

Senate Bill 421

By: Senators Hufstetler of the 52nd, Albers of the 56th, Tippins of the 37th, Parent of the 42nd, Orrock of the 36th and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 46 of the Official Code of Georgia Annotated, relating to public utilities and
2 public transportation, so as to enact the "Georgia Utility Rate Reduction Act (GURRA)"; to
3 promote utility securitization to lower costs for customers of investor owned utilities; to
4 provide for a short title; to provide for legislative findings and declarations; to provide for
5 definitions; to provide for bond financing of certain energy projects; to provide requirements
6 for the submission of application to the Public Service Commission for financing orders; to
7 establish a process and prerequisites for the issuance of financing orders by the Public
8 Service Commission; to provide for creation of certain property rights related to such
9 financing orders; to require electric utilities to show certain charges on customer bills; to
10 allow the sale, assignment, transfer, or conveyance of such property and the creation of
11 security interests therein; to provide for the promulgation of rules and regulations; to provide
12 for judicial review; to provide for statutory construction; to provide for the applicability of
13 Title 11, the "Uniform Commercial Code — Secured Transactions"; to provide for related
14 matters; to repeal conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

S. B. 421

- 1 -

16

SECTION 1.

17 Title 46 of the Official Code of Georgia Annotated, relating to public utilities and public
18 transportation, is amended by adding a new chapter to read as follows:

19

"CHAPTER 3B20 46-3B-1.

21 This chapter shall be known and may be cited as the 'Georgia Utility Rate Reduction Act
22 (GURRA).'

23 46-3B-2.

24 The Georgia General Assembly finds and declares that:

25 (1) The construction delays and cost overruns associated with building nuclear units in
26 this state, coupled with the present investor owned electric utility project finance
27 approach, have increased utility earnings while also increasing the cost burden on
28 customers;

29 (2) Providing for a lower-cost capital financing methodology that excludes return on
30 equity and utility income taxes can significantly reduce the burden on customers from
31 these cost overruns and delays;

32 (3) Such a lower-cost capital financing approach can also be used to reduce the burden
33 of paying off electrical generating assets no longer in service and the expenses associated
34 with coal combustion residuals (CCRs) cleanup and remediation; and

35 (4) By using the lower-cost capital financing approach provided for in this chapter as a
36 voluntary option, electric utilities will be able to provide long-term customer rate
37 reduction through securitized electric utility ratepayer backed bond financing.

38 46-3B-3.

39 As used in this chapter, the term:

40 (1) 'Adjustment mechanism' means a formula based methodology for making automatic
41 adjustments to GURRA charges authorized in a financing order and for making any
42 adjustments necessary to correct for overcollection or undercollection of such charges or
43 otherwise ensure the timely and complete payment of the GURRA bonds and any
44 associated financing costs.

45 (2) 'Ancillary agreement' means any bond, insurance policy, letter of credit, reserve
46 account, surety bond, interest rate lock or swap arrangement, hedging arrangement,
47 liquidity or credit support arrangement, or other financial arrangement entered into in
48 connection with GURRA bonds that is designed to promote the credit quality and
49 marketability of the GURRA bonds or to mitigate the risk of an increase in interest rates.

50 (3) 'Assignee' means any person to which an interest in GURRA property is sold,
51 assigned, transferred, or conveyed other than as security. Such term includes any
52 successor to or subsequent assignee of such a person.

53 (4) 'Bondholder' means any holder or owner of a GURRA bond.

54 (5) 'Customer' means a person that takes electric distribution or electric transmission
55 service from an electric utility or any successor or assignee of an electric utility under
56 commission approved rate schedules or pursuant to special contracts for consumption of
57 electricity in this state.

58 (6) 'Financing costs' means, if approved by the commission in a financing order, costs
59 to issue, service, repay, or refinance GURRA bonds, whether incurred or paid upon
60 issuance of the GURRA bonds or over the life of the GURRA bonds, and includes:

61 (A) Principal, interest, and redemption premiums that are payable on GURRA bonds;

62 (B) Any payment required under an ancillary agreement and any amount required to
63 fund or replenish a reserve account or other accounts established under the terms of any

64 indenture, ancillary agreement, or other financing document pertaining to GURRA
65 bonds;

