

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1350

By: Gann

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5  
6 AS INTRODUCED

7 An Act relating to state government; amending 74 O.S.  
8 2021, Section 9073, which relates to certain extreme  
9 purchasing transactions; modifying provisions related  
to audit requirements; and providing an effective  
date.

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12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 74 O.S. 2021, Section 9073, is  
14 amended to read as follows:

15 Section 9073. A. The Oklahoma Corporation Commission may  
16 determine upon receiving an application or in any proceeding where  
17 the issue is properly brought before it that extreme purchase costs,  
18 extraordinary costs or both, requested for recovery by a regulated  
19 utility are subject to this act and may be mitigated through  
20 securitization in order to reduce the utility bill impact on  
21 customers. For the purposes set forth in this section, the utility  
22 shall:

23 1. Provide the known extreme purchase and extraordinary costs,  
24 and estimates of any extreme purchase or extraordinary costs not yet

1 finalized that are being requested for recovery through  
2 securitization;

3 2. Demonstrate the utility bill impacts of securitization and  
4 the degree of savings customers would experience related to issuing  
5 ratepayer-backed bonds in comparison with traditional utility  
6 financing; and

7 3. Facilitate a timely audit of all costs requested for  
8 recovery prior to the utility being authorized to recover costs  
9 through the issuance of a financing order. The audit shall be  
10 conducted in compliance with the provisions of Section 15.1a of  
11 Title 59 of the Oklahoma Statutes and shall be required to adhere to  
12 the definition of "audit" pursuant to paragraph 6 of Section 15.1a  
13 of Title 59 of the Oklahoma Statutes and to adhere to the  
14 requirements of attestation as described in paragraph 5 of Section  
15 15.1a of Title 59 of the Oklahoma Statutes.

16 B. The Commission may develop forms and procedures to receive  
17 and review applications for the establishment of qualified costs;  
18 provided, the application shall require but not be limited to the  
19 amount of extreme purchase costs and extraordinary costs requested  
20 for recovery and any other information or documentation required by  
21 the Commission to effectuate this act.

22 C. The Commission shall consider the following factors when  
23 determining whether extreme purchase costs or extraordinary costs  
24 should be mitigated by the issuance of ratepayer-backed bonds:

1           1. Substantial revenue requirement savings that may be incurred  
2 to the benefit of customers by relying on lower carrying charges  
3 related to ratepayer-backed bonds rather than by conventional  
4 financing obtained by the regulated utility;

5           2. Customer utility bill impact that may be mitigated by  
6 mandating a longer amortization period for recovery than would  
7 otherwise be practicable or feasible for the regulated utility; and

8           3. The issuance of ratepayer-backed bonds that may be completed  
9 at a sufficiently low cost such that customer savings are not  
10 exhausted or offset.

11           D. 1. The Commission may engage financial advisors or other  
12 consultants as may be necessary to assist in the evaluation required  
13 pursuant to subsection C of this section. Expenses incurred for  
14 those purposes shall be recoverable as administrative expenses of  
15 the Oklahoma Development Finance Authority through the issuance of  
16 ratepayer-backed bonds pursuant to Section 8 of this act.

17           2. The provisions of the Oklahoma Central Purchasing Act,  
18 Section 85.1 et seq. of ~~Title 74 of the Oklahoma Statutes~~ this  
19 title, shall not be applicable to the engagement authorized by  
20 paragraph 1 of this subsection but shall be subject to review by the  
21 Deputy Treasurer for Policy and Debt Management.

22           E. In determining the amount of extreme purchase costs and  
23 extraordinary costs to be mitigated through securitization, the  
24 Commission shall determine that the amounts incurred would otherwise

1 be recoverable from customers as fair, just and reasonable expenses  
2 and prudently incurred.

3 F. Extreme purchase costs and extraordinary costs determined by  
4 the Commission to be subject to this act and to be mitigated by  
5 issuing ratepayer-backed bonds shall include carrying costs at an  
6 appropriate rate determined by the Commission as set forth in a  
7 financing order. The carrying costs shall begin accruing at a time  
8 determined by the Commission in the financing order and continue  
9 until the date that ratepayer-backed bonds are issued, or the costs  
10 are otherwise recovered.

11 G. To the extent the regulated utility receives insurance  
12 proceeds, governmental grants or any other source of funding that  
13 compensates it for extreme purchase costs or extraordinary costs  
14 subject to securitization, or if actual amounts are determined to be  
15 lower than estimated amounts, those amounts shall be used to reduce  
16 the extreme purchase costs or extraordinary costs of the utility  
17 recoverable from customers. The Commission shall direct whether the  
18 funds shall be provided directly to the Authority to offset amounts  
19 securitized or whether they shall be held as a separate regulatory  
20 liability offsetting rate base or returned to customers through some  
21 other appropriate regulatory mechanism. The amounts so received  
22 shall accrue carrying charges at a rate equivalent to the rate  
23 determined pursuant to subsection F of this section if they are  
24 received before ratepayer-backed bonds are issued. If received

1 after the issuance of ratepayer-backed bonds, the amounts shall  
2 accrue carrying charges at a rate determined by the Commission.

3 SECTION 2. This act shall become effective November 1, 2025.

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