to make sure that the energy is able to be delivered to where it is needed.

CLOUSE: OK. Thank you.

BRANDT: Senator Juarez.

JUAREZ: Thank you. I would like to know if you feel that this bill would limit your ability to respond to regulatory changes at the federal level.

JASON ROSENKRANZ: It, it could under certain circumstances. So when utilities do resource planning, we're looking at long-term decisions.

The decisions our board of directors make are 50 and 60-year decisions in a lot of cases. And so we have to plan for a variety of possible futures to unfold, and that certainly includes potential changes at the federal regulatory level which may require us at some point in the future to pursue a different resource mix than we have today. And so when we do resource planning we tend to look at a variety of scenarios because the future is, if one thing, uncertain. And so we try to find resource plans that are robust under a variety of possible futures, and make decisions that we feel will perform well under a variety of conditions, regardless of how the future unfolds.

JUAREZ: I have one more follow-up, please. So do you feel that there's a possibility that this bill could cost Nebraska ratepayers should federal regulations change and force non-compliance?

JASON ROSENKRANZ: If this bill were to advance, we would have to try to find a way to comply, I suppose, with, with both requirements. Although the federal requirements, if they required us to significantly change, and let's just say for the sake of argument moved toward a portfolio that had a lot larger percentage of carbon-free resources. And if there was some financial penalty associated with that, it could potentially put our generation mix at odds with, you know, the federal regulatory regime that is in place were that to unfold in that hypothetical situation.

JUAREZ: OK, thank you.

BRANDT: Senator Hughes.

HUGHES: Thank you. Thanks for coming in, Mr. Rosenkranz.

JASON ROSENKRANZ: Yes.

HUGHES: I'd asked this of Senator Holdcroft. Where, where's NPPD at today, if you would kind of do an guesstimate on generation?

JASON ROSENKRANZ: So right now, Nebraska Public Power District, we just submitted our resource adequacy submittal to SPP for the summer of 2026. We are a little less than 10% capacity from what would be characterized by this bill as non-dispatchable resources with about 90% dispatchable.

HUGHES: Thank you.

JASON ROSENKRANZ: Give or take.

HUGHES: Yep.

BRANDT: Senator Raybould.

RAYBOULD: To, to continue that line of conversation, what percentage of that 90% is coal, natural gas, and renewables?

JASON ROSENKRANZ: Right. We, we-- Nebraska Public Power District, and of course this is going to vary from utility to utility, our particular mix is quite diverse. We have the one functioning nuclear plant in the state of Nebraska, which is about 800 megawatts of capacity. We have approximately 1,700 megawatts of coal capacity, and then smaller amounts of natural gas capacity, hydro capacity, and then rounding out with renewables. So coal and nuclear dominate at least NPPD's portfolio right now with regard to capacity.

RAYBOULD: OK, thank you.

BRANDT: I guess the question I've got is, we've got a reserve with the SPP?

JASON ROSENKRANZ: Yes, we do.

BRANDT: So is it 100% with the reserve or without the reserve?

JASON ROSENKRANZ: I, I'm not sure.

BRANDT: Is it 75% with the reserve or without the reserve?

JASON ROSENKRANZ: Yeah, I think particularly when I read through the language of the bill, particularly the, the primary requirement under (6)(a), I believe different people could reasonably read that literally and come up with different interpretations of the requirement there and probably have justification for feeling the way they do. I do believe there would be, you know, if this bill were to advance, and we're not advocating that, but it would require some modification to make the requirement more easily understood.

BRANDT: All right, I see no other questions. Thank you.

JASON ROSENKRANZ: Thank you.

BRANDT: Yep. Next opponent. Welcome.

KEN WINSTON: Good afternoon, Chairman Brandt and members of the committee. My name is Ken Winston, K-e-n W-i-n-s-t-o-n, appearing on behalf of the Nebraska Sierra Club. The Nebraska Sierra Club opposes LB1172. Requiring our public power districts to have at least 75% dispatchable generation will lead to drastic rate increases and will not improve reliability. The Lincoln Electric System and Omaha Public Power District both have portfolios with more than 30% renewable energy, requiring them to invest in fossil fuel generation to result in major rate increases in conflict with current statutory provisions that require our public power districts to provide electric service at the lowest feasible, lowest feasible cost. Nebraska public-- Nebraska's public power districts have some of the lowest electric rates in the U.S. In 2025, LES had the second-lowest residential rates in the country, and Nebraska's public power districts, as a whole, ranked fourth in the U.S. for residential electric rates. Nebraska's public power districts also have some of the best records for reliability in the country. LES ranked first in the country for reliability, and Nebraska public power districts overall ranked second. And we all know how challenging the weather can be in the state of Nebraska for related to power lines and utility workers. Winter Storm Uri from February 2021 is often cited as a reason for making more investments in fossil fuel generation. However, it was the gas generation facilities that failed during that storm. And I think we probably also recall the fact that natural gas spice-- prices spiked as a result of the utilities' response to the storm and how that impacted retail customers. And as the representative from NPPD indicated, it, it also interferes with the decision-making of our local public power districts and their professional staff. And the second page of the document that I provided is a document that LES put together. And you'll notice the, the top line is about their market study and the fact that their rates are second, the residential rates are number two, and then Nebraska is rate-- ranked fourth overall. Then the next section that breaks it down in addition to with price stability, and you'll note that Nebraska ranks number one in price stability on all these categories. And then down at the bottom, reliability metrics. LES ranking is number 1 out of 82 cities in the country, and Nebraska as a whole is ranked number 2. This is LB1172 would result in rate increases, would not improve either, either-- would not improve reliability, and would interfere with local control.

So we're opposed to LB1172 and would ask that you indefinitely postpone the bill. And would be glad to respond to questions.

DeKAY: Thank you. Are there any questions from the committee? Seeing none, thank you.

KEN WINSTON: Thank you, Senator.

DeKAY: Yep. Next opponent.

JOHN HANSEN: Mr. "Whoever You Are" in charge.

DeKAY: Third or fourth in line.

JOHN HANSEN: Third or fourth in line. It's a pleasure to be before you today. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I'm the president of Nebraska Farmers Union and also their lobbyist. So our organization has a very long and committed record relative to protecting the interests of public power. So, our organization has organized far more cooperatives in the state of Nebraska than any other organization by a huge margin. And so when we looked at the best way for us to provide the, the electrical needs of rural Nebraska, who was literally left in the dark when it came to electrical generation and supply, we wholeheartedly endorse the idea of public power. Because public power is a kind of publicly-owned cooperative. And so we're known as the leader of co-op development in rural Nebraska. So we are very protective of the interests of public power. So when I read this bill, the question I asked is, does this undermine the decision-making capacity and responsibilities of our public power system who not only has subject matter experts, but has this area of responsibility? And we looked at it and we decided without question it certainly did. Our experience in the delivery of electricity, but also the generation and the transmission these past number of years has been very involved. I chair the Nebraska Wind and Solar Conference. We bring together experts to talk about these kinds of issues once a year, and we bring in the, the leaders of the state, as well as national leaders, to discuss all of these things. There's a lot of things going on in the energy world. So we've gone from a system where we used to be able to have dependable kind of rates of growth. And so you looked at your, your short and longer-term planning, windows through that, those rates of growth. And then all of a sudden the economy went in the tank and so, for an extended number of time, the growth didn't happen. So a lot plans were, were stressed

because there wasn't growth. And now in recent years, we've seen unprecedented growth in, in baseload needs in order to be able to meet our electrical generation needs as a state. And so it makes a lot of difference whether you are sitting there with excess capacity and dispatchable capacity that you can plug renewable energy into or whether you don't. So there's all kinds of variables. Not long ago, we were arguing in the state of Nebraska whether or not if we had 5% of the total electric generation needs of the state that were coming from renewable energy, whether or not the system could tolerate that kind of renewable energy generation. And so the, the prevailing thought at the time was, you know, really divided. But a lot of our friends in the utility world thought that that would be too much. And so, yeah, we've seen because of technology, because of a lot of things, we have been able to maintain reliability, we have been to maximize economic development benefits to rural communities through private and public partnerships. We have met all of our reliability needs, and yet we're seeing our, you know, friends in the utilities being able to use much higher levels of renewable energy. And that that is most economically beneficial for rural nebraska. So you ought to-- absolutely have to maintain your liability, that's never the question. But who should decide what that number is at a particular point in time? And in our view, this is not only the wrong number, it's the wrong folks making that decision. We have folks in public power who have done an excellent job of meeting their needs, meeting their responsibilities. That is their job. And any time you put a, a number on a piece of paper, I can guarantee you in this world especially, it will be outdated very quickly as changes happen. And so we respectfully would ask you not to move this bill forward, protect the integrity of our public power system, and just be darn glad we have it. And with that, I'd end my remarks. And I'd be glad to answer any questions, if I could.