66 (C) Any other costs related to issuing, supporting, servicing, repaying, and refunding
67 GURRA bonds, including, but not limited to, servicing fees, accounting and auditing
68 fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees,
69 placement and underwriting fees, capitalized interest, rating agency fees, stock
70 exchange listing and compliance fees, security registration fees, filing fees, information
71 technology programming costs, and any other demonstrable costs necessary to
72 otherwise ensure and guarantee the timely payment of GURRA bonds or other amounts
73 or charges payable in connection with GURRA bonds;

74 (D) Any taxes and license fees imposed on the revenue generated from the collection
75 of a GURRA charge;

76 (E) Any state and local taxes, including franchise, sales and use, and other taxes,
77 regulatory assessment fees, or other related fees whether paid, payable, or accrued; and

78 (F) Any costs incurred by an electric utility to pay the commission's costs of engaging
79 specialized counsel and expert consultants experienced in securitized electric utility
80 ratepayer backed bond financing.

81 (7) 'Financing order' means an order of the commission issued pursuant to this chapter
82 that grants, in whole or in part, an application filed with the commission pursuant to Code
83 Section 46-3B-5.

84 (8) 'Financing party' means a holder of GURRA bonds and trustees, collateral agents,
85 any party under an ancillary agreement, or any other person acting for the benefit of a
86 holder of GURRA bonds.

87 (9) 'Financing statement' shall have the same meaning as set forth in paragraph (40) of
88 Code Section 11-9-102.

89 (10) 'GURRA bonds' means bonds that are low-cost corporate securities that:

- 90 (A) Have a scheduled maturity date as determined by the commission; provided,
91 however, that such maturity date shall not be later than 32 years following of the
92 issuance of said bonds;
- 93 (B) Are rated AA or AA2 or better by at least one major independent credit rating
94 agency at the time of pricing;
- 95 (C) Are issued by an electric utility or an assignee pursuant to a financing order; and
96 (D) Are used, directly or indirectly, to recover, finance, or refinance commission
97 approved GURRA costs and financing costs.
- 98 (11) 'GURRA charge' means a charge in an amount that is:
- 99 (A) Authorized by the commission in a financing order as a source of revenue to be
100 used solely to repay, finance, or refinance GURRA costs or financing costs;
- 101 (B) Assessed and collected by way of customers' bills from an electric utility through
102 a non-bypassable charge that is separate and apart from the electric utility's base rates;
103 and
- 104 (C) Collected by the electric utility or its successors or assignees to which the financing
105 order applies or by a collection agent.
- 106 (12) 'GURRA costs' means any of the pretax costs that an electric utility has incurred or
107 will incur for GURRA-eligible projects for which a financing order has been issued.
108 Such term does not include any monetary penalty, fine, or forfeiture assessed against an
109 electric utility by a government agency or court under a federal or state statute, rule, or
110 regulation.
- 111 (13) 'GURRA-eligible projects' means:
- 112 (A) A new nuclear unit;
- 113 (B) A retired electrical generating unit with remaining book value necessitating the
114 continued collection of revenue from customers; or
- 115 (C) Capital construction associated with cleanup or remediation of any coal
116 combustion residuals (CCRs).

117 (14) 'GURRA property' means:

118 (A) The rights and interests of an electric utility or successor or assignee of an electric
119 utility under a financing order for the right to impose, bill, collect, and receive GURRA
120 charges as authorized under the financing order and to obtain periodic adjustments to
121 such GURRA charges as permitted in the financing order; and

122 (B) Any revenues, collections, claims, rights to payments, payments, money, or
123 proceeds arising from the rights and interests in the principal, interest, and redemption
124 premiums that are payable on GURRA bonds, regardless as to whether or not they are
125 imposed, billed, received, collected, or maintained together with or commingled with
126 other revenues, collections, rights to payment, payments, money, or proceeds.

127 (15) 'GURRA revenue' means any revenue, receipts, collections, payments, money,
128 claims, or other proceeds arising from GURRA property.

129 (16) 'Non-bypassable' means a line item charge imposed upon a customer by an electric
130 utility that may not be avoided by any future or existing customer of such electric utility.

131 (17) 'Successor' means an entity that succeeds by operation of law to the rights and
132 obligations of another entity pursuant to any bankruptcy, reorganization, restructuring,
133 other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of
134 assets, whether any of these occur due to a restructuring of the electric power industry or
135 otherwise. Such term does not include any municipally owned electric utility established
136 and providing retail electric service before the date on which GURRA bonds were issued
137 pursuant to a financing order relating to electrical generating facilities that serve or
138 previously served the service area of the municipally owned electric utility.

