

SENATE BILL NO. 110

BY SENATORS REESE, LUNEAU, MCMATH AND MILLIGAN

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AN ACT

To amend and reenact the introductory paragraph of R.S. 10:9-109(c)(6), 9-109(c)(6)(C), the introductory paragraph of (c)(7) and (c)(7)(C) and to enact R.S. 10:9-109(c)(8) and Part VII-A of Chapter 9 of Title 45 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 45:1271 through 1281, relative to utilities; to provide relative to secured transactions; to provide for security interests in energy transition property; to provide relative to energy transition property bonds; to provide for financing orders of the Public Service Commission; to provide for appeals of financing orders; to provide for the sale and perfection of true sale status of energy transition property; to provide for conflict of laws; to provide for nonimpairment of bonds by the state; to provide relative to the jurisdiction of the Public Service Commission; to provide for definitions, terms, requirements, conditions, and procedures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The introductory paragraph of R.S. 10:9-109(c)(6), 9-109(c)(6)(C), the introductory paragraph of (c)(7) and (c)(7)(C) are hereby amended and reenacted and R.S. 10:9-109(c)(8) is hereby enacted to read as follows:

§9-109. Scope

* * *

(c) Extent to which Chapter does not apply. This Chapter does not apply to the extent that:

* * *

(6) R.S. 45:1226 through 1240, the Louisiana Electric Utility Storm Recovery Securitization Act, expressly governs the creation, perfection, priority, or

1 enforcement of a security interest in storm recovery property as defined therein or
2 any interest or right in any storm recovery property, but except to the extent contrary
3 to express provisions in the Act, the following provisions of this Chapter
4 nonetheless do apply:

5 * * *

6 (C) This Chapter applies to the enforcement of security interests in storm
7 recovery property; ~~or~~

8 (7) R.S. 45:1251 through 1261, the Louisiana Electric Utility Investment
9 Recovery Securitization Act, expressly governs the creation, perfection, priority, or
10 enforcement of a security interest in investment recovery property as defined therein
11 or any interest or right in any investment recovery property, but, except to the extent
12 contrary to express provisions in ~~said~~ the Act, the following provisions of this
13 Chapter nonetheless do apply:

14 * * *

15 (C) This Chapter applies to the enforcement of security interests in
16 investment recovery property; ~~;~~ or

17 (8) R.S. 45:1271 through 1281, the Louisiana Electric Utility Energy
18 Transition Securitization Act, expressly governs the creation, perfection,
19 priority, or enforcement of a security interest in energy transition property as
20 defined therein or any interest or right in any energy transition property, but,
21 except to the extent contrary to express provisions in the Act, the following
22 provisions of this Chapter nonetheless do apply:

23 (A) Part 5 of this Chapter applies with respect to financing statements
24 pertaining to energy transition property.

25 (B) This Chapter applies to perfection, the effect of perfection or
26 nonperfection, and the priority of a security interest held by a secured party
27 having control of a deposit account or securities account as original collateral.

28 (C) This Chapter applies to the enforcement of security interests in
29 energy transition property.

30 * * *

1 Section 2. Part VII-A of Chapter 9 of Title 45 of the Louisiana Revised Statutes of
2 1950, comprised of R.S. 45:1271 through 1281, is hereby enacted to read as follows:

3 PART VII-A. LOUISIANA ELECTRIC UTILITY ENERGY

4 TRANSITION SECURITIZATION ACT

5 §1271. Short title; purpose

6 A. This Part shall be known and may be cited as the "Louisiana Electric
7 Utility Energy Transition Securitization Act".

8 B. The purpose of this Part is to enable Louisiana electric utilities, if
9 authorized by a financing order issued by the commission, to use securitization
10 financing for certain energy transition costs, because this type of debt may
11 lower the total amount of costs being included in customers' rates in comparison
12 with conventional utility financing methods or alternative methods of recovery,
13 thereby benefiting ratepayers. The energy transition bonds will not be public
14 debt or a pledge of the full faith and credit of the state or any political or
15 governmental unit thereof. Energy transition bonds will be solely the obligation
16 of the issuer, an affiliate of an electric utility. The proceeds of the energy
17 transition bonds shall be used for the purpose of recovering certain energy
18 transition costs, solely as allowed by the commission. Securitization financing
19 for energy transition costs is hereby recognized to be a valid public purpose.
20 Federal tax laws and revenue procedures expressly require that special state
21 legislation be enacted in order for such transactions to receive certain tax
22 benefits. The legislature finds a need to promote securitization financing, if
23 authorized by the commission, by providing clear and exclusive methods to
24 create, transfer, and encumber interests in energy transition property as
25 defined in this Part. This need is met by providing in this Part for such methods
26 and by establishing that any conflict between the rules governing sales,
27 assignments, or transfers of, or security interests, privileges, or other
28 encumbrances of any nature upon incorporeal movable property pursuant to
29 other laws of this state and the methods provided in this Part, including without
30 limitation with regard to creation, perfection, priority, or enforcement, shall be

1 resolved in favor of the rules and methods established in this Part with regard
2 to energy transition property.