BRANDT: OK? Let's see what we've got. I see none. Thank you.

JOHN HANSEN: Thank you, Mr. Chairman.

BRANDT: Yep. Next opponent. Welcome.

CHARLES RIEDESEL: Glad to be here. Yes. Senator Brandt, members of the Natural Resources Committee, I'm Dr. Charles Riedesel, C-h-a-r-l-e-s R-i-e-d-e-s-e-l, professor emeritus at UNL in computer science and engineering, educated in math, natural sciences, and electrical engineering. I'm opposed to LB1172 because it would mandate a

universal minimum 75% dispatchable power supply regardless of the provider's geographic circumstances. Moreover, dispatchability by itself is not an adequate determiner of true comprehensive system reliability nor does it anticipate or is it designed to be responsive to rapidly-evolving technologies and costs. Dispatchability is the ability of a resource to quickly vary power output in response to demand changes during normal operating conditions and is often associated with fossil fuel plants. It is recognized by power engineering professionals and researchers, including myself, to be just one component of comprehensive power system reliability. Of greater significance is resource reliability, which reflects the flexibility of a resource to generate electricity and support the grid, not only during normal operating conditions but also during periods of grid risk, such as storm damage and loss of fuel, which can be of significant concern with the long supply chains which are typical of coal and natural gas. More encompassing, yeah, is system reliability, which reflects the ability of the entire grid and its resources to meet customer demand during normal operating conditions and periods of grid risk. Ensuring comprehensive power system reliability entails three components. Number one, resource adequacy. The ability of the grid to meet demand with enough electricity supply, including expected peaks and other times of grid stress, such as heat waves. Number two, operational reliability. The ability of the grid to balance supply and demand in real time and respond to contingencies such as accidents, squirrels, et cetera. And number three, resilience. The ability to anticipate, absorb, and recover from an unexpected event, like an extreme storm. The system reliability is attained by having decentralized, diverse resources, any of which may incorporate energy storage technologies, flexible loading, and resilient redundancy. In order to retain these characteristics, good solutions should allow for long-term changes in technology, total cost, and the environment, demand, and fuel resources. Public power boards are already empowered to consider reliability as well as prices. Reliability is already defined by statute and is mandated by the SPP, our regional transmission organization. Decentralization and diversification naturally contribute to system reliability. Unfortunately, LB1172 misses the mark in so many ways. The minimum dispatchability mandate is simplistic, inflexible, arbitrary, and doesn't address the goal of a long-term reliable system with manageable costs. Furthermore, legislative restrictions such as this usurp the decision-making ability of the elected boards of directors

who have the expertise of professional management to determine what is best for their customers. Thank you very much for listening.

BRANDT: OK, Doctor, let's see if we've got some questions. I don't see any today, but thank you for coming. Next opponent. Any more opponents?

RANDOLPH PAETZ: Good afternoon, my name is Randolph, R-a-n-d-o-l-p-h, Paetz, P-a-e-t-z. As LB1172 is written, if a power generation energy plans to close [INAUDIBLE] and natural gas power plant, the entity would have to submit notice to the pub-- Nebraska Power Board, outlining the economic effects of the closing and ways in which the power generation utility-- entity will aid in reducing the economic impacts of the affected community and provide transition support for workers. Environmental and public health benefits seem not to be of concern. Recommendations by the board are to be advisory only. I'm not sure of the purpose of requiring the power generating entity to notify the power board when the recommendation of the power board would only be advisory, and the power generating entity likely has internal HR policies to consider these issues when deciding to close or decommission a facility. Also, LB117 [SIC] requires a power generating entity to maintain their fleet generation to consist of a minimum of 75% of the maximum-- minimum of dispatchable generation, consisting of coal, natural gas, hydro or nuclear generation. Why should the Nebraska Legislature be concerned with deciding what generation sources should be used? Will it result in allowing power-generating entities to be able to meet their mandate to produce reliable, low-cost, and sustainable electricity? This requirement seems to result in limiting the use-- and current and future use of sustainable renewable electrical sources. Renewable energy generation does not produce the environmental and health impacts of fossil fuel generation. Renewal energy sources are not affected by seasonal or export price volatility as natural gas is. This bill limits Nebraska's power generation entities from determining the proper mix of power generation sources that will achieve, will achieve the lowest-cost, reliable and sustainable power to the residents of Nebraska. Thank you.

BRANDT: OK, let's see if we have any questions. Not seeing any.

RANDOLPH PAETZ: Thank you.

BRANDT: Thank you, next opponent. Are there any more opponents? Anyone in the neutral capacity?

TIM TEXEL: Senator Brandt, members of the Natural Resources Committee. My name is Tim Texel, T-i-m, last name is T-e-x-e-l, I'm the executive director and general counsel with the Nebraska Power Review Board. The board is neutral on LB1172. As you're aware, the board doesn't normally take any position on policy matters. We take our direction from the Legislature and implement it instead of trying to determine what the policy should be. So we are neutral on that, but the board asked me to bring up two, what I call, technical issues to the committee. Both pertain to terms in the bill that are not defined. The board has learned that when that happens, even when the board thinks it knows exactly what a term means, we may have a number of utilities that have a differing opinion, and that creates a lot of confusion in a report and we don't know how to deal with that without coming up with a definition ourselves. In subsection (6)(a), each utility is required to maintain the 75% in effect of the generation portfolio. There's some question about the language, the wording, which is, is probably true, but the intent is that 75% of the portfolio to be dispatchable. The board believes it would be helpful to define exactly what "maintain" means. I have an opinion of what it means to maintain 75%, but the board thought it would be helpful to have a definition to say what does it mean to maintain, operate, own, things like that. Later in that same sentence in subsection (6)(a), it uses the term "generation portfolio," and I think Senator Brandt brought up this term, and I was asked to testify on this, would it be helpful have a definitely of exactly what does that include. Does it mean ownership, power purchase agreement? What exactly does that term include, operational control? There's a number of things that go into it. Like I said, I have what I think it means, but we may have utilities disagree, and when they turn in the report, we don't really have any enforcement authority to disagree with them if we disagree with how they're interpreting that term. So that's all the testimony I had on the bill, just those two terms. So unless there's any questions, that's all I had.

BRANDT: Any questions? Not seeing any. Thank you for your testimony.

TIM TEXEL: Thank you.

BRANDT: Anybody else to testify in the neutral capacity? Seeing none, Senator Holdcroft, you're welcome to close.

HOLDCROFT: Thank you, Chairman Brandt. I was expecting more opposition, actually.

BRANDT: Sometimes we disappoint.

HOLDCROFT: So to me, it comes down to we have an increasing baseload. I think we all can, can agree to that. We have more industries that are coming into the state that, that demand more power than just, you know, residential. And so how are you going to fill that gap? Are you going fill it with renewables, which are inherently unreliable, or are you going to fill it with, you know, coal, natural gas? And I really think the answer is nuclear. And I think we can all agree on that. Nuclear is green. But it seems to me that the, the districts are more focused on trying to be carbon-neutral than they are on pursuing nuclear power. You said, Senator Raybould, that nuclear was 15 years away. I say it's more like 5 to 10 years away, if we go after it. The United States Navy operates 100 nuclear power plants every single day on their submarines and aircraft carriers. We've been doing that for 50 years. OK, and that's propulsion and electrical. So, you know, why aren't we leveraging that? Why aren't pressing that? I think NPPD is certainly seems to be out in the lead with that, and I applaud their efforts. But we all need to get on board. We need to get on board with having a reliable fossil fuel or nuclear capability for generation because relying on wind and relying on solar power is, to me, is not a good strategy. So with that, I'm happy to answer any questions.

BRANDT: Let's see what we've got. Senator DeKay.

DeKAY: Thank you. In regards to being carbon-free--

HOLDCROFT: Neutral. Not carbon-free, carbon-neutral.

DeKAY: Carbon-neutral. Would nuclear fit into that as a carbon-neutral--

HOLDCROFT: Absolutely.

DeKAY: --baseload generation.

HOLDCROFT: I agree, 100 percent. I mean, that ought to be-- instead of trying to become carbon-neutral by increasing your electric-- I mean

your solar panels and your wind generation, you should be pursuing nuclear, because it's green.

DeKAY: And we're going to have a-- probably a load restraint or a load factor increasing over the next five to six years, probably by 600 to 900 megawatts. Quick question, would it be getting over our skis a little bit to try to tell the subject matter experts on how-- what's the best approach to come forward, rather it be with nuclear, whether it be with natural gas, whether it be with wind or solar to meet those demands and prepare for the future all at the same time?

HOLDCROFT: Well, we are a public-powered state and, and of course, the reason we're public power is because we elect our boards.

TERESA WILSON: Mm-hmm.