139 46-3B-4.

140 For any GURRA-eligible project for which an electric utility desires to issue GURRA
141 bonds in one series or more, impose and collect GURRA charges, create GURRA property,
142 and to sell, assign, or transfer of GURRA property to a successor or to an assignee, the

143 electric utility shall apply to the commission for a financing order as provided in this
144 chapter.

145 46-3B-5.

146 Any application submitted to the commission for a financing order for GURRA-eligible
147 projects shall include:

148 (1) A description of the GURRA costs the applicant proposes to recover with the
149 proceeds of the GURRA bonds;

150 (2) An estimate of the financing costs as related to the GURRA bonds;

151 (3) An estimate of the GURRA charges necessary to pay the GURRA costs and any
152 financing costs, and the period over which such GURRA costs and financing costs will
153 be recovered, including the proposed schedule and final maturity of the GURRA bonds;

154 (4) A proposed methodology for allocating the revenue requirement for the GURRA
155 charge across customer classes or rate groups;

156 (5) A description of any non-bypassable GURRA charge for recovery of GURRA costs
157 and a proposed adjustment mechanism reflecting the apportionment methodology
158 referred to in paragraph (4) of this Code section;

159 (6) An estimate of the timing of the issuance of the GURRA bonds or series of bonds;

160 (7) An estimate of the net projected cost savings or a demonstration of how the issuance
161 of GURRA bonds and the imposition of GURRA charges will avert or significantly
162 mitigate rate impacts for customers as compared to traditional methods of financing and
163 recovering GURRA costs from customers;

164 (8) A specification as to a future rate-making process to reconcile any differences
165 between the GURRA costs financed by GURRA bonds and the final GURRA costs
166 incurred by the utility or the successor or the assignee. Such reconciliation rate-making
167 process may affect the electric utility's base rates, or any rider adopted pursuant to

168 paragraph (17) of Code Section 46-3B-7, but shall not affect the amount of the bonds or
169 the associated GURRA charges paid by customers;

170 (9) Direct testimony in support of such application; and

171 (10) Any other information as may be required by the commission.

172 46-3B-6.

173 (a) The commission shall, for each financing order application it receives, conduct a public
174 hearing. Such public hearing shall be held no sooner than 30 days after receipt of any such
175 application.

176 (b) Within 300 days after filing of the application and the commission performing a
177 comprehensive due diligence evaluation of such application, the commission shall issue a
178 financing order only if the commission finds that:

179 (1) The GURRA costs described in the application related to the assets described as
180 GURRA-eligible projects in this chapter are reasonable; and

181 (2) The proposed issuance of GURRA bonds and the imposition and collection of
182 GURRA charges:

183 (A) Are just and reasonable;

184 (B) Are consistent with the public interest;

185 (C) Constitute a prudent and reasonable methodology for the financing of the GURRA
186 costs described in the application; and

187 (D) Will provide substantial, tangible, and quantifiable net present value savings to
188 customers as determined by comparison of the costs to customers expected to result
189 from the refinancing of the GURRA-eligible projects with GURRA bonds to the costs
190 that would result from the continued application of traditional electric utility financing
191 mechanisms to such projects.

192 46-3B-7.

193 Any financing order issued by the commission shall:

194 (1) Ensure that the proposed structuring, marketing, and pricing of the GURRA bonds
195 will:

196 (A) Materially lower overall costs to customers or avert or mitigate rate impacts to
197 customers relative to traditional methods of financing and recovering GURRA costs
198 from customers; and

199 (B) Achieve the maximum net present value of savings to customers, as determined by
200 the commission, consistent with market conditions at the time of sale of the GURRA
201 bonds and the terms set forth in such financing order;

202 (2) Determine the maximum amount of GURRA costs that may be financed from
203 proceeds of GURRA bonds authorized to be issued by the financing order;

204 (3) Approve a methodology for apportioning the revenue requirement for the GURRA
205 charge across customer classes or rate groups;

206 (4) Describe the proposed customer billing mechanism for GURRA charges consistent
207 with Code Section 46-3B-14 and include findings that the mechanism is just and
208 reasonable;

209 (5) Describe and estimate the financing costs that may be recovered through GURRA
210 charges and the period over which such costs may be recovered, subject to Code
211 Section 46-3B-15;

