Fellow Nebraskans:

Nebraska has long been a national leader of efforts to design and implement projects and programs which reduce dependence on imported energy. Since we import 80-90 percent of our energy needs annually, we have a keen interest in reducing energy imports and the consequent export of state dollars. Dollars kept close to home rather than sent to producers in other states and nations are available for local spending and investment.

Limiting the leakage of dollars from Nebraska through energy efficiency is one of our most effective means of building local economies.

Early in 1986, our quest for greater energy independence was fortified by the receipt of $15.5 million in Exxon oil overcharge funds; several months later, Nebraska began to receive the first payment of its share of Striper Well case settlement funds. I committed my administration to correcting the injustice of past oil overcharges by investing these funds in ways that benefit as many Nebraskans as possible.

To that end, I instructed Martha Beaman, Director of the Nebraska Energy Office, to launch a state-wide campaign to solicit Nebraskans' ideas for investing these oil overcharge funds. Nebraska's process became one of the most open and extensive uses of citizen participation in the country. Public meetings were held in Omaha, Scottsbluff, North Platte, Lincoln, Kearney, and Norfolk. Public service announcements were printed and aired by Nebraska media. Twelve thousand booklets describing the oil overcharge opportunity and containing idea submission forms were printed and distributed.
Nebraskans responded to my call for ideas with enthusiasm and creativity. Over 500 ideas for investment of the funds poured into the Energy Office.

The creativity of our people and our commitment to ensuring an investment of the funds which yields the greatest benefit to the greatest number of Nebraskans converge in this Distribution of Oil Overcharge Settlement plan. The centerpiece of the plan is a non-profit trust, the Energy Bank of Nebraska, which will oversee a revolving loan and venture capital fund and an energy conservation grant fund. It is my intention that very small loans will be available and that no single loan will be so large that it precludes other applications.

In addition to satisfying the court requirements, this plan creates economic opportunity for Nebraskans. The significance of energy efficiency as an economic development tool is great. For example, from April, 1985 through March, 1986, $3.8 million was invested in energy efficiency through the Nebraska Energy Office's federally-funded home weatherization programs. This investment generated $9.6 million in economic activity and created or preserved the equivalent of 155 full-time jobs. The economic development potential of $21.2 million in oil overcharge settlements is tremendous. With this plan, the potential starts to become a reality.

--Governor Bob Kerrey

ENERGY BANK OF NEBRASKA (a non-profit trust)

This plan calls for the creation of the Energy Bank of Nebraska, a non-profit trust governed by a 12-member Board of Directors, capitalized with $21,225,000 for loans and grants.

Revolving Loans and Venture Capital--$14,858,015; $3,714,503 during the first year

Low interest loans for energy efficiency improvements will be available to all Nebraskans representing the residential, commercial, industrial, agricultural, research, and education sectors through the loan fund of the Energy Bank of Nebraska:

- Residential--$742,900 in the first year.
  These low-interest loans will likely be modeled after the successful federally-funded Energy Bank Program. The funds may be used as collateral to leverage additional money, possibly at a ratio of 4 to 1, thereby increasing the loan funds available to homeowners, landlords, and renters.
- Commercial--$1,485,801 in the first year.
  These low-interest loans will likely be based upon the new Energy Efficiency School Loan Program of the Nebraska School Energy Bank and are directed primarily at small and large businesses. The Board of Directors will ultimately define the commercial loan category. Again, the funds may be used as collateral to leverage additional money at a rate of 10 to 1. The savings which result from the energy efficiency improvements financed could reduce operating expenses for these organizations.
- Agricultural--$742,900 in the first year.
  These low-interest loans are directed at Nebraska's vital agricultural producers. The loans are intended to increase energy efficiency in agriculture by changing ranching and farming practices. The Board of Directors will conduct a detailed investigation of this sector's needs, resulting in specific guidelines for the evaluation and subsequent funding of proposals.
Research and Demonstration- $297,160 in the first year. Also available through the loan fund will be venture capital for projects which create entrepreneurial opportunities for Nebraskans. For example, the Energy Bank might provide a "gap loan" for a caulking manufacturer or similar energy efficiency related business to locate in Nebraska where none now exists.

Industrial--$185,725 in the first year.
These low interest loans are directed at Nebraska's industrial manufacturers and would enable them to make energy efficiency improvements and repay the loans from the savings they realize. Industrial loans are also prime candidates for leveraging other funds, potentially at a ratio of 10 to 1.