HOLDCROFT: And today I would, I would say that some of our boards are pretty liberal when it comes to what their goals are as far as being carbon-neutral. In other words, I think they're playing with trying to be more economically-- or not-- ecology-wise friendly by putting our power generation at risk. By putting more and more into solar panels and wind generation than they should be putting into fossil fuel and, and nuclear. I mean, the, the idea that we're thinking about closing coal plants while we have an increasing load and really no answer, to me, is, is not wise. I think some of you, I know Senator Hughes has gone to Wyoming and toured their coal operations. Wyoming will tell you that they have enough coal in Wyoming to cover the needs of the United States for the next 150 years, and it's clean coal. And they showed us a plant, a new coal plant that the only thing coming out of the stack is CO2, and they have ways to capture that too. That's what they're working for. So I mean, we are improving on our fossil fuel systems. And I think instead of trying to replace those with more solar panel and, and wind generation is the wrong direction.

BRANDT: OK.

DeKAY: Thank you.

BRANDT: Other questions? Senator Raybould.

RAYBOULD: So this is not a question, but it's more of a clarification. And, you know, I really appreciate the Navy's can-do attitude and you're right with all the nuclear submarines. You would think it would just be so easy for us to go out and do small modular reactors. The

reality is there is no producer of that that has yet been approved by the Nuclear Regulatory Commission.

HOLDCROFT: One.

RAYBOULD: It has not been approved yet. It has not been approved yet, based on the fact that we discussed it just, you know, earlier.

HOLDCROFT: So you think it's going to get 15-- I'm sorry, I shouldn't be asking you questions.

RAYBOULD: What happens-- I mean, I'm not an expert. I'm just regurgitating all the things that we learned at the conference and has not yet been approved. But, you know, you referenced Wyoming. Wyoming transformed an old coal plant and took the land. And that nuclear power plant has been in production, and they should be coming online in Wyoming hopefully, probably within the next year or two. But there are regulatory hurdles and the commissioning and there's a lengthy process for that to happen. We are confident that there are like three different systems that are modeled after the standard nuclear power plants that we have. We haven't built a new one until the one in Wyoming. So that is the, the future. But because of the long lead time and the regulatory processes, it's not going to happen as quickly as we would like to see it happen. Although I do appreciate that can-do attitude, there are a number of hurdles. And of course it has to get approved before we can start production. And when we start the production, they mentioned a lot about the supply chain issues on getting all the elements they need to come construct it and get it commissioned and get it up and running. So I'm just sharing with you what we learned that is, is pretty important. And all of the states around the United States are very concerned about trying to meet that demand.

BRANDT: Senator Holdcroft, would you like to respond to her question?

RAYBOULD: You can.

HOLDCROFT: I understand.

RAYBOULD: Yeah, I'm--

HOLDCROFT: But I mean, we need to press the envelope. I mean, you say we haven't built any, any nuclear power plants and, you know, well, not very many, but of course the Navy's been building them every year.

I mean we-- we're replacing submarines, two submarines a year. They both have nuclear power plants, where we replace our aircraft carrier once in maybe five years. Guess what? It's got two nuclear power plants in it, and we continue to operate them for the last 50 years without an accident. So why can't we take that technology and turn it civilian? In fact, you know, if you look at nuclear power plants across the, across the nation, you'll find out they're mostly operated by Navy folks. People that have retired or gotten out, including our, our plants, our nuclear plants. The real reason, though, I have to fess up that we got so much opposition here today is because for every minute I'm here in front of you, I'm not in front of the Judiciary Committee with the [INAUDIBLE].

BRANDT: I can relate. We can relate. All right, does anybody else have a question? OK, where's our, did we read the online comments?

HOLDCROFT: 0-80.

BRANDT: Well, it's pretty close to that. Before we close the hearing, LB1172 had 0 proponents, 77 opponents, 1 neutral, and no ADA testimony. And that closes our hearing on LB1172.

HOLDCROFT: Thank you very much.

BRANDT: Yeah, thank you.

HUGHES: Have fun in Judiciary.

BRANDT: And we are going to move to LB1259 by Senator Hansen. If anybody would like to get up and leave, now is the time. All right, Senator Hansen, please enlighten us.

HANSEN: All right, good afternoon Chairman Brandt and members of the Natural Resources Committee. For the record, my name is Ben Hansen, B-e-n H-a-n-s-e-n, and I represent Legislative District 16, probably the best district in all of Nebraska, in Washington, Burt, Cuming and parts of Stanton County, I'm here today to introduce probably one of the most pro-public-power bills there is, LB1259. Some people behind me might beg to differ. LB1259, named the Grid Modernization Act, is designed to support Nebraska's large-load customers, which are businesses and industries that drive economic growth in our state. As major businesses and industries continue to choose Nebraska, it is critical that our power system remains modern, competitive, and flexible enough to attract and retain their investment. This

flexibility allows Nebraska to secure new business opportunities without compromising public oversight or system reliability. This bill responds to a changing energy landscape while preserving the core strengths of Nebraska's public power system. It equips the public power-- the Power Review Board with system oversight and requires board approval of new large-load and private generation contracts. This ensures a transparent review process that protects ratepayers and upholds the reliability and integrity of our electric system. Importantly, all costs associated with serving large-load customers are borne by those customers, so Nebraskans are subsidizing new demand. In addition, LB1259 creates opportunities for collaboration by allowing public power utilities to negotiate for and purchase a portion of the power generated by large-load projects. These buyback provisions help keep generation, value, and innovation within Nebraska's public power system. In closing, the Grid Modernization Act is a critical step that strengthens Nebraska's public power system, supports economic growth, and assures our state remains competitive in a rapidly-evolving energy environment. I encourage your thoughtful consideration of LB1259, and I am happy to answer any questions to the best of my ability.

BRANDT: OK, let's see what we've got. Senator Clouse.

CLOUSE: Yes, thank you, Senator Brandt. Can you tell me in, in a nutshell where-- what this bill does?

HANSEN: OK, so there's a lot of definitions in this bill, but it allows large-load facilities to be able to generate their own power or have a cooperative agreement with public power. And we're talking about data centers, mining operator-- operations, cryptocurrency, large cryptocurrency facilities, ones that require 100 megawatts or more. We specify that in the bill, they have to have 100 megawatts or more. And so this lays out the whole kind of process about how they cooperate with public power, how they can generate with them, and then public power can buy back some of the, the power that they produce. Or they can also go privately and just do it all completely themselves off the grid kind of so to speak. And so this lays up that whole process, and so it is somewhat critical, I think, if we're even looking at data centers and with AI coming along more now, they require a lot of power as a lot of us recognize. And so if it comes to a point when one of them wants to come here and generate their own power or maybe power that public power is unable to provide at that

moment, especially maybe in more rural areas of Nebraska, this would allow for that.

CLOUSE: So basically behind-the-meter generation of more than 100 megawatts.

HANSEN: Yes.

CLOUSE: Are you aware of any projects now that's being looked at?

HANSEN: Not off the top of my head. There might be some people behind me who might give you some insight.

CLOUSE: And so, and there's a lot in here. I guess my question would be, how does that impact on economic development for if you're a community and you're trying to recruit and you are investing a lot of money in land and all these other things, part of your rate of return, your ROI, is a certain percentage of revenue from your electric system, was that addressed in here? I, I didn't--

HANSEN: Yeah, from my understanding, and there might be some people who disagree with me or agree with me, it shouldn't affect rate-payer rates.

CLOUSE: No, I meant the ROI to the city that's investing or the community or the county that's recruiting them and they're giving money for, you know, incentives, they're incentivizing them to come here.

HANSEN: Yeah.

CLOUSE: And what's their ROI? Because typically or a lot of times it's revenue from the generation or from the sale of the power to a large-use customer. What you're saying in this is if it's behind-the-meter generation, they don't have to.

HANSEN: If they choose not to, yes. But if they're unable to even get here, that conversation can't even be had, right? They're gonna bring employees, they're gonna to bring other business. You got water that they might use as well. So the whole goal is to get them here in the first place. I mean, a lot of place-- you know, they might-- there's a lot of other states that are starting to do this. We kind of modeled ours after what Utah has done, but the whole goal is to make us open

for business. Because right now we're closed for business, I think, to some facilities.

BRANDT: Senator DeKay.

DeKAY: Thank you. Right now, can't they already have behind-the-meter generation if they want to be on an island and produce their own electricity and not rely on public power to give backup generations or electric source for them?

HANSEN: What was the beginning part of that? Sorry, I missed it.

DeKAY: Right now, can't they already produce behind the meter if they want to be on an island and not rely on public power to be their backup choice?

HANSEN: In Nebraska?

DeKAY: Yeah.

HANSEN: I'm unsure. I'm assuming so. On an island?

DeKAY: Well, they're on their own, they are self-contained, no wires, no wires going in for backup generation in cases of power outage.

HANSEN: Yeah, you mean like a private power generation.

DeKAY: Well, if their power goes down. If they're self-contained, if their power does down, and then have, say, OPPD, NPPD, or LES come in as their backup, they can-- can't they already have those agreements within this?