212 (6) Include detailed findings addressing cost-effectiveness and associated rate impacts
213 on customer classes or rate groups, including, but not limited to, a determination as to
214 whether the proposed structuring, expected pricing, and financing costs of GURRA bonds
215 have a significant likelihood of lowering overall rates for customer classes or rate groups
216 or averting or significantly mitigating rate impacts to customer classes or rate groups as
217 compared to traditional methods of financing and recovering GURRA costs;

218 (7) Require the imposition and collection of any non-bypassable GURRA charges
219 authorized under such financing order for the period provided for in paragraph (5) of this
220 Code section;

221 (8) Describe and define the GURRA property that may be created for the electric utility
222 and its successors and assignees and that will be used to pay and secure the payment of
223 the GURRA bonds and financing costs authorized in such financing order;

224 (9) Authorize an adjustment mechanism reflecting the apportionment methodology
225 approved pursuant to paragraph (3) of this Code section;

226 (10) Authorize the electric utility to finance GURRA costs through the issuance of one
227 series or more of GURRA bonds; provided, however, that an electric utility shall not be
228 required to secure a separate financing order for each issuance of GURRA bonds or for
229 each scheduled phase of construction of any of the assets of a GURRA-eligible project
230 approved in such financing order;

231 (11) Determine the reasonableness of any proposed up-front and ongoing financing
232 costs;

233 (12) Specify a process to structure, market, and price GURRA bonds, including, but not
234 limited to, the selection of the underwriter or underwriters, in a manner consistent with
235 the public interest and the legal obligations of the electric utility;

236 (13) Specify the degree of flexibility afforded to the electric utility in establishing the
237 terms and conditions of the GURRA bonds, including, but not limited to, repayment
238 schedules, expected interest rates, and other financing costs;

239 (14) Specify the timing of actions required by such financing order, including, but not
240 limited to:

241 (A) The timing of issuance of the GURRA bonds, independent of the schedules of
242 related assets of the GURRA-eligible project; and

243 (B) The date by which the applicant electric utility shall file to reduce its rates as
244 required in paragraph (17) of this Code section simultaneously with the inception of the

245 GURRA charges and independently of the schedule of related assets as described in
246 GURRA-eligible projects in this chapter;

247 (15) Specify a future rate-making process to reconcile any difference between the actual
248 GURRA costs financed by GURRA bonds and the final GURRA costs incurred by the
249 electric utility or its assignee; provided, however, that while such reconciliation may
250 affect the electric utility's base rates or any rider adopted pursuant to paragraph (17) of
251 this Code section, it shall not be permitted to affect the amount of the bonds or the
252 associated GURRA charges paid by customers;

253 (16) Require and approve the creation of the electric utility's GURRA property pursuant
254 to paragraph (8) of this Code section to be conditioned upon and to be completed
255 simultaneously with the sale or other transfer of the GURRA property to an assignee and
256 the pledge of the GURRA property to secure GURRA bonds;

257 (17) Require the applicant electric utility to, simultaneously with the inception of the
258 collection of GURRA charges, reduce its rates through a reduction in base rates or by a
259 negative rider on customer bills in an amount equal to the revenue requirement associated
260 with the utility assets being financed by GURRA bonds;

261 (18) Include any conditions and grant any relief necessary to promote the public interest
262 and to maximize the benefits and minimize the risks to customers, directly impacted
263 workers and communities in this state, and the electric utility; and

264 (19) Include any additional findings, conclusions, or requirements deemed appropriate
265 by the commission.

266 46-3B-8.

267 (a) A financing order issued by the commission under this chapter shall remain in effect
268 and the GURRA property created shall continue to exist until the GURRA bonds and any
269 financing costs relating to such GURRA bonds have been paid in full.

270 (b) Bankruptcy, reorganization, or insolvency of the electric utility to which the financing
271 order applies or any affiliate, successor, or assignee of such electric utility shall not affect
272 or abate a financing order issued under this chapter.

273 (c) Subject to judicial review as provided for in Code Section 46-3B-23, a financing order
274 shall be irrevocable. Once the commission issues a financing order, it shall not reduce,
275 impair, postpone, or terminate GURRA charges approved in such financing order or impair
276 GURRA property or the collection or recovery of GURRA revenue.

277 (d) Notwithstanding subsection (c) of this Code section, upon the request of an electric
278 utility, the commission may commence a proceeding and issue a subsequent financing
279 order that permits the refinancing, retiring, or refunding of GURRA bonds issued pursuant
280 to the original financing order if:

281 (1) The commission makes any findings specified in subsection (b) of Code
282 Section 46-3B-6 with respect to such subsequent financing order; and

283 (2) The subsequent financing order does not in any way impair the covenants and terms
284 of the GURRA bonds to be refinanced, retired, or refunded.

