

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR 130 STATE CAPITOL SAINT PAUL 55155

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The Honorable Allan Spear President of the Senate G-27 Capitol Saint Paul, Minnesota 55155

SECRETARY, OF STATE

Dear President Spear:

I have vetoed and am returning Chapter 173, Senate File 375/House File 248, a bill relating to generating electric energy. Chapter 173 would add closed system pumped hydropower to the list of preferred energy sources and include it as a qualified hydroelectric facility, thereby making it eligible for subsidy.

This proposal would recognize closed system pumped hydropower as a source of electric power that is energy conscious and environmentally sound. Closed system pumped hydropower, however, is neither. It is a means of generating electricity that consumes more energy than it produces and clearly does not rank among the energy alternatives that we have encouraged the public and private sectors to develop.

In the 1994 legislative session we created a subsidy of 1.5 cents per kilowatt hour as an incentive to generate electricity using hydropower at existing dam sites. The amendments in this chapter may result in subsidy payments from the state's general fund to closed system pumped hydropower producers of nearly \$5 million per year, beginning in fiscal year 1998. I will not extend any subsidy to closed system pumped hydropower producers given its energy negative characteristic.

Furthermore, I am concerned that the legislature has passed a provision such as this without accounting for the potential cost to the state in the next biennium or without even a hearing by both appropriate finance committees. Off budget open appropriations of this nature are precisely what have contributed to the current federal budget crisis. The taxpayers of Minnesota deserve greater financial responsibility.

Warmest regards,

ARNE H. CARLSON

Governor

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c: Senator Roger Moe, Majority Leader
Senator Dean Johnson, Minority Leader
Representative Irv Anderson, Speaker of the House
Representative Steve Sviggum, Minority Leader
Chief Senate Author(s)
Chief House Author(s)
Mr. Patrick E. Flahaven, Secretary of the Senate
Mr. Edward A. Burdick, Chief Clerk of the House
Ms. Joan Anderson Growe, Secretary of State