HANSEN: I'm unsure. I think somebody behind me might be able to answer that.

DeKAY: And then with, without a power purchase agreement and having them have the ability to move forward, wouldn't that kind of crush the public power model with investor-owned utilities coming in and being able to sell out around that?

HANSEN: Yeah, I think the bill has a lot of safeguards in place to, to say this is only for that facility. The facility cannot sell generation to anybody else. They have to have exclusive contracts with public power if they choose to do so. And a lot, all of this is under the review of the Power Review Board. So I think there's been some

safeguards in place that ensure that that doesn't do that, which I might touch up on some of my closing as well.

DeKAY: All right, thank you.

BRANDT: Other questions? Senator Moser.

MOSER: So who brought this bill to you?

HANSEN: I wrote it all myself, Senator Moser. No, I didn't. Some inter--

MOSER: [INAUDIBLE].

HANSEN: --some interested parties who might possibly have some people who know-- that wants to come to our state, but they can't currently because we don't have the proper laws in place.

MOSER: OK.

HANSEN: I wish I could be more specific.

MOSER: Yeah, thank you.

KEVIN PETERSON: This is my first time in front of Natural Resources for a long time, so I like, I like questions.

BRANDT: We're going to keep you for a while. So fiscal note, can you explain where the cash is coming from on the fiscal note? Are those deposits or fees paid by these large users?

HANSEN: Yeah, I was reading through that, and all I know by reading the fiscal note-- where did I just put that here-- is that I want to be-- I'm changing my job, I want to be a consultant. If you look through there, how much you're charging for a consultant, $75,000 for a consultant to review contracts. And the Power Review Board estimates an annual expense of $420,000 to retain this highly-specialized consultant. So one consultant costing about $420,000. I'm unsure if that's true or not. I am assuming it is. It just seems like a lot of money. But they do have it through cash funds. So now specifically, I think they say at the very end of it, the PRB anticipates the ability to generate revenue for the ongoing costs associated with this bill.

BRANDT: OK.

HANSEN: That's on the back side of the first--

BRANDT: Yep.

HANSEN: --fiscal note.

BRANDT: All right. Well, I see no other questions. And you're going to stay to close, right?

HANSEN: Definitely.

BRANDT: OK. Let's see what we've got. Proponents. Are there any proponents on this bill? Here we go. Welcome.

MICHAEL WESTHOFF: Chairman, members of the committee, thank you. Oh, I have to give you my name, don't I?

BRANDT: Yeah.

MICHAEL WESTHOFF: I forgot, sorry guys.

BRANDT: State your name and spell it for us.

MICHAEL WESTHOFF: M-i-c-h-a-e-l W-e-s-t-h-o-f-f. Start again here. Chairman, members of the committee, thank you for the opportunity to testify today. Behind-the-meter generation is good policy for Nebraska because its strengths in reliability, lower system costs, and keeps economic value inside our state, especially in rural communities. First, reliability. Nebraska's economy depends on power that is always available. Whether that's agriculture, food processing, manufacturing, or data infrastructure. Behind-the-meter generation reduces strain on transmission and distribution systems producing power exactly where it's consumed. That means fewer bottlenecks, less congestion, and greater resilience during peak demand, extreme weather, or grid disturbances. In a state where storms, heat, and cold can all stress the grid, localized generation is a practical reliability tool. Second, cost control. Building long transmission lines and upgrading substations is expensive. I can personally attest to that. And those costs ultimately fall on rate-payers. Behind-the-meter generation reduces the need for those upgrades by flattening the peaks and smoothing load profiles. When large users invest their own capital to generate part of their electricity on site, they're not shifting costs onto public systems, they're reducing them. That benefits all Nebraskans, not just the end user. Third, economic development,

particularly in rural Nebraska. Behind-the-meter projects attract private capital without requiring public subsidies. They create construction jobs, permanent technical jobs, new tax base, and farmers, landowners and local governments benefit directly. These projects turn Nebraska's strengths, land, infrastructure, work ethic, and energy expertise, into long-term economic value. Finally, choice and innovation. Nebraska's public power model works best when it allows flexibility at the edge of the grid. Behind-the-meter generation does not compete with public power, it complements it. It encourages innovation, efficiency, and responsible energy use while keeping Nebraska competitive in neighboring states that already allow these structures. In short, behind-the-meter generation improves reliability, lower system-wide costs, drives rural investment, and strengthens Nebraska's energy future. It's a practical, conservative, pro-growth policy, and Nebraska should continue to support it. Thank you for your time. I was just going to address Senator Moser. He asked who was behind this.

BRANDT: Well, let's wait, OK, this is how this works. Are there any questions? Oh.

HUGHES: He's gone.

BRANDT: Senator Hughes.

HUGHES: Thank you, Chair Brandt. Thanks for coming in, Mr. Weisshoff [PHONETIC]?

MICHAEL WESTHOFF: Westhoff.

HUGHES: Westoff. Can you give your background? Like, are you from Nebraska? What do you do?

MICHAEL WESTHOFF: Yeah, I was born and raised here. Grew up in Lincoln, went to Lincoln East. Went to K-State. Don't hold that against me. Came back, worked in construction from then on. We also build data centers.

HUGHES: OK, thank you.

MICHAEL WESTHOFF: We have two in Nebraska.

BRANDT: Senator Raybould.

RAYBOULD: So channeling Senator Moser. I think his question was, what precipitated or prompted this type of bill?

MICHAEL WESTHOFF: Thank you. That's what I wanted to answer. Yes. So that was me. So we're involved in projects in other states, large projects, which is where the 100 megawatts or above comes from. And as Senator Hansen said, we modeled Utah, which is where we're doing a facility right now. So I, I saw what was going on. And again, we are a large-load customer in NPPD. And full disclosure, big fan of public power, not trying to step on anybody's foot in public power at all, because they've been great to us. But I see what's going on in the industry and obviously Meta and Facebook-- sorry Meta and Google, it's Facebook now-- Meta, Facebook, but anyway. I sit here and I watched Nebraska get left behind. And it's a reoccurring theme, which is frustrating for me because I have young children and I really like this state and I don't really want to move from this state. But we have a tax issue. And I think anybody that owns land and makes decent money in this state would agree. This is an incredible place to live, but there's, there's some problems here and we have revenue problem. And I also farm. And I can tell you right now, I'm not gonna farm my way out of the revenue issue and neither is this state. So how do we get revenue into the state? We got to bring new industry, whether that's manufacturing or AI. But it's got to be something, and that all requires power. And I can tell you right now, go to NPPD, go to OPPD, go to LES and put a 100 megawatt load in, and then come back and tell me when you're gonna get your power. They're gonna tell you, at least the NPPD is gonna tell you about five years, because they gotta build new generation. I know, because I have them in. And I get that. But we're building combined side-load generation plants in 18 to 24 months in other states. So why don't we do that here? And I get where, you know, I'm sure there's going to be pushback and people are going to say, well, you can't do this on the eastern part of the state. And I don't necessarily disagree with them. But there are parts of the state that this makes a lot of sense and can bring a lot of industry in the areas that are less populated than the eastern part of state. And it can be done responsibly, too.

BRANDT: Senator DeKay.

DeKAY: Thank you. You said you have two data centers in, in operation in Nebraska?

MICHAEL WESTHOFF: In Stanton County.

DeKAY: Stanton County?

MICHAEL WESTHOFF: Mm-hmm.

DeKAY: And what's their load? How many megawatts a day are they--

MICHAEL WESTHOFF: 18 and 20 currently, and they're expanding to-- the one site is expanding to 70 this year.

DeKAY: OK, thank you.

BRANDT: Senator Clouse.

CLOUSE: Yes, thank you, Chairman Brandt. Thank you for being here. And that's kind of what I was leaning towards. If you're talking these big data centers, 100 megawatts or more, and you've seen these in other states, did the utility build the reliability? Did they upgrade their systems to provide the backup?

MICHAEL WESTHOFF: No, it's all behind the meter. They aren't plugged into the grid.

CLOUSE: And so they're willing to assume that risk?

MICHAEL WESTHOFF: They have to.

CLOUSE: They have to?

MICHAEL WESTHOFF: That's the current nature of the power of the United States. Yeah, to your point, yes. Would they like to be on the grid? 100% they would. I'm not discounting that at all. But there's just a generation problem. I mean, you, all you do is read a business journal and they talk about generation issues, and these guys taking these large loads and various other things. But that is shifting away to behind-the-meter because there quite frankly is no grid power left.

CLOUSE: So what type of redundancy did they build into their generation?

MICHAEL WESTHOFF: Depends what kind of data center you're building.

CLOUSE: OK.

MICHAEL WESTHOFF: To what tier you're going it to, different tiers will have different effective levels that they need for redundancy.

CLOUSE: Right. So we're talking over 100 megawatts, so around here, that's a pretty good size.