285 46-3B-9.

286 If the commission issues a financing order to an electric utility, the commission shall not,
287 in exercising its powers and carrying out its duties pursuant to this chapter:

288 (1) Consider the GURRA bonds issued pursuant to the financing order to be debt of the
289 electric utility other than for income tax purposes;

290 (2) Consider the GURRA charges paid under the financing order to be revenue of the
291 electric utility;

292 (3) Consider the GURRA costs or financing costs specified in the financing order to be
293 the regulated costs or assets of the electric utility; or

294 (4) Determine any prudent action taken by an electric utility that is consistent with the
295 financing order to be unjust or unreasonable.

296 46-3B-10.

297 Nothing in this chapter shall be construed to prevent or preclude the commission from:

298 (1) Investigating the compliance of an electric utility with the terms and conditions of
299 a financing order or requiring compliance with the financing order; or

300 (2) Imposing regulatory sanctions against the electric utility for failure to comply with
301 the terms and conditions of a financing order or the requirements of this chapter.

302 46-3B-11.

303 Notwithstanding any provision of this chapter, the commission shall not refuse to allow an
304 electric utility to recover any of the financing costs or other costs associated with the assets
305 of GURRA-eligible projects solely because the electric utility has elected to recover some
306 or all of such costs through traditional rate-making methods or to finance those activities
307 through a financing methodology other than GURRA bonds as may be permitted under the
308 laws of this state, whether or not a financing order with respect to such costs has been
309 applied for by such electric utility or issued by the commission.

310 46-3B-12.

311 (a) In addition to any other authority of the commission, the commission shall have the
312 authority to oversee the process used to structure, market, and price GURRA bonds.

313 (b) Within 120 days after the issuance of any GURRA bonds, the applicant shall file with
314 the commission any information the commission may require detailing the actual up-front
315 issuance costs of the GURRA bonds. The commission shall review such information to
316 determine if the issuance of the GURRA bonds resulted in the lowest overall costs that
317 were reasonably consistent with the market conditions at the time of the pricing and the
318 terms of the financing order issued by the commission.

319 (c) The commission may disallow incremental up-front issuance costs in excess of the
320 lowest overall costs by requiring the electric utility to make a credit in an amount equal to

321 the excess of actual issuance costs incurred and paid for out of GURRA bond proceeds, and
322 the lowest overall issuance costs as determined by the commission; provided, however, that
323 the commission shall not make any adjustments to the GURRA charges for any excess
324 up-front issuance costs.

325 46-3B-13.

326 (a) In performing its responsibilities under this chapter, the commission may engage
327 specialized counsel and expert consultants experienced in securitized electric utility
328 ratepayer backed bond financing similar to GURRA bonds. Such specialized counsel and
329 expert consultants have a duty of loyalty solely to the commission, shall not have any
330 financial interest in any GURRA bonds, and shall not participate in the underwriting or
331 secondary market trading of any GURRA bonds. The expenses associated with the
332 engagement of specialized counsel and expert consultants shall not be an obligation of the
333 state and shall instead be paid by the applicant electric utility and shall be included as
334 financing costs in the GURRA charge.

335 (b) If an electric utility's application for a financing order is denied or withdrawn or for any
336 reason or no GURRA bonds are issued, any costs of retaining specialized counsel and
337 expert consultants on behalf of the commission as authorized by subsection (a) of this Code
338 section and approved by the commission, shall be paid by the applicant electric utility and
339 shall be eligible for recovery by the electric utility along with any carrying costs in the
340 electric utility's future rates.

341 46-3B-14.

342 (a) The electric bills of customers of an electric utility that has obtained a financing order
343 under this chapter and has caused GURRA bonds to be issued shall:

344 (1) Explicitly reflect that a portion of the charges on the bill represents GURRA charges
345 approved in a financing order issued to the electric utility;

346 (2) Include a statement that an assignee is the owner of the rights to GURRA charges,
347 if GURRA property has been sold, assigned, transferred, or conveyed to such assignee,
348 and that the electric utility or another entity, is acting as a collection agent or servicer for
349 such assignee; and

350 (3) Depict the GURRA charge on each customer's bill as a separate line item.