Transportation--$185,725 in the first year.
These low-interest loans will finance the search for innovative solutions to transportation issues in urban and rural Nebraska, where the transportation infrastructure is declining. The Board of Directors will undertake an in-depth study of the transportation sector's needs in order to establish appropriate loan guidelines.

Education--$74,290 in the first year. The channeling of funds into the residential, industrial, and commercial sectors will create demand for certain types of jobs. To meet this demand, loans might be made to institutions, primarily Nebraska's technical and community colleges, to develop training programs for Nebraskans.

The unexpended $11,144,000 will be invested in a trust account until 1987. It is vital that we seek a high return on our Energy Bank investments, that we preserve the capital we have gained through the overcharge opportunity, and that we remain flexible enough to respond to changing market demands. To address these goals, the Board of Directors of the Energy Bank of Nebraska will allocate one-quarter of the Energy Bank funds annually, based upon market demand and emerging trends. The remainder of the funds will be placed in the trust account.

Energy Bank of Nebraska Trust Services Reserve--$2,122,573
The interest from the Services Reserve will support the day-to-day program operations and management of the Energy Bank, including:
>Regular and timely reporting to the public, the federal Department of Energy, and the courts;
>Analysis and evaluation of specific proposals;
>Loan processing;
>Legal counsel;

>Public information, accounting, and marketing services.
The balance of the Services Reserve becomes the permanent endowment which preserves capital for availability in 1990 and beyond.

ENERGY CONSERVATION GRANTS--$4,245,147

GRANTS $4,245,147

In addition to the Energy Bank of Nebraska, $4,280,000 will be used to supplement the Low Income Weatherization Assistance program over the next three years and to finance energy conservation proposals received at the regional meetings and through the public idea solicitation process. Grants represent investments with non-monetary returns, including, for example, research proposals and educational programs to stimulate public awareness of the need for energy efficiency.

Low Income Weatherization--$3,820,632
This grant supplements funding for the existing home weatherization program designed to assist those who cannot afford to make energy efficiency improvements on their own. Ninety percent of the money goes to employ Nebraskans and support Nebraska contractors and local suppliers who provide the weatherization services.

Demonstration and Research--$212,257
during the first year. This grant amount provides continued funding for existing energy efficiency research and demonstration as well as opportunities to review past endeavors and new research and
demonstration options. Grants are directed at research and demonstration efforts that contribute to the diversification of Nebraska's economy and move the state toward greater energy independence.

Education--$106,128 in the first year This amount continues funding for energy-based educational opportunities and the quest for new energy efficiency solutions, an area in which Nebraska has provided leadership since 1980.

Agriculture--$106,128 in the first year This amount provides continued funding to strengthen agriculture, Nebraska's number one business, through energy efficiency farming and ranching practices.

Energy Bank of Nebraska Board of Directors

I have appointed a very capable Board of Directors to administer the Energy Bank of Nebraska and guide the non-profit trust toward its purpose of using and leveraging private and public funds to assist Nebraskans in financing the purchasing and installation of energy efficiency improvements. The following Nebraskans have agreed to serve as the Energy Bank of Nebraska's first directors: Chris Beutler, Lincoln; Lynda E. Cabela, Chappell; Cynthia Davis, Grand Island; A.B. "Buddy" Hogan, Omaha; Ted Kooser, Lincoln; Dave Littrell, Lincoln; Teresa Luther, Kearney; Maxine Moul, Syracuse; Sue Seacrest, Lincoln; Dr. Pat Snipp, Omaha; Marty Strange, Walthill; and ex-officio member Martha Beaman, Lincoln.

Board members will form Loan and Investment, Management, Grants, and Support Services Coordination Committees.

The Loan and Investment Committee will develop and recommend policy concerning the Energy Bank of Nebraska loans. Among other responsibilities, members will recommend procedures for loan applications; review applications; recommend procedures for loan payments, monitoring, and nonpayment; and establish a list of the most energy efficient items to expedite the loan approval process.

Members of the Management Committee will oversee the administrative, personnel, and fiscal affairs of the Energy Bank of Nebraska. For example, committee members will coordinate the Energy Bank's need for administrative services with those already available through the Nebraska Energy Office, monitor decisions to ensure consistency with applicable federal and state regulations and with the court's restrictions, and prepare the annual budget of the Energy Bank.

The Grants Committee will develop and recommend policy concerning grants from the Energy Bank of Nebraska. The Committee will design procedures for grant applications, review and approve or disapprove applications, and recommend contract and monitoring procedures for the grants among other responsibilities.

The Support Services Coordinating Committee will evaluate and make recommendations concerning the programmatic support services provided to the Energy Bank of Nebraska by the Nebraska Energy Office.