MICHAEL WESTHOFF: Correct.

CLOUSE: You're talking 18, 20 megs up there. You know, when you start over 100, then your component costs are significant. Generators, trans-- and you still have transformers after you generate it, right?

MICHAEL WESTHOFF: Correct.

CLOUSE: And long lead times, costs. So what's that redundancy they built into that?

MICHAEL WESTHOFF: Well, it's different when you're private and you're not public power. We're able to do things that they're not, mainly because we don't have bureaucracies. So where we can jump in line and Siemens to where maybe they can or they can't, I don't know their, their procurement procedures. But we're able do things differently than, you know, any, any large-- not just public power, AEP, any of them. There's different, you know, everybody's got different requirements. And actually I believe Senator Tom Cotton, there's there's a bill right now in the U.S. Senate that addresses this exact thing. I think it's called the DATA Act.

BRANDT: Senator Hughes.

HUGHES: Thank you, Chairman Brandt. So the ones you're looking at that you're building in Utah, what is the generation? What are they putting in to generate behind the meter?

MICHAEL WESTHOFF: So we'll have solar and battery storage and combined cycle.

HUGHES: OK. Thanks.

RAYBOULD: And combined what?

MICHAEL WESTHOFF: Combined cycle, natural gas plant.

RAYBOULD: Natural gas.

BRANDT: Any other questions? Senator Raybould.

RAYBOULD: Well, that was my question. But so do the data centers' investors and shareholders require a certain percentage of the power used for their data center to be a renewable?

MICHAEL WESTHOFF: A lot of it depends on your customer. And depending, yes, they, they do want some renewable. The biggest issue with renewable is the battery storage and just physically getting enough of it. Not, not that it doesn't work or does work, it's just being able to get enough batteries at such a large capacity. So like on that, that 300 megawatts will actually build out about a gig of solar that will feed into that. And then, you know, through the downtime over the night, obviously you get a reduction in constant load. But in the particular location, there's a lot of open, barren land, and that particular county is very open to that, which I know in Nebraska, some solar projects had some issues on using that much land, but up there, it's not an issue.

BRANDT: Senator Juarez.

JUAREZ: OK, I'd like to know, do all states in the country have data centers now?

MICHAEL WESTHOFF: I would assume so. I don't know for sure, but I would assume yes.

JUAREZ: And if you were going to say two drawbacks of going this route, what would they be?

MICHAEL WESTHOFF: Of the self-generation?

JUAREZ: Yeah, with going with this larger capacity. Do you see that there are any drawbacks for our state if we go this route?

MICHAEL WESTHOFF: No, I think there's drawbacks if we don't.

JUAREZ: OK, thank you.

BRANDT: Senator Raybould.

RAYBOULD: So back to the project in Utah, are you going to be doing behind-the-meter and then selling some to the local utility, any, any surplus? Or is there an agreement to do something like that or--

MICHAEL WESTHOFF: Yeah, so--

RAYBOULD: --if there's a demand that they need some power?

MICHAEL WESTHOFF: So ultimately, yes, but it's more convoluted than that. So that's why I say ultimately, yes. So initially we just want to get electrons on. So right now that's what we're worried about. So then you have to go into interconnections agreements and transmission studies, kind of like what we were talking about earlier. So just because you have that generation in that spot, the system may not allow for it. And that's a lot longer drawn, drawn-out process. So what we focus on is getting the electrons on, and then down the road, which is probably going to be five years plus, then we'll try to cut a deal with the utility.

RAYBOULD: OK, thank you.

MICHAEL WESTHOFF: But yes, we are in active talks with them. But it's a lot-- it's not quite a simple yes or no.

RAYBOULD: OK, thank you.

BRANDT: Senator DeKay.

DeKAY: Off of that, where will your market share go with that five-year span in between if you're getting the electrons online and then you're waiting, having to wait five years? What do you do with your excess generation at that point?

MICHAEL WESTHOFF: No, we don't have to wait five years. We're able to build in, call it, two years. So we build the vertical structure in conjunction with the power generation. The interconnect agreement would take about five years going back and forth.

DeKAY: So you're just building for your needs.

MICHAEL WESTHOFF: Correct.

BRANDT: So you're calling these data centers, is this crypto or is this--

MICHAEL WESTHOFF: No.

BRANDT: This is truly a data center?

MICHAEL WESTHOFF: Yeah, it's high-performance compute. Typically to run LLMs.

BRANDT: And then talking to people in the industry, a lot of these are CEOs of power companies and other companies that want to do this. They're telling me the delivery time on a gas turbine is five to seven years. You guys are using gas in 18 months, you've got a stockpile of these somewhere?

MICHAEL WESTHOFF: Yeah, it depends how you go about it.

BRANDT: So how are you going about it?

MICHAEL WESTHOFF: Well, some of that's a little proprietary, but--

BRANDT: Well, I, I-- if it's coming to Nebraska, it's going to have to be disclosed, probably. Unless you're--

MICHAEL WESTHOFF: Not how we, we're able to beat other people.

BRANDT: I mean--

MICHAEL WESTHOFF: We don't have to disclose that, but let me give you, I know what you're asking, so let me get you the answer.

BRANDT: All right.

MICHAEL WESTHOFF: So depending on-- depends how you do it. I'm sure some of the public power people are gonna correct me if I'm wrong here, but the way I understand how it works for large utilities is they hire an engineering firm, they select something from Siemens, GE. They get placed in the queue in that, depending on-- that could be that five to seven years, and then they engineer everything around that to that. So once they, once they've chosen which form of generation they're going to use, they build out. They have an EPC, so they build that entire package around it. So then the permitting, all that stuff, it all starts. We're able to go and acquire what's called gray market system. So meaning something hasn't ran, say it's a 250 megawatts single-cycle plant. It hasn't ran, but it's been upkept. Let's just say it was manufactured in 2017, for example, but nobody ever used it, and it's sitting in a country that is not the United States. Utilities aren't going to go after something like that, because quite frankly they don't have to. We don't have that luxury. So we go out and we find these various different things, put a little

more work into them probably than what the utility would want to. It's all built to the same spec. And then we're able to bring the EPC side of that in-house, so we do that in a little-- in an expedited timeframe versus what I've seen from other utilities.

BRANDT: OK. Senator Hughes.

HUGHES: Thank you, Senator Brandt. If you, what-- there's nothing stopping you from building a data center in Nebraska and having a solar panel system and battery system today, if you're, if you're not--

MICHAEL WESTHOFF: It's illegal to generate your own power in the state of Nebraska.

HUGHES: Oh, I see. But you can be-- as long as you're not tied in, that's what you want to do with this?

MICHAEL WESTHOFF: No, you-- like I couldn't go build a power plant and use it myself. That's against the law.

HUGHES: It's on the power grid, yeah.

MICHAEL WESTHOFF: Whether we tie in or don't tie in.

BRANDT: OK, any other questions? I see none. Thank you for your testimony.

MICHAEL WESTHOFF: Thank you.

BRANDT: Further proponents? Any more proponents? OK, opponents? We got any opponents? Welcome.

EMEKA ANYANWU: Thank you. Good afternoon, Senator Brant and members of the committee. Thank you for having me here today. My name is Emeka Anyanwu, E-m-e-k-a, last name, A-n-y-a-n-w-u, I am the chief executive officer of Lincoln Electric System here in Lincoln, Nebraska. I've been the CEO at LES for two years, and I'm a grid engineer by training, which will come up in a moment. For those of you don't or aren't familiar with our utility, we are a municipal public power utility serving over 200 square miles in Lancaster County, including Lincoln, Cheney, Emerald, Prairie Home, Walton and Waverly. We have over under 155,000 customers and a population of over 330,000 people. We're the second-largest retail service provider in the state, and the

third-largest utility overall, with the record peak of 819 megawatts set in August of 2023. Again, I appreciate the opportunity to be here to comment on this important matter, this legislation that impacts LES and the communities we serve. I'll just note here at the start, utility operators are not policy-makers, obviously. We're stewards of the public assets entrusted to our care to deliver value to the communities we serve. With that in mind, LES finds this bill is misleading in its title and stated purpose. Prioritizes private, for-profit interest over the needs of Nebraskans without a corresponding return of economic value to the state, and presents an existential threat to the public power model that delivers over $1 billion of additional value to Nebraska ratepayers over other models. Therefore, Lincoln Electric System is strongly opposed to LB1259. So a couple of things that I'll say. First, this bill is clearly an attempt to effectively end Nebraska's tradition and success as the only all-public power state in the country. It introduces a model designed to invite private, for-profit providers to deliver service in Nebraska. It allows them to selectively choose which loads they serve, includ-- ending the commitment that we have to serving all Nebraskans with equal access to electricity service. It includes provisions clearly designed to tilt the playing field in favor of private providers in serving large, high-revenue loads. And it also provides for them to aggregate loads up to 100 megawatts, effectively permitting the development of exclusive energy service sub-communities that take advantage of broader infrastructure, while avoiding contribution to the stewardship of the grid. Now, also as a grid engineer by training, a grid modernization act that does nothing to modernize or otherwise improve the grid is disingenuous. The grid by definition is a shared system designed to use scale, interconnection, and diversity to achieve high levels of cost-effectiveness, reliability, and resiliency. This bill noth-- does nothing to improve how we do that. Contrary to what you've just heard, there is no statute that currently prevents customers from building a closed private generation system, which is behind the meter to exclusively serve their own load, provided they don't engage in retail sale. This bill does not modernize anything or bring any meaningful process, policy or technological innovation to the table. In fact, what innovation really looks like is the effort, the partnership effort between Nebraska utilities to develop the Great Plains New Nuclear Coal Consortium, which just started last year. That's an example of innovative modernization. Suggestions that large loads, large loads want to operate in closed, islanded systems without taking service of

