

# HB 4077: Using securitization to protect energy affordability



**Problem:** In the face of escalating climate and wildfire threats, utilities like PGE will need to pursue additional insurance to protect the cost and reliability of electric service. Insurance is becoming increasingly expensive and more challenging to acquire, so additional tools are needed to keep customer bills as low as possible.

## HB 4077: Protect customer bills through securitization

- **WHAT SECURITIZATION DOES**

Securitization is a well-established financing tool that allows a utility to sell a long-term bond to cover a large expense and spread the cost over time to help smooth and manage customer bill impacts. It functions similarly to refinancing a mortgage to lower long-term costs.

- **CURRENT LIMITATION IN STATUTE**

Oregon law (ORS 757.457) limits what utilities can securitize to a defined list of expenses. Costs associated with a Commission-approved self-insurance or captive insurance program are not currently included in that list.

- **PROPOSED LEGISLATIVE CHANGE IN HB 4077**

Add Commission-approved self-insurance or captive insurance costs to the statutory list of eligible expenditures that may be considered by the OPUC for securitization approval.

## Benefits for PGE customers

- **AFFORDABILITY**

Allows insurance costs to be spread over time through fixed, predictable annual charges rather than volatile, rising annual premiums.

- **REGULATORY SAFEGUARDS**

Any use of securitization would remain subject to full OPUC review and approval, ensuring alignment with the public interest and customer protections

- **RISK REDUCTION AND FINANCIAL STABILITY**

Enables up front full funding of a self-insurance program rather than gradually over many years, strengthening risk protection for customers while managing costs responsibly.

## Background on insurance tools

Self-insurance and captive insurance are common insurance tools. With a captive or self-insurance, PGE would set aside dedicated funds with stable, annual premiums administered by a regulated insurer. This method would allow access to added insurance that is not currently available. Any added self-insurance would be subject to OPUC review and approval.