

**278.678 Utility to file documents with commission -- Parameters for securitized bonds -- Semiannual monthly surcharge update -- Adjustments -- Commission review -- Irrevocability of finance order.**

- (1) Upon the commission issuing a financing order and after the securitized bonds have been issued, the electric utility shall file with the commission a:
  - (a) Tariff containing the mechanism for the assessment of a monthly surcharge to existing rates for the collection of the securitized costs; and
  - (b) Formula-based true-up mechanism.
- (2) The commission, in a financing order and subject to the issuance advice letter process, shall specify the degree of flexibility to be afforded the electric utility in establishing:
  - (a) The terms and conditions for the securitized bonds to accommodate changes in market conditions, including repayment schedules, interest rates, financing costs, collateral requirements, required debt service, and other reserves; and
  - (b) At its option, a series of issuances of securitized bonds and correlated assignments, sales, pledges, or other transfers of securitized property.
- (3) The electric utility shall file a semiannual update to its monthly surcharge, based on estimates of consumption for each rate class and other mathematical factors, to collect the appropriate amount of securitized costs. The review by the commission of the semiannual update pursuant to this section shall be limited to:
  - (a) Determining whether there are any mathematical or clerical errors in the application of the formula-based true-up mechanism relating to the appropriate amount of any over collection or under collection of a securitized surcharge; and
  - (b) The amount of an adjustment.
- (4) The adjustments shall ensure solely for the recovery of:
  - (a) Revenues sufficient to provide for the payment of principal, interest, acquisition, defeasance, financing costs, or redemption premium; and
  - (b) Other fees, costs, and charges with respect to securitized bonds approved under the financing order.
- (5) Within ten (10) days after receiving an electric utility's filing of the billing adjustment pursuant to this section, the commission shall either:
  - (a) Affix an official stamp on the filing indicating the commission's review is complete; or
  - (b) Inform the electric utility of any mathematical or clerical errors in the electric utility's calculation.
- (6) If the commission informs the electric utility of mathematical or clerical errors in its calculation, the electric utility shall correct its error and refile its semiannual surcharge update.
- (7) The time frames in subsection (5) of this section shall also apply to a refiled request.
- (8) At the time of any transfer of securitized property to an assignee or the issuance of

securitized bonds authorized thereby, whichever is earlier, a financing order shall be irrevocable and, except for changes made pursuant to the formula-based true-up mechanism authorized in this section, the commission shall not:

- (a) Amend, modify, or terminate the financing order by any subsequent action; or
  - (b) Reduce, impair, postpone, terminate, or otherwise adjust securitized surcharges approved in the financing order.
- (9) After issuance of a financing order, the electric utility retains sole discretion regarding whether to:
- (a) Assign, sell, or otherwise transfer securitized property; or
  - (b) Cause securitized bonds to be issued, including the right to defer or postpone the assignment, sale, transfer, or issuance of securitized bonds.
- (10) Any changes made under this section to terms and conditions for the securitized bonds shall be in conformance with the financing order.

**Effective:** June 29, 2023

**History:** Created 2023 Ky. Acts ch. 72, sec. 5, effective June 29, 2023.