public power is misleading. All indications are that they in fact intend to interconnect to the same system in order to enjoy the benefits of large-scale reliability and the economic opportunities of market access. And you heard today, obviously, that the, the initial startup for these so-called behind-the-meter resources is only an initial startup. They would 100% like to be on the grid, as the previous testifier said. So this runs contrary to prudent statewide planning of energy resources. Overly restrictive and burdensome shot clock for large-load requests is unrealistic for the planning and constructions, not only of the major electric system facilities required to serve such loads, but for the facilities themselves. Data centers do not spring up out of the ground overnight, they take time to build as well. Provisions of the bill are designed to advantage private providers who want to circumvent prudent planning and undermine our consumer-owned public power utilities and will do little to provide robust and durable solutions to meet energy needs into the future. Finally, allowing private interests to cherry-pick loads they find to be lucrative is dangerous to the broader population of ratepayers. Grid operators achieve exceptionally reliable and cost-effective service by capturing economies of scale, asset diversity, interoperability, and other efficiencies. Public power exists in part to ensure that electric utility services are available to all Nebraska communities. The obligation to service im-- impart how rural, lower-income and other less-economically-profitable communities are assured of access to electricity. Cherry-picking large profitable commercial loads while conveniently taking advantage of existing infrastructure is a means of extracting value from existing investments while avoiding any responsibility for contributing to the ongoing upkeep of said infrastructure. Public power has historically collaborated with private partners who are acting in good faith to find creative ways to serve our customers. This bill is not proposing such collaboration. So in closing, public power is a tradition in our state, and we are not only proud of it, the evidence shows that it is a competitive advantage for Nebraska's economy. Allowing with out-of-state actors with narrow interests to dismantle our operating model threatens Nebraska's energy and economic future. LES and our public power colleagues remain steadfastly confident in our ability to meet the moment and serve large new loads in our service territory and across our state. LES believes this is a cynical attempt to take advantage of short-term interests to critically disrupt our

public-power model, and firmly and resolutely opposes this bill in its entirety. Thank you.

BRANDT: OK, let's see what we've got for questions. Senator Juarez.

JUAREZ: I'd like to know, do you have colleagues that you've interacted with that have gone this route and know about their experiences with large, like for example, large data centers?

EMEKA ANYANWU: I don't have any specific knowledge of other utilities that have gone this route. In general, the economic model required to provide service to data centers really does require them to ultimately be able to connect to the grid. Again, that's how they achieve that large-scale reliability. What they, what they ultimately want for the long-term to operate their facilities is really reliable power. It is incredibly cost-ineffective for them to achieve that behind the meter, quote-unquote, or in an islanded closed-generation system. So they ultimately want to be able to connect to the grid, and most of them will tell you that's their ultimate goal. And you heard that again in the earlier testimony.

BRANDT: OK.

JUAREZ: Thank you.

BRANDT: Senator Clouse.

CLOUSE: Yes, thank you, Senator Brandt. So, you know, you obviously work in economic development with large users. Have you heard that Nebraska is closed for business?

EMEKA ANYANWU: I have not. And as far as I know, the Google and Meta data centers currently operating in our state might be surprised to hear that we are closed for business. We are in conversation with them, we work with them. We have one here in Lincoln Electric Systems service territory that just began working service the fourth quarter of last year. And we have a good relationship with them. So as far I know, we are open for business. I think the statistics show that public power hosts a disproportionate amount of data center loads currently being, being served and being considered in the country. Data center operators consistently state that they prefer working with public power when it comes to getting electric service.

CLOUSE: So are you aware of any that you've lost in your service territory because of the speed of market?

EMEKA ANYANWU: No.

CLOUSE: Thank you.

BRANDT: OK, I guess I've got a couple of questions. The previous testifier said you cannot build a power plant behind the meter today. I have consistently heard that you can as long as you don't interconnect. Which way is it in Nebraska?

EMEKA ANYANWU: I know there are at least three lawyers sitting right behind me who could probably give you this interpretation, but I'll do my best. As far as I am aware, there is no statute preventing that. The only thing that they are prevented from doing is retail, serving retail load. So most of our utilities, I believe all of our utilities, our state has a policy for net metering where even residential customers are able to put solar panels on their roofs and serve their homes. That wouldn't be possible if it were illegal to build generation in the state of Nebraska.

BRANDT: And then you stated that the, the Google data center is in your territory. Do they have any self-generation on site, any backup generation?

EMEKA ANYANWU: They do have backup generation, but their primary service comes from LES.

BRANDT: All right. I see no other questions. Thank you for your testimony. Next opponent. Welcome.

JOHN McCLURE: Thank you, Chairman Brandt, Vice Chair DeKay, and members of the committee. My name is John McClure, J-o-h-n M-c-C-l-u-r-e, I'm executive vice president and general counsel for Nebraska Public Power District. I'm going to offer something that's a first for me. I'd like to adopt everything that the previous witness said. It was extremely well-stated, and I can't top anything he said in terms of providing anything further on his comments. They're excellent, and I hope you take them into careful consideration. I do want to comment on several things I've heard today and some of it may emphasize or repeat what was previously stated. This is called the Grid Modernization Act, but there's nothing in it that has anything to do with modernizing the grid. This is an act, it's 21 pages of all new

language that fundamentally changes how the electric industry is regulated in this state and structured. Now, we were told they want to work with public power. Interestingly, there's been no conversation with public power to my knowledge in putting this in and all the fundamental changes it brings about. For example, it basically, it creates retail choice in Nebraska. We've had those debates in the past and decided that's not the best thing overall for the electric customer. Shows a complete lack of understanding of how the industry is structured today. One of the most important things in Nebraska, as is the case in the majority of states in the country, is that we have certified retail service areas where the local utility has not only the right, the exclusive right to serve all that load, but they also have the obligation to serve that load. This turns that upside down. And it's not just large loads, because while it talks about 100 megawatts, it talks abut aggregating loads to get to 100 megawatts. There was some deference to a legal opinion about behind the meter. In Nebraska today, a business can have its own generation. They have to own it, but they can have their own generation. You can't bring a third party in to, to provide generation for them because that's retail choice. That's another provider coming in and selling them retail electricity. So that is not possible under the law today. The other thing this does is it dramatically expands the role of the Nebraska Power Review Board and takes away things such as rate setting from the publicly-elected city councils that are over municipal utilities or, or other boards that govern them, the elected boards of co-ops and public power districts, because all of a sudden the Power Review Board gets into rate-making with respect to these loads. And maybe that's why there was a large amount of money designated to bring in consultants because the Power Review Board has no expertise in that regard and no authority in that regard today. There's some very limited cases where they can provide an advisory opinion about certain rates. They don't set rates. And, and this would add significant complication. I'd like to also provide some general context about our industry and the model they're using where they're apparently looking around the globe for used equipment that, that may not meet utility standards for, for generation. There is a global constraint for the supply chain for generation right now. There's three major turbine manufacturers in the count-- in the world: Siemens, Mitsubishi, and General Electric. They probably have 85% of the market. There is so much demand globally and nationally that throughout the country there's a challenge right now to get generation built, but Nebraska utilities are building generation. Omaha Public Power District has

been building generation, we are building a major addition down at Princeton Road, about 700 megawatts. And so the other thing I would point out is over the last couple years, we've added around 200 megawatts of new load on our system. We are serving that new load. We just have to make sure as we add load that it goes through the right planning so we know where it's going to be, what kind of upgrades have to be made to transmission, and what we need to do in terms of adding generation. We are not closed for business in Nebraska. We are very committed to serving our customers and new customers. And with that, I see I'm out of time. I'd be happy to answer any questions.

BRANDT: Let's see what we've got for questions. Senator Clouse.

CLOUSE: Thank you, Senator Brandt. John, I have just a question, when we're outsourcing the equipment, do we pay close attention to our adversarial nations and the equipment that we buy as we bring it into our country?