3 C. The intent of this Part is to provide benefits to Louisiana ratepayers
4 by allowing a Louisiana electric utility, if authorized by a financing order, to
5 achieve certain tax and credit benefits of financing energy transition costs. This
6 Part does not in any way limit, impair, or impact the commission's plenary
7 jurisdiction over the rates charged and services rendered by public utilities in
8 this state. Instead, this Part addresses certain property, security interest, and
9 other matters to ensure that the financial and federal income tax benefits of
10 financing energy transition costs through securitization are available in this
11 state. The beneficial income tax and credit characteristics that may be achieved
12 include the following:

13 (1) Treating the energy transition bonds as debt of the electric utility for
14 income tax purposes.

15 (2) Treating the energy transition charges as gross income to the electric
16 utility recognized under the utility's usual method of accounting for federal and
17 state income tax purposes, rather than recognizing gross income upon the
18 receipt of the financing order or of cash in exchange for the sale of the energy
19 transition property or the issuance of the energy transition bonds.

20 (3) Avoiding the recognition of debt on the electric utility's balance sheet
21 for certain credit and regulatory purposes by reason of the energy transition
22 bonds.

23 (4) Treating the sale, assignment, or transfer of the energy transition
24 property by the electric utility as a true sale for state law and bankruptcy
25 purposes.

26 (5) Mitigating any adverse impact of the financing on the electric utility's
27 credit rating.

28 D. This Part does not impose fees or energy transition charges, but
29 instead only authorizes the commission to approve energy transition charges in
30 its discretion.

1 §1272. Definitions2 As used in this Part:

3 (1) "Ancillary agreement" means any bond, insurance policy, letter of
4 credit, reserve account, surety bond, swap arrangement, hedging arrangement,
5 liquidity or credit support arrangement, or other financial arrangement entered
6 into in connection with the issuance or payment of energy transition bonds.

7 (2) "Assignee" means any legal or commercial entity, including but not
8 limited to a corporation, limited liability company, partnership, limited
9 partnership, or other legally recognized entity to which an electric utility sells,
10 assigns, or transfers, other than as security, all or a portion of its interest in or
11 right to energy transition property. The assignee may be a new subsidiary
12 created by the electric utility for this purpose. The term also includes any legal
13 or commercial entity to which an assignee sells, assigns, or transfers, other than
14 as security, all or a portion of its interest in or right to energy transition
15 property.

16 (3) "Commission" means the Louisiana Public Service Commission.

17 (4) "Electric utility" or "utility" means an "electric public utility" as
18 defined in R.S. 45:121.

19 (5) "Eligible electric generating facility" means a coal-fired or
20 lignite-fired electric generating facility owned entirely or in indivision by an
21 electric utility furnishing electric service to customers within the state.

22 (6) "Eligible mine" means a coal or lignite mine that services a
23 mine-mouth eligible electric generating facility furnishing electric service to
24 customers within this state.

25 (7) "Energy transition bonds" means bonds, notes, certificates of
26 participation, or other evidences of indebtedness that are issued pursuant to an
27 indenture or other contract of an electric utility or an issuer pursuant to a
28 financing order, the proceeds of which are used directly or indirectly to provide,
29 recover, finance, or refinance commission-approved energy transition costs and
30 financing costs, and costs to fund energy transition reserves to such levels as the

1 commission may authorize in a financing order, and that are secured by or
2 payable from energy transition property. If certificates of participation are
3 issued, references in this Part to principal, interest, or premium shall refer to
4 comparable amounts under those certificates. Energy transition bonds shall be
5 nonrecourse to the credit or any assets of the electric utility other than the
6 energy transition property as specified in the financing order and any rights
7 under any ancillary agreement. Energy transition bonds shall be legal
8 investments for all governmental units, financial institutions, insurance
9 companies, fiduciaries, and other persons that require statutory authority
10 regarding legal investment.

11 (8) "Energy transition charge" means the amounts authorized by the
12 commission to recover, finance, or refinance energy transition costs and
13 financing costs, and to fund any energy transition reserves to such levels as the
14 commission may authorize in a financing order. To the extent determined
15 appropriate by the commission and provided for in a financing order, such
16 amounts are to be imposed on, and be a part of, all customer bills, be
17 periodically adjusted, and be collected by an electric utility or its successors or
18 assignees, or a collection agent, through a nonbypassable charge collected as
19 part of the electric utility's retail rates, whether in base rates, fuel adjustment
20 clauses, or in any other manner considered appropriate by the commission, for
21 the time period specified in the financing order, paid by all existing and future
22 customers receiving retail electric service from the electric utility or its
23 successors under rate schedules or special contracts authorized or approved by
24 the commission.

