

**278.672 Application for financing order for deferred costs -- Requirements -- Deadline.**

- (1) An electric utility may apply to the commission for a financing order to finance extraordinary or other deferred costs from previous events for regulatory assets existing and with a value calculated on June 30, 2023, as:
  - (a) Greater than two hundred million dollars (\$200,000,000) for a single regulatory asset; or
  - (b) Having a cumulative total value of greater than two hundred and seventy-five million (\$275,000,000) for multiple regulatory assets.
- (2) An application for a financing order shall include:
  - (a) A description of the deferred costs the utility is seeking to securitize. If more than fifty percent (50%) of the deferred costs are retired generation costs, the application also shall describe:
    1. The electric generating facility or facilities that have been retired; and
    2. A copy of all previous commission orders related to the deferral of costs applicable to the retirement or abandonment of the facility or facilities;
  - (b) The dollar amount of the deferred costs;
  - (c) A statement of whether the electric utility proposes to finance all or a portion of deferred costs using securitized bonds. If the electric utility proposes to finance a portion of the costs, the electric utility shall identify the specific portion of the deferred costs in the application. By electing not to finance all or any portion of deferred costs using securitized bonds, an electric utility shall not be deemed to waive its right to reflect those costs in its retail rates pursuant to a separate proceeding with the commission. However, at no point shall the electric utility apply to securitize less than the amounts prescribed in subsection (1) of this section;
  - (d) An estimate of the financing costs related to the securitized bonds;
  - (e) An estimate of the securitized surcharges necessary to recover the securitized costs and financing costs and the period for recovery of the costs;
  - (f) A comparison between the net present value of the costs to ratepayers that are estimated to result from the issuance of securitized bonds and the cost that would result from an alternative means of providing for the full recovery of and return on those securitized costs from customers, using the utility's current or expected weighted average cost of capital. The comparison should demonstrate that the issuance of securitized bonds and the imposition of securitized surcharges are expected to provide quantifiable net present value benefits to customers;
  - (g) A proposed future ratemaking process to reconcile any differences between securitized costs financed by securitized bonds and the final securitized costs incurred by the electric utility, successor, or assignee, provided that any reconciliation shall not affect the amount of securitized bonds or the associated securitized surcharges paid by customers; and
  - (h) Testimony supporting the application.

- (3) The commission shall not accept for filing an application tendered pursuant to this section after December 31, 2024.

**Effective:** June 29, 2023

**History:** Created 2023 Ky. Acts ch. 72, sec. 2, effective June 29, 2023.