JOHN McCLURE: Absolutely, and, and we're not buying production equipment out of adversarial nations. And, and they do produce things like transformers, but we've been very hesitant to buy Chinese transformers, for example. Unfortunately, as many of you know, we don't make as many things in this country as we should and used to.

CLOUSE: [INAUDIBLE].

JOHN McCLURE: So a lot of it is sourced globally, but we're certainly very cognizant of the nations it comes from, including components.

CLOUSE: Thank you.

BRANDT: Other questions? Senator DeKay.

DeKAY: When you're adding new load to the system, is it in order that they apply, is it order of preference, is it-- or a combination of load size, or how do you bring on new?

JOHN McCLURE: We have a new load process, is what we call it, for making sure we get a, a good understanding of what their timeline is, how much do they need, is it going to be phased in. And that helps us with our own internal planning efforts, as well as work that has to be done through the Southwest Power Pool. Because we're operating in this

regional market, the Southwest Power Pool plays a key role in helping plan for these load additions. And so it's a very coordinated process.

DeKAY: Plus, in regard to what they are going to have to prepare for, would the utility company also have to prepared for what their needs are going to be to serve that through transformers and things like that, substations?

JOHN McCLURE: We have to absolutely look at not only what's the impact of that load coming, what are the generation needs, but how is it connected, how's the transmission in that region, are there going to have to be upgrades. And those things do happen. And we serve, as Senator Clouse knows, a large crypto mining facility in Kearney, and we've made transmission upgrades to [INAUDIBLE].

DeKAY: Thank you.

BRANDT: I guess my question would be, if, if the business climate is so fantastic in Nebraska and we're short of generation, can we buy that generation from out of state, short-term? Would we do that?

JOHN McCLURE: We, at NPPD, we actually have lined up capacity, some of it out of state, for the near term, for that very reason. We, we have turned over every rock looking for the ways to bring in generation as quickly and cost-effectively as possible, whether we build our own. Long-term, we prefer to have, as we say, iron in the ground. But on a shorter-term basis, we can contract for capacity, and we've done that.

BRANDT: All right, I see no other questions. Thank you.

JOHN McCLURE: Thank you.

BRANDT: OK, next opponent. Are there any more opponents? Welcome.

JOHN HANSEN: Chairman Brandt, members of the committee good afternoon. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union and also their lobbyist. And we are in agreement with the testimony of the two previous testifiers from LES and NPPD. Our take on the bill is very similar, but of course not nearly as detailed or as high-end quality product as it could be. So I looked to our partners in public power when you get into this technical area. So I've been looking at, at our system and, you know, all different parts of it for a long time. So I weighed into spaces where a dirt farmer from north of town would be smart to just

leave alone, and then I depend on my partners in the public power to smarten me up and tell me where I have gone wrong. And so the discussions that we've had the last number of years, I think that it would be fair to say that we're on the same page relative to representing the owners of the public power system, and that is we've got some big things that have changed. We've got big challenges that we are facing. And so as owners of the system, that my organization has tried to faithfully represent for a long time, is that when you get to a fork in the road where you have a major challenges, major opportunities, that it, it's important to have a public discussion in a public power state about all of those kinds of things. So while I applaud Senator Hansen for bringing this bill forward, because it does generate discussion, but is this a, a grid enhancement bill? In my opinion, no, it is not. So we've been raising issues about the grid for a long time. I participated, along with our partners in public power, with an effort in 2011 to work with the Southwest Power Pool to come up with a transmission build in Nebraska, which is a part of being-- one of the advantages of being in the Southwest Power Pool, to how do we develop a transmission system that makes our state more redun-- more reliable, and a more efficient user of all the different kinds of resources that we have. That transmission, our line has yet to be built. And because of that lack of build and the lack of capacity that it provides and also redundancy and reliability, our state is hamstrung. The things that we do in electric generation, in all kinds of electric generation, you got to remember the transmission line is agnostic. It doesn't care where the electrons came from. And so as you look at our system, we need a really robust grid investment in our state in order to be able to move the resources that we have around in a more efficient kind of manner. So that it doesn't do any good to have those resource bases that you can move around in order enhance reliability and also lower cost, if you can't get it from where it's at to where it needs to go in a timely fashion. And so we're, in my opinion, everything we're doing in the state of Nebraska at this point in time is costing us more money because we don't have the infrastructure that we actually need. And so there needs to be, I think, a much more comprehensive public discussion about what the options are. But certainly the new high-load, high baseload-need customers that our state is dealing with exacerbates the need to have that discussion about infrastructure, including transmission and generation, in order to protect our long-term interest. And so with that, I'm sure I'm way out in front of my skis by now. And I'll, I'll be getting emails, I am sure, through the evening about all the things

I said that was probably wrong, which is good. I look forward to that. I'll be glad to end my testimony and answer any questions, if I could.

BRANDT: OK, questions? I see none, John. Thank you.

JOHN HANSEN: Thank you very much.

BRANDT: Yep. Next opponent. Welcome.

JON DOCKHORN: Good afternoon Chairman Brandt and members of the Natural Resource Committee. My name is Jon Dockhorn, J-o-n D-o-c-k-h-o-r-n, and I'm the general manager of Burt County Public Power District, and I'm here today on behalf of the Nebraska Rural Electric Association in opposition to LB1259. LB1259 represents a dramatic departure from our current all-public-power model. Our mission statement at Burt County Public Power District is similar to almost every other public power district in the state, and that is to provide affordable, reliable, and safe electricity to all customers. And I want to emphasize all customers. In 1936, Senator George Norris championed the Rural Electrification Act, which made federal funds available to public entities that wanted to serve rural areas that were deemed non-profitable by investor-owned utilities. This bill would undermine those efforts to bring affordable and reliable electricity to all Nebraskans by allowing investor-owned generators to come into the state and sell electricity to a few customers that they deem profitable. The public power model works, and we provide low-cost energy to our customers. The Energy Information Administration, or the EIA, consistently ranks Nebraska in the top ten for lowest electricity rates. In fact, in the most recent data, which is from 2024, Nebraska is ranked third. Along with that, we're ranked first in reliability. LB1259 will break this model and increase electric rates for all Nebraskans. There is discussion on a narrow and carefully-crafted bill that would address the privately-owned generation. This bill goes way beyond the model that that bill has proposed. Therefore, we are opposed to LB1259 and ask that you do not advance it out of committee. Thank you for your time.

BRANDT: All right, let's see if we have got any questions. So who's your Senator in Burt County?

JON DOCKHORN: Senator Hansen.

HUGHES: Oh, ouch. Ouch.

BRANDT: All right, thank you for your testimony.

JON DOCKHORN: Thank you.

BRANDT: Next opponent. Any more opponents? Seeing none, we're going to neutral. Welcome.

EDISON McDONALD: Hello, my name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, I'm here today on behalf of GC Resolve. Most of the stuff we are particularly interested in regarding this is kind of a little bit more on the side. But I think if we are talking about how do data centers move forward in creating a structure, we wanted to make sure to get in some of our comments that we thought are important considerations that this bill doesn't look at, which is why we're coming in neutral. So first off, looking at supporting integration of battery storage systems to help minimize reliance on the area grid that would actually help modernize our grid. Second, requiring companies to have a recycling plan for any of those batteries and hopefully formalizing something state-wide. Third, requiring a new rate class for data centers to ensure they pay a fair share of electric rates, so as not to put too much pressure on an already-burdened system. Next, requiring as part of permitting clear energy agreements. And one of the things we're still trying to understand, and we've had a lot of conversations with other partners across the country who are looking at these issues, is better understanding the financing on these projects, because there is some concern about stranded assets and what that will do both to individuals and to the grid at large. Then really looking at a quality water usage analysis in pre-development and ongoing water usage monitoring with public access to the data. This is something that we don't have any sort of real infrastructure to look at or address. And then lastly, requiring a decommissioning plan, which we've kind of started to make more standard in a variety of industries. However, we have not included in anything that would impact data centers. So those are just a few of the considerations that, if this bill does move forward, we would like to be included. With that, I'll close. Any questions?

DeKAY: Are there any questions? Senator Juarez.

JUAREZ: Yes, I'm sorry. Edison, would you tell me what your first point was? I couldn't write--

EDISON McDONALD: Yeah, making sure that there are battery storage systems implemented into these projects to help minimize reliance on the grid.

JUAREZ: OK, thank you. These were all really good points that you made, and I appreciate you coming in.

EDISON McDONALD: Thanks.

DeKAY: Any other questions? Seeing none, thank you. Anybody else in a neutral capacity?

