

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO. [BILL NUMBER]

Utility cost recovery bonding.

Sponsored by: Joint Corporations, Elections & Political
Subdivisions Interim Committee

A BILL

for

1 AN ACT relating to public utilities; authorizing public
2 utilities to issue cost recovery bonds as specified;
3 authorizing the public service commission to issue
4 financing orders for the bonds as specified; providing
5 requirements for financing orders; specifying requirements
6 for payment of securitization charges by customers;
7 specifying requirements for securitization property;
8 providing rulemaking authority; and providing for an
9 effective date.

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11 *Be It Enacted by the Legislature of the State of Wyoming:*

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13 **Section 1.** W.S. 37-6-108 is created to read:

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2 **37-6-108. Public utility cost recovery bonding.**

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4 (a) As used in this section:

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6 (i) "Bond" means a debt security that is issued
7 by a utility and approved by the public service commission
8 to pay utility costs approved by the commission, whether
9 those costs are incurred prior to or after the issuance of
10 the bond;

11

12 (ii) "Bond costs" means all costs associated
13 with a bond including bond rating costs, legal,
14 administrative and financing costs and costs associated
15 with the issuance and payment of a bond, whether associated
16 with the payment of principal, interest, premiums, credit
17 enhancements or other costs;

18

19 (iii) "Financing order" means the order approved
20 by the public service commission under this section that
21 authorizes a utility to issue a bond, secured by
22 securitization property, and to recover a securitization
23 charge from customers;

1

2 (iv) "Securitization charge" means the amount a
3 utility is authorized to assess its customers in rates over
4 an approved time frame to pay bond costs;

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6 (v) "Securitization property" means collateral
7 that secures the full and timely payment of all bond costs
8 owed on a bond issued under this section.

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10 (b) An electric or gas utility may file an
11 application with the public service commission for approval
12 of a financing order requesting authorization to issue a
13 bond, secured by securitization property, and to recover a
14 securitization charge from the utility's customers to pay
15 bond costs. The utility may file an application under this
16 subsection in conjunction with any rate proceeding or in a
17 separate proceeding. The commission shall adopt rules
18 necessary to administer this section and shall establish
19 procedures for expediting the processing of any application
20 for a financing order, including the approval or
21 disapproval of any application within forty-five (45) days
22 of the filing of the application. The application shall

1 provide the commission with at least the following
2 information:

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4 (i) The costs the utility seeks to finance
5 through the issuance of the bond or bonds;

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7 (ii) The estimated amount of the proposed bond,
8 the proposed bond terms and the anticipated interest rate
9 for the bond; and

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11 (iii) The requested period over which the
12 utility proposes to charge customers the securitization
13 charge and the estimated securitization charge to be
14 recovered from customers in total and annually over the
15 securitization period.

16

17 (c) A financing order may be issued by the public
18 service commission only upon the application of a utility,
19 and after notice and a hearing, and shall become effective
20 only in accordance with its terms and conditions. The
21 commission may issue successive financing orders permitting
22 subsequent issuances of bonds under this section.

23

1 (d) A financing order shall specify the estimated
2 cost amount to be recovered through the bond and the period
3 of time over which the securitization charge shall be
4 collected from customers. A financing order shall also
5 include the formula for determining the amount of the
6 securitization charge. The securitization charge shall
7 remain in effect until all bond costs have been paid in
8 full.

9

10 (e) Each financing order shall specify a procedure
11 for making adjustments to the securitization charge and any
12 adjustments shall be expeditiously approved by the public
13 service commission to ensure the timely payment of all bond
14 costs. The adjustment procedure shall provide for
15 adjustments to be made, upon application by the affected
16 utility or assignee, at least annually and at additional
17 intervals, if any, that are specified in the financing
18 order. The utility or assignee shall file an application
19 for an adjustment with the commission at least thirty (30)
20 days before the date on which the adjustment is requested
21 to become effective, and the commission shall approve or
22 disapprove the application no later than thirty (30) days
23 after the date of the application. In addition, upon

1 application by a utility or assignee after a financing
2 order has been issued and has become effective, the
3 commission may:

4

5 (i) Authorize the adjustments to the
6 securitization charge at more frequent intervals than those
7 specified in the financing order;

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9 (ii) Authorize a change in the method for
10 calculating the securitization charge from that specified
11 in the financing order to ensure the timely recovery of the
12 securitization charge and the payment of all bond costs.

13

14 (f) A utility may withdraw its application under this
15 section if the utility objects to the terms or conditions
16 of the financing order by filing a withdrawal of the
17 application within twenty (20) days after the issuance of
18 the financing order by the public service commission.

