

Bill Summary
1st Session of the 58th Legislature

Bill No.:	SB 1050
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Author:	Sen. Thompson
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Bill Analysis

The CS for SB 1050 creates the February 2021 Regulated Utility Consumer Protection Act. The measure shall provide financial assistance in the form of securitization and issuance of rate-payer backed bonds provided to regulated utility entities for the purpose of reducing costs to customers related to the extreme weather event that occurred in February 2021. The Oklahoma Corporation Commission is authorized by the measure to mitigate costs relating to the weather event for customers by using securitization.

The Commission shall consider revenue requirement savings that may be incurred to the benefit of customers by relying on lower carrying charges, customer utility bill impact that may be mitigated by mandating a longer amortization period for recovery, and whether issuance of ratepayer-backed bonds that may be completed at a sufficiently low cost such that customer savings are not exhausted or offset. The Commission is authorized to utilize financial advisors to evaluate applications. Expenses incurred for those purposes shall be recoverable as administrative expenses of the Oklahoma Development Finance Authority through the issuance of ratepayer-backed bonds.

The Commission shall issue a financing order that determines the rate of maturity for the bonds, the quantified amount of extreme purchase costs and extraordinary costs to be recovered, the frequency of true-up and reconciliation of the customer repayment revenues collected, the method by which the customer repayment charges will be allocated among the various customer classes, and the requirement that all funds received under the irrevocable and nonbypassable mechanism be provided immediately to the holder of securitization property. The bond's maturity shall not exceed 30 years. The Commission shall issue an order no later than 180 days from the date the Commission receives all necessary information and documentation. On the same date a financing order is issued, a copy of the order shall be delivered to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Oklahoma Development Finance Authority.

Regulated utilities are prohibited from recovering the extreme purchase costs and extraordinary costs identified and quantified in the financing order from customers except through the transfer of securitization property and prohibits such utilities from removing the periodic determination of factors for customer collection with true-up and reconciliation. The rights and interests to receive revenues collected by a regulated utility through the irrevocable and nonbypassable mechanism created pursuant to a financing order shall become a securitization property right at the time the ratepayer-backed bond is issued pursuant to a financing order. The rights of the

securitization property owner are not subject to setoff, counterclaim, surcharge or defense by the regulated utility or any other person, creditor or otherwise, in any bankruptcy or debt collection proceeding of the regulated utility. The measure authorizes the creation of a valid and enforceable lien and security interest in securitization property via an agreement with the Oklahoma Development Finance Authority. The measure authorizes the Authority to borrow money on the credit of the revenues to be derived from securitization property received. The measure specifies that such ratepayer-backed bonds shall not be an indebtedness of the state or of the Authority. Additionally, the State Treasurer is authorized by the measure to purchase from the Authority at private sale all or any part of the bonds issued in this manner.

The measure provides that the Commission may require an audit of all amounts received from customers under an irrevocable and nonbypassable mechanism and paid to a utility, the amounts paid by the utility to the Oklahoma Development Finance Authority, or other holder of securitization property. Such audits shall be provided to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Authority.

The measure provides that the Authority shall file an application with the Oklahoma Supreme Court for the approval of bonds issued and confers exclusive jurisdiction upon the Court to hear and determine each application. The Court shall give such an application precedence over the other business of the Court and consider and pass upon the application and any protests which may be filed against such application as speedily as possible. Notice of the hearing must be published in a newspaper of general circulation in the state at least 10 days prior to the hearing. The decision of the Court shall be a judicial determination of the validity of the bonds, shall be conclusive as to the Authority, this state, its officers, agents and instrumentalities and all other persons, and thereafter the bonds so approved and the revenues pledged to their payment shall be incontestable in any court in this state.

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