351 (b) The failure of an electric utility to comply with this Code section shall not invalidate,
352 impair, or affect any financing order issued under this chapter, GURRA property, a
353 GURRA charge, or GURRA bonds, but may subject the electric utility to penalties
354 provided for through rules and regulations of the commission.

355 46-3B-15.

356 An electric utility that has obtained a financing order under this chapter and caused
357 GURRA bonds to be issued shall demonstrate in an annual filing with the commission that
358 GURRA bond proceeds are being applied solely to the repayment of GURRA costs and
359 that GURRA revenues are being applied solely to the repayment of GURRA bonds and
360 other financing costs in accordance with such financing order. The cost of such annual
361 filing shall be recoverable as part of the financing costs by the electric utility from the
362 GURRA charge.

363 46-3B-16.

364 (a) GURRA property described in a financing order shall constitute an existing present
365 intangible property right or interest in an existing present intangible property right even
366 though the imposition and collection of GURRA charges depends on the electric utility to
367 which the financing order is issued performing its servicing functions relating to the
368 collection of GURRA charges and on future electricity consumption. Such intangible
369 property right or interest shall exist regardless as to whether or not the revenues or proceeds
370 arising from the GURRA property have been billed, accrued, or collected and

371 notwithstanding that the value or amount of such intangible property right or interest is
372 dependent on the future provision of service to customers by the electric utility or its
373 successors or assignees and the future consumption of electricity its customers.

374 (b) GURRA property described in a financing order exists shall exist until all GURRA
375 bonds issued pursuant to the financing order are paid in full and any financing costs and
376 other costs of the GURRA bonds have been recovered in full.

377 (c) Any portion of GURRA property described in a financing order issued to an electric
378 utility may be sold, assigned, transferred, or conveyed to a successor or assignee that is
379 wholly owned, directly or indirectly, by the electric utility and is created for the limited
380 purpose of acquiring, owning, or administering GURRA property or issuing GURRA
381 bonds as authorized by the financing order. Any portion of GURRA property may be
382 pledged to secure GURRA bonds issued pursuant to a financing order, amounts payable
383 to financing parties and to counterparties under any ancillary agreements, and other
384 financing costs. Any sale, assignment, transfer, conveyance, or grant of a security interest
385 in or pledge of securitized utility tariff property by an electric utility or an affiliate of the
386 electric utility to an assignee to the extent previously authorized in a financing order does
387 not require the prior consent and approval of the commission.

388 (d) If an electric utility defaults on any required payment of charges arising from GURRA
389 property described in a financing order, a court, upon application by an interested party and
390 without limiting any other remedies available to the applying party, shall order the
391 sequestration and payment of the revenue arising from the GURRA property to the
392 financing parties or their assignees.

393 (e) The interest of a purchaser, assignee, transferee, acquirer, or pledgee in GURRA
394 property specified in a financing order issued to an electric utility, and in the revenue and
395 collections arising from that property, shall not be subject to setoff, counterclaim,
396 surcharge, or defense by the electric utility or any other person or in connection with the
397 reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

398 (f) Any successor to an electric utility shall perform and satisfy all obligations of and have
399 the same duties and rights under a financing order as the electric utility to which the
400 financing order applies including, but not limited to, collecting and paying to any person
401 entitled to receive them the revenues, collections, payments, or proceeds of GURRA
402 property described in such financing order. Such successor shall perform such duties and
403 exercise such rights in the same manner and to the same extent as the electric utility. This
404 subsection shall apply regardless as to whether or not any such succession is pursuant to
405 any reorganization, bankruptcy, or other insolvency proceeding, pursuant to any merger,
406 acquisition, sale, or other business combination, pursuant to a transfer by operation of law,
407 or as a result of electric utility restructuring.

408 (g) Nothing in this Code section shall be construed to limit or impair any authority of the
409 commission concerning the transfer or succession of the interests of any public utility.

410 46-3B-17.

411 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,
412 administrators, guardians, trustees, and other fiduciaries may legally invest any money
413 within their control in GURRA bonds. Public entities may invest public funds in GURRA
414 bonds only to the extent consistent with the investment requirements applicable to those
415 entities under state law.

416 (b) GURRA bonds issued as authorized by a financing order shall not be considered debt
417 of or a pledge of the faith and credit or taxing power of the state, any agency of the state,
418 or any county, municipality, or other political subdivision of the state. Holders of GURRA
419 bonds shall have no right to have taxes levied by the state or by any county, municipality,
420 or other political subdivision of the state for the payment of the principal or interest on
421 GURRA bonds. The issuance of GURRA bonds shall not directly, indirectly, or
422 contingently obligate the state or any political subdivision thereof to levy any tax or make

423 any appropriation for payment of principal or interest on the GURRA bonds, other than in
424 their capacity as consumers of electricity.