19

20 (g) After issuance of the financing order, the
21 utility may cause the approved bond to be issued and to
22 sell, assign, transfer or pledge the securitization
23 property, provided the utility may defer, postpone or

1 refrain from effecting the sale, assignment, transfer,
2 pledge or issuance of the bond, in which case no
3 securitization charge shall be imposed unless and until the
4 bond is issued. If the bond is not issued within one (1)
5 year after the financing order becomes final, the financing
6 order shall expire, provided that the utility may apply for
7 an extension or renewal of the financing order.

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9 (h) After the financing order has been issued and a
10 bond has been issued by the utility, the financing order
11 shall be irrevocable and binding upon the public service
12 commission. The commission shall not have authority to
13 rescind, alter or amend the financing order or otherwise,
14 either directly or indirectly, revalue or revise for
15 ratemaking purposes the securitization charge except as
16 provided in this section. After the commission has
17 determined the securitization charge, the commission shall
18 not determine in a later proceeding that the securitization
19 charge is imprudent, unjust or unreasonable, or in any way
20 reduce or impair the value of securitization property
21 either directly or indirectly by taking the securitization
22 charge into account when setting other rates for the
23 utility. The amount of revenues from the securitization

1 charge shall not be subject to reduction, impairment,
 2 postponement or termination by the commission. The state
 3 pledges to the holders of any bonds issued under this
 4 section that the state will not limit or alter the rights
 5 vested in the commission to fulfill the terms of the
 6 financing order, or in any way impair the rights and
 7 remedies of the holders until the bonds together with the
 8 interest, with interest on any unpaid installments of
 9 interest, and all costs and expenses in connection with any
 10 action or proceeding by or on behalf of the holders are
 11 fully met and discharged. The utility is authorized to
 12 include this pledge of the state in any agreement with the
 13 holders of the bonds and any documents relating to the
 14 bond. Notwithstanding any other provision of this
 15 subsection, the commission shall approve any adjustments to
 16 the securitization charges as may be necessary to ensure
 17 timely recovery of all bond costs as provided in this
 18 section.

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 21 *****

STAFF COMMENT

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 24 **Subsection (h) above makes the financing order binding on**
 25 **the public service commission. However, there is not an**
 26 **equivalent provision that makes the financing order binding**

1 on the utility or otherwise prohibits the utility from
2 seeking a modification of the financing order.

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4 The Committee may also wish to consider whether it is
5 advisable to include any exceptions such as providing that
6 the financing order is not required to be binding on the
7 public service commission or the state if it receives
8 evidence that the financing order was based on inaccurate
9 costs or other information.

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11 *****
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13 (j) Any bonds issued under this section and any
14 financing orders under this section do not constitute a
15 debt or liability of the state or of any political
16 subdivision thereof and do not constitute a pledge of the
17 full faith and credit of the state or any of its political
18 subdivisions but are payable solely as provided in the
19 financing order. All bonds shall contain on the face
20 thereof a statement to the following effect: "Neither the
21 full faith and credit nor the taxing power of the state of
22 Wyoming is pledged to the payment of the principal of, or
23 interest on, this bond." A bondholders sole recourse for
24 default shall be against the issuing utility or its
25 assignee. This paragraph shall in no way preclude bond
26 guarantees or enhancements under this section.

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1 (k) The securitization charge shall be treated as a
2 charge for utility services for purposes of determining
3 both the credit and collection standards to which
4 customers, including any parties that provide billing or
5 collection services for energy supplied to another
6 customer, may be subject to under applicable state law and
7 the remedies for nonpayment that are available to a utility
8 under applicable law, and the treatment of securitization
9 charges under this subsection shall not alter the tax,
10 accounting or other intended characteristics of any bond
11 financing. Any surplus securitization charge amounts, in
12 excess of the amounts necessary to pay bond costs shall be
13 refunded to customers in any manner as the commission may
14 reasonably determine, except to the extent that the refund
15 would result in a recharacterization of the tax, accounting
16 or other intended characteristics of the financing.

17

18 (m) Securitization property shall constitute utility
19 property when, and to the extent that, a financing order
20 has become effective in accordance with this section, and
21 the securitization property shall thereafter continuously
22 exist as property for all purposes and with all of the
23 rights and privileges of this section for the period and to

1 the extent provided in the financing order and in any event
2 until the bond costs have been paid in full.

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4 **Section 2.** This act is effective July 1, 2025.

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(END)