TIM TEXEL: Vice Chair DeKay, members of the committee, my name is Tim Texel, T-i-m T-e-x-e-l. I'm the executive director and general counsel for the Nebraska Power Review Board. As I believe you know, the Power Review Board is the state agency with primary jurisdiction over electric suppliers in Nebraska, and we are responsible for approving generation and transmission facilities in the state. The Power Review Board is obviously neutral on the bill. As I said on the last bill, we rarely get involved in policy matters, but we do have some concerns about the bill which we wanted to make the committee aware. I will address several major issues but, since I have five minutes to assist the committee, I have some points on grammatical, technical types of things that I will hand out for the committee's consideration that I won't have time to go through in my testimony. One major issue the board wanted me to raise is the concern that if sufficient safeguards are in the bill for to protect a large-load customer-- or make sure the large-load customer that makes plans to locate in Nebraska couldn't do so and requiring additional transmission infrastructure and then not show up. The utilities I think in Nebraska do a very good job of making sure that doesn't happen. What my board is concerned about is making sure that the guardrails in here are sufficient. My board members have brought that up with the utilities, so this isn't anything-- a knock on the utilities. We brought it up in our hearings that we want to make sure that they do that, and we want to make sure this bill would be airtight on not allowing those stranded assets in Nebraska that the ratepayers would have to pick up the cost for. Another important issue the board wants to point out is that the bill authorizes or requires the board in some cases to promulgate several additional sets of rules and regulations and adopt a tariff. Some of the regulations would be highly technical in nature, such as dealing with cost-allocation for transmission between large-load customers and retail customers. The board has a staff of three people consisting of

an attorney, myself, a paralegal and a business manager, so we don't have the technical expertise. We aren't designed that way. We're designed more to be arbiters between utilities and we're fairly limited in enforcement actions and things of that nature on the technical side. We usually have experts coming to us and we, you know, kind of have a battle of the experts to decide between, not provide them ourselves. Section 20 (1)(b) on page 19 requires the board to retain the services of a consultant with expertise in transmission cost-allocation methodology. It's very helpful, but these experts are in very high demand and they're very costly, particularly the bigger firms. I mean, you get the Brattle Groups and things like that. They're very good at what they do, but such demands, supply and demand has driven up their cost, and they are very specialized to start with. It takes months to go through the state's RFP process. And LB1259 requires the board to have its rules and regs in place by January 1st of 2027. If the session ends in mid-April and the bill becomes effective in mid-July, I don't believe it has the emergency clause on it, we'd have five months to draft and issue in RFP, have the consultants in place to help us draft those tariffs and regs, and have them approved by the Governor's Office and the Attorney General's Office all before January 1st. The board is doubtful that timeframe is achievable with our staff and with the process that we have to go through for an RFP of that size. The last major issue I wanted to bring up is that large-loads pay a fee associated with their application to construct their generation facilities to offset the costs of our activities. The problem with that is some of the costs associated with an application will be upfront, such as retaining the experts, prior to the time when we have an application. So we won't have that money coming in before we have to be ready for it. So that will have to come out of our normal cash fund paid by the utilities and ultimately the ratepayers. So there will be a lag time, in other words, where we'll have pick that up from our normal cash funds, that might be problematic for us. And the public power systems are gonna have to pay for that lag time. Whether that's six months or a year, we're not sure, but that would be an issue. Last thing I wanted to-- not in prepared testimony, but I wanted to address, and I think it's been addressed a couple of times, but I want to make clear from the regulatory perspective in Nebraska. The first testifier in proponent said that his company can't build an electric generation facility to serve its own facility in Nebraska, because that would violate Nebraska law. That's not correct. You can self-generate, that's the term we call it, but if you want to generate for your own self,

example I give, pick a company, if Kawasaki wants to put in battery storage or four wind turbines, whatever they want, as long as they don't connect it to the grid and sell to any third party. That's when it becomes a problem. Other testifiers have said, on the retail side. When you serve any third-party, the company next to you, a homeowner can do that, they can put in sol-- solar panels and provide power to their own home. They can't provide their, their neighbor. That's the problem. So if a company wants to build right now, that's self-generation. It's invisible to us as long as they don't connect to the grid and start selling to third parties. Then they need to go through me and coordinate how they're going to get approval and which process and to make sure that they don't serve any third parties. So with that, I'm out of time, but I'd be happy to answer any questions.

BRANDT: Questions? Senator Raybould.

RAYBOULD: Mr. Texel, did you have any other items you wanted to add to your testimony that you didn't get to?

TIM TEXEL: I got to all my points. If you had any questions, I know it was brought up about the high dollar amount on the fiscal note, I guess I'm the person that you'd want to aim them to. But it's-- I think I mentioned these are, are very expensive experts. And if you have any concerns, it's, it's-- I've been with the board a long time, this is one of the highest, if not the highest, fiscal notes I've done. But we don't hire these types of experts. We normally rely on the experts the utilities or private entities bring to us. We don't hire them. And if you read through the fiscal note, there's a lot of information from the Southwest Power Pool that they're hiring cost-allocation methodology experts, and that's where we draw our information from. I think, as you can see, they're $400 to $780 an hour. Whole lot more than I make, I assume more than most of the people in the room, but they're in high demand. So, if you have qualms about that, I'd be happy to talk offline about the fiscal note, but I did my best to come up with, I think, what would be reasonable.

BRANDT: Other questions? I see none. Thank you for your testimony.

TIM TEXEL: Thank you.

BRANDT: Anybody else to testify in the neutral capacity? Senator Hansen, you're welcome to close.

HANSEN: That was quicker than I thought.

BRANDT: Disappointed?

HANSEN: No, never. You've seen some of the bills I brought before. OK. Again, thank you for listening to those in support and opposition. And I just want to kind of point out a couple things about what this bill does and does not do. LB1259 does protect Nebraska's public power system by reinforcing local publicly-owned electric utilities. It provides regulatory certainty for long-term generation and transmission planning. It supports responsible economic development by reducing uncertainty that can delay infrastructure investment. Protects electric ratepayers by maintaining safeguards, like I mentioned before, against cost, cost-shifting from speculative or private ventures. Preserves local decision-making authority for public power districts, and recognizes regional differences in load growth, infrastructure needs, and community development. Now, what this does not do is it does not block or prohibit economic development. It does not prevent new generation, transmission, or infrastructure projects. It does not prohibit private companies from locating, expanding, or participating in Nebraska's energy economy. It does not eliminate public-private partnerships or private vendors. It does not mandate electric rate increases, new fees, or new taxes. It does not appropriate state funds. It does not favor one technology company, fuel source, or region over another. I have to preface maybe what I say next by saying we do have one of the best power states in the country in my opinion. We are unique. I want to maintain that. I don't want to damage that in any way, which is why I think maybe why this bill is so many pages, it's trying to be as nuanced as we possibly can to make sure that we protect ratepayers, protect public power, but also allow other companies to maybe explore other areas of Nebraska or maybe look at Nebraska as a whole. Jon from Burt County Public Power made a point about his concern over these generating facilities being able to sell to multiple companies or operations, I can't remember what he said. That is something we can tighten up in this bill. We can say very specifically what we want, who they can and who they cannot sell to and how many. I am willing to work with this bill and, from my understanding, even people in the industry who are building these data centers and who are interested in generating their own power are very interested in discussing further with public power about how we can make this bill better and how it can make it easier for these industries to come to Nebraska. And John Hansen made a good point. I don't say that very often, John, so. He said-- we have big challenges

ahead, he's right. How do we position ourselves ahead of other states so they look at us? And I feel like this bill does start that conversation. This bill isn't an end-all be-all, more than willing to discuss with anybody to see what we need to do to make it better and protect public power. In essence, I believe this is-- this bill is a good example of encouraging public-private partnerships. So with that, I will do my best to answer any questions.

BRANDT: OK, let's see what we've got. Senator Clouse.

CLOUSE: Thank you, Senator Brandt. Senator Hansen, you know, we talked about taking out the aggregation of load. So if, if it's 25 [INAUDIBLE], we heard that from the data center. Why, why do you suppose they're not doing that already? And customers that are under 100 megawatts, why do you, why suppose they are not already doing their own generation and--

HANSEN: Well, from my understanding, there might be some companies who, now I'm pretty sure I'm right, but they can correct me, I'm sure outside the room. But I think in order to generate your own power in the state of Nebraska, like they mentioned, that's legally, that is legal right now, you have to be owned solely by one company. And I think some of these data centers might have somebody who has a company that, you know, generates the power, and then you have the company that owns the data center. And I believe right now that's illegal in the state of Nebraska. And what this bill is trying to do is also allow them to sell back to the grid, which they currently can't do from my understanding.

CLOUSE: They currently can't?

HANSEN: I think they can't.

CLOUSE: They can, but it's not cost-effective.

HANSEN: OK. I'm not going to get too hard on that. I just want to make sure I'm right. You could be right.

CLOUSE: We're good. Thank you.

BRANDT: OK, other questions? I see none. Thank you.

HANSEN: Yes, thank you for listening.

BRANDT: For online, we had no proponents, 12 opponents, no neutral, and no ADA testimony. That will close our hearing on LB1259. If the committee could stay here, we've got to exec on a few things quickly.