425 (c) The state pledges to and agrees with holders of GURRA bonds, any assignee, and any
426 financing parties that the state will not:

427 (1) Take or permit any action that impairs the value of GURRA property or revises the
428 securitized utility tariff costs for which recovery is authorized; or

429 (2) Reduce, alter, or impair GURRA charges, except through application of the
430 adjustment mechanism, that are imposed, collected, and remitted for the benefit of
431 holders of GURRA bonds, any assignee, and any financing parties, until any principal,
432 interest, and redemption premium payable on GURRA bonds, any financing costs, and
433 any amounts to be paid to an assignee or financing party under an ancillary agreement are
434 paid in full.

435 (d) Any person that issues GURRA bonds may include the pledge specified in
436 subsection (c) of this Code section in the GURRA bonds, ancillary agreements, and
437 documentation related to the issuance and marketing of the GURRA bonds.

438 46-3B-18.

439 An electric utility, assignee, or financing party not regulated by the commission shall not
440 become subject to commission regulation solely as a result of engaging in any transaction
441 authorized by or described in this chapter.

442 46-3B-19.

443 (a) If any provision of this chapter conflicts with any other law regarding the attachment,
444 assignment, perfection, effect of perfection, or priority of any security interest in or transfer
445 of GURRA property, the provisions of this chapter shall govern to the extent of the
446 conflict.

447 (b) If any provision of this chapter is held to be invalid or is invalidated, superseded,
448 replaced, repealed, or expires for any reason after the date the GURRA bonds are first
449 issued, such occurrence shall not affect any action allowed under this chapter that was
450 lawfully taken by the commission, an electric utility, an assignee, a collection agent, a
451 financing party, a bondholder, or a party to an ancillary agreement before the occurrence.
452 Any such action shall remain in full force and effect.

453 (c) Nothing in subsection (a) or (b) of this Code section shall preclude an electric utility
454 for which the commission has initially issued a financing order from applying to the
455 commission for a subsequent financing order:

456 (1) Amending the financing order as authorized by subsection (d) of Code
457 Section 46-3B-8; or

458 (2) Approving of the issuance of GURRA bonds to refund all or a portion of an
459 outstanding series of GURRA bonds.

460 46-3B-20.

461 (a) The laws of this state shall govern the validity, enforceability, attachment, perfection,
462 priority, and exercise of remedies with respect to the transfer of an interest or right or
463 creation of a security interest in any GURRA property, GURRA charge, or financing order
464 under this chapter.

465 (b) The creation, perfection, and enforcement of any security interest in GURRA property
466 to secure the repayment of the principal of and interest on GURRA bonds, amounts payable
467 under any ancillary agreement, and other financing costs shall be governed by the
468 provisions of this chapter and not by Title 11, the 'Uniform Commercial Code,' to the
469 extent of any conflict.

470 46-3B-21.

471 (a) A description or indication of GURRA property in a transfer or security agreement and
472 a financing statement shall be sufficient only if such description or indication refers to this
473 chapter and the financing order creating the GURRA property.

474 (b)(1) A security interest in GURRA property shall be created and deemed valid and
475 binding as soon as:

476 (A) The financing order that describes the GURRA property is issued;

477 (B) A security agreement is executed and delivered; and

478 (C) Value is received for the GURRA bonds.

479 (2) Once a security interest in GURRA property is created, the security interest attaches
480 without any physical delivery of collateral or any other act. The lien of the security
481 interest shall be valid, binding, and perfected against all parties having claims of any kind
482 in tort, contract, or otherwise against the person granting the security interest, regardless
483 as to whether or not such parties have notice of the lien, upon the filing of a financing
484 statement with the Secretary of State. The Secretary of State shall maintain a financing
485 statement filed pursuant to this paragraph in the same manner and in the same
486 recordkeeping system in which the Secretary of State maintains financing statements filed
487 pursuant to Article 9 of Title 11, the 'Uniform Commercial Code — Secured
488 Transactions.' The filing of any financing statement pursuant to this paragraph shall be
489 governed by Article 9 of Title 11, the 'Uniform Commercial Code — Secured
490 Transactions,' regarding the filing of financing statements.

