

House Bill 4077

Sponsored by Representative LIVELY (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Lets a public utility raise money for insurance costs. Takes effect 91 days after sine die. (Flesch Readability Score: 61.2).

Authorizes a public utility, upon approval by the Public Utility Commission, to issue bonds and securitize debt for costs and expenses incurred or to be incurred by the public utility associated with a self-insurance or captive insurance program.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to the securitization of a public utility's insurance program; amending ORS 757.457; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 757.457 is amended to read:

757.457. As used in this section and ORS 757.459, 757.461 and 757.463:

(1) "Assignee" means a person, and any subsequent assignee, to which a public utility assigns, sells or transfers all or part of the public utility's interest in or right to rate recovery assets, except as security.

(2) "Bond" includes bonds, notes, certificates of beneficial interests in a trust or other evidence of indebtedness.

(3) "Bondholder" means a holder or owner of a rate recovery bond.

(4) "Finance subsidiary" means an assignee at the time rate recovery bonds are issued:

(a) That is beneficially owned, directly or indirectly, by a public utility; or

(B) In the case of a trust, for which a public utility or subsidiary of the public utility is the grantor; or

(b) That is unaffiliated with a public utility and acquires bondable rate recovery assets from a public utility in a transaction or under an agreement that is approved by the Public Utility Commission.

(5) "Financing costs" includes the following costs related to rate recovery bonds, whether incurred and paid upon issuance or over the life of rate recovery bonds:

(a) The costs of issuing, serving, managing, repaying or refinancing rate recovery bonds, including any fees, expenses or charges incurred and the costs of any activities performed in connection with the rate recovery bonds, including:

(A) Information technology programming;

(B) Obtaining a financing order;

(C) Serving, accounting or auditing;

(D) Services related to trustees;

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (E) Legal services;
2 (F) Consulting;
3 (G) Services related to financial and structuring advisors;
4 (H) Administration;
5 (I) Placement and underwriting;
6 (J) Services related to independent directors and managers;
7 (K) Services related to rating agencies;
8 (L) Stock exchange listing and compliance;
9 (M) Securities registration and filing; and
10 (N) Services necessary to ensure a timely payment of rate recovery bonds or other amounts or
11 charges payable in connection with rate recovery bonds;

12 (b) Principal, interest and acquisition, defeasance and redemption premiums payable on rate re-
13 covery bonds;

14 (c) Payments required under an ancillary agreement and any amounts required to fund or re-
15 plenish a reserve or account established under the terms of an indenture, ancillary agreement or
16 financing document related to rate recovery bonds;

17 (d) Applicable federal, state and local taxes, franchise fees, license fees, gross receipts or other
18 taxes or charges, whether paid, payable or accrued; and

19 (e) The Public Utility Commission's costs in performing the commission's duties related to rate
20 recovery bonds that are recoverable by the commission under ORS 756.310.

21 (6) "Financing order" means an order issued by the Public Utility Commission that authorizes
22 one or more the following:

23 (a) The recovery of rate recovery expenditures and financing costs;
24 (b) The creation of rate recovery assets;
25 (c) The issuance of rate recovery bonds;
26 (d) The imposition, collection and periodic adjustment of rate recovery charges; or
27 (e) The sale, assignment or transfer of rate recovery assets to an assignee.

28 (7) "Financing party" includes:

29 (a) Bondholders, trustees, agents and secured parties related to rate recovery bonds;
30 (b) A person acting for the benefit of bondholders, trustees, agents or secured parties; and
31 (c) A party to rate recovery bond documents or an ancillary agreement.

32 (8) "Public utility customer" means:

33 (a) For an electric utility, a retail electricity consumer, as defined in ORS 757.600.
34 (b) For a natural gas utility, the end use consumer served by the natural gas utility, including
35 those served by the natural gas utility under ORS 757.516, regardless of whether the end use con-
36 sumer purchases natural gas from the natural gas utility.

37 (9) "Rate recovery asset" means a right to recover from customers rate recovery expenditures
38 and associated costs and expenses approved in a financing order, including the right to:

39 (a) Impose, charge, bill, collect, receive, hold and apply rate recovery charges authorized under
40 a financing order or obtain, to the extent authorized, periodic adjustments of rate recovery charges;
41 and

42 (b) All claims, accounts, revenues, payments, collections, moneys or proceeds arising from the
43 rights and interest specified in a financing order, regardless of whether the claims, accounts, re-
44 venues, payments, collections, moneys or proceeds arising from the rights and interest specified in
45 the financing order are commingled with other claims, accounts, revenues, payments, collections,

1 moneys or proceeds.

2 (10) "Rate recovery charge" means charges to public utility customers authorized by the Public
3 Utility Commission to recover rate recovery expenditures and financing costs and to be used to pay,
4 repay or refinance rate recovery bonds.

5 (11) "Rate recovery expenditures" means costs and expenses incurred or to be incurred by a
6 public utility associated with:

7 (a) An event that is the subject of a federal or state declaration of a state of emergency, such
8 as severe weather, catastrophic wildfire, pandemic or other event that causes or threatens to cause
9 widespread loss of life, injury to person or property, human suffering or financial loss, except those
10 costs and expenses that are or are associated with criminal or civil fines or penalties or judgments
11 from a civil action based on negligence related to the event.

12 (b) An energy conservation program that provides loans and cash payments to public utility
13 customers for the installation of energy conservation measures funded by the public utility includ-
14 ing, but not limited to, the costs or expenditures for specific acquisition program development, pro-
15 motion and labor costs and associated general supervision, rents, leases and overheads.

16 (c) A capital investment:

17 (A) That by itself will cause residential rates to rise by more than five percent; and

18 (B) When combined with other expected investments or expenses, has the potential to signif-
19 icantly impact the affordability of residential rates.

20 (d) Retiring a generation asset, including undepreciated investments, decommissioning and re-
21 storing a facility site, related capital and operating costs, accrued carrying charges and deferred
22 costs.

23 (e) Planned or past remediation of a contaminated site or environmental remediation activities
24 and related partial or final payments or settlements.

25 (f) An event in which the availability of electricity or natural gas within a regional energy
26 market is significantly constrained.

27 (g) **A self-insurance or captive insurance program that is approved by the Public Utility
28 Commission.**

29 (12) "Secured party" means a financing party that has been granted a security interest in rate
30 recovery assets.

31 **SECTION 2. This 2026 Act takes effect on the 91st day after the date on which the 2026
32 regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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