491 (c) A security interest in GURRA property is a continuously perfected security interest and
492 shall have priority over any other lien, created by operation of law or otherwise, which may
493 subsequently attach to the GURRA property, unless the holder of the security interest has
494 agreed in writing otherwise.

495 (d) The priority of a security interest in GURRA property shall not be affected by the
496 commingling of GURRA property or GURRA revenue with other moneys. An assignee,

497 bondholder, or financing party shall have a perfected security interest in the amount of any
498 GURRA property or GURRA revenue that is pledged for the payment of GURRA bonds
499 even if the GURRA property or GURRA revenue is deposited in a cash or deposit account
500 of the electric utility in which the GURRA revenue is commingled with other moneys.
501 Any other security interest that applies to such other moneys shall not apply to the GURRA
502 revenue.

503 (e) Neither a subsequent order of the commission amending a financing order as
504 authorized in subsection (d) of Code Section 46-3B-8, nor application of an adjustment
505 mechanism as authorized in paragraph (9) of Code Section 46-3B-7, shall affect the
506 validity, perfection, or priority of a security interest in or transfer of GURRA property.

507 46-3B-22.

508 (a)(1) Any sale, assignment, or transfer of GURRA property shall be an absolute transfer
509 and true sale of, and not a pledge of or secured transaction relating to, the seller's right,
510 title, and interest in, to, and under the GURRA property provided that the documents
511 governing the transaction expressly state that the transaction is a sale or other absolute
512 transfer. A sale or similar outright transfer of an interest in GURRA property may be
513 created only when all of the following have occurred:

514 (A) The financing order creating and describing the GURRA property has become
515 effective;

516 (B) The documents evidencing the transfer of the GURRA property have been
517 executed and delivered to the assignee; and

518 (C) Value is received.

519 (2) Upon the filing of a financing statement with the Secretary of State, a transfer of an
520 interest in GURRA property shall be perfected against all third persons, including any
521 judicial lien or other lien creditors or any claims of the seller or creditors of the seller,
522 other than creditors holding a prior security interest, ownership interest, or assignment

523 in the GURRA or assignment in the GURRA property previously perfected in accordance
524 with paragraph (1) of this Code section or with Code Section 46-3B-21. The Secretary
525 of State shall maintain a financing statement filed pursuant to this paragraph in the same
526 manner and recordkeeping system in which the Secretary of State maintains financing
527 statements filed pursuant to Article 9 of Title 11, the 'Uniform Commercial Code —
528 Secured Transactions.' The filing of any financing statement pursuant to this paragraph
529 shall be governed by Article 9 of Title 11, the 'Uniform Commercial Code — Secured
530 Transactions,' regarding to the filing of financing statements.

531 (b) The characterization of a sale, assignment, or transfer as an absolute transfer and true
532 sale and the corresponding characterization of the property interest of the assignee shall not
533 be not affected or impaired by the existence or occurrence of any of the following:

534 (1) Commingling of GURRA revenue with other moneys;

535 (2) The retention by the seller of:

536 (A) A partial or residual interest, including an equity interest, in the GURRA property,
537 whether direct or indirect, or whether subordinate or otherwise; or

538 (B) The right to recover costs associated with taxes, franchise fees, or license fees
539 imposed on the collection of GURRA revenue;

540 (3) Any recourse that the purchaser may have against the seller;

541 (4) Any indemnification rights, obligations, or repurchase rights made or provided by the
542 seller;

543 (5) An obligation of the seller to collect GURRA revenues on behalf of an assignee;

544 (6) The treatment of the sale, assignment, or transfer for tax, financial reporting, or other
545 purposes;

546 (7) Any subsequent financing order amending a financing order as authorized by
547 subsection (d) of Code Section 46-3B-8; or

548 (8) Any application of an adjustment mechanism as authorized by paragraph (9) of Code
549 Section 46-3B-7.

550 46-3B-23.

551 (a) The commission shall adopt any rules and regulations necessary to implement and
552 administer the provisions of this chapter.

553 (b) The commission shall take final action to approve, deny, or modify any application for
554 a financing order in a final order issued in accordance with the commission's rules and
555 regulations for addressing such applications.

556 (c) Any person that has exhausted all remedies available before the commission and is
557 aggrieved by a final order issued under this chapter shall be entitled to judicial review in
558 accordance with Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act.'"

559

SECTION 2.

560 All laws and parts of laws in conflict with this Act are repealed.