25 (9) "Energy transition costs" means, if requested by the electric utility,
26 and as may be approved by the commission, costs incurred or to be incurred by
27 an electric utility consisting of any of the following:

28 (a) Costs caused by or associated with the following:

29 (i) The retirement of an eligible electric generating facility.

30 (ii) The decommissioning, demolition, remediation, and cleanup of a

1 retired eligible electric generating facility and related improvements and
2 waterworks and restoring its site.

3 (iii) The unrecovered capitalized costs of or undepreciated investments
4 in a retired eligible electric generating facility that were being recovered in rates
5 as of the date of retirement.

6 (iv) Obsolete or unnecessary stores inventory previously serving the
7 eligible electric generating facility.

8 (b) Costs not previously collected from the electric utility's customers for
9 previously mined coal or lignite or for the closure and reclamation of an eligible
10 mine, including land remediation and liabilities. Energy transition costs shall
11 not include any monetary penalty, fine, or forfeiture assessed against an electric
12 utility or its affiliate by a government agency or a court under a federal or state
13 environmental statute, rule, or regulation.

14 (c) Costs of repurchasing equity or retiring any existing indebtedness
15 relating to any costs as provided in Subparagraphs (a) and (b) of this
16 Paragraph.

17 (d) Costs to fund and finance one or more energy transition reserves if
18 the commission determines appropriate.

19 (e) Carrying costs pertaining to any costs included in this Paragraph not
20 otherwise being recovered in rates, from the respective dates on which such
21 costs were incurred until the date that energy transition bonds are issued.

22 (f) Costs for severance, retention payments, or early retirement
23 payments and job retraining and education for employees whose existing jobs
24 are eliminated due to the retirement of the eligible electric generating facility
25 or the eligible mine, or to fund and finance a reserve therefor.

26 (g) Any other costs determined by the commission to be reasonably
27 associated with the retirement of an eligible mine or an eligible energy electric
28 generating facility.

29 (10) "Energy transition property" means the contract right constituting
30 incorporeal movable property newly created pursuant to this Part which

1 consists of all of the following:

2 (a) The rights and interests of an electric utility or successors or
3 assignees of the electric utility specified as being energy transition property in
4 a financing order, including the right to impose, bill, charge, collect, and receive
5 energy transition charges authorized in the financing order, the right to enforce
6 the obligations of the utility to collect and service the energy transition charges,
7 and the right to obtain periodic adjustments to such charges as may be provided
8 in the financing order and this Part.

9 (b) All revenues, collections, claims, rights to payment, payments, money,
10 or proceeds arising from the rights and interests specified in Subparagraph (a)
11 of this Paragraph, regardless of whether such revenues, collections, claims,
12 rights to payment, payments, money, or proceeds are imposed, billed, received,
13 collected, or maintained together with or commingled with other revenues,
14 collections, rights to payment, payments, money, or proceeds.

15 (11) "Energy transition reserve" means a reserve established pursuant
16 to an order of the commission for energy transition costs. An energy transition
17 reserve shall be a restricted segregated fund, the use of which may be limited
18 by the commission to specific types of incurred or future energy transition costs,
19 such as future employee payments or future closure or remediation costs for an
20 eligible mine or an eligible electric generating facility.

21 (12) "Financing costs" means, if approved by the commission, whether
22 incurred or paid on issuance of the energy transition bonds or ongoing over the
23 life of the energy transition bonds, any of the following:

24 (a) Interest and acquisition, defeasance, or redemption premiums that
25 are payable on energy transition bonds and any other amounts owing in respect
26 of energy transition bonds.

27 (b) Any payment required under an ancillary agreement and any
28 amount required to fund initially or replenish from time to time any sinking
29 fund, overcollateralization fund, reserve, or other accounts established under
30 the terms of any indenture, ancillary agreement, or other financing documents

1 pertaining to energy transition bonds.

2 (c) Any other cost related to issuing, supporting, repaying, servicing, and
3 refunding energy transition bonds, including but not limited to servicing fees,
4 accounting and auditing fees, fees and other amounts payable to a trustee, legal
5 fees, consulting fees, administrative fees, printing and edgarizing fees, financial
6 advisor fees, placement and underwriting fees, capitalized interest, rating
7 agency fees, government registration fees, stock exchange listing and
8 compliance fees, and filing fees, including costs related to obtaining the
9 financing order. Financing costs may be, without limitation, costs of the issuer,
10 the electric utility, or the commission.

11 (d) Any income taxes and license fees imposed on the revenues generated
12 from the collection of energy transition charges or otherwise resulting from the
13 collection of energy transition charges, in any such case whether paid, payable,
14 or accrued.

15 (e) Any state and local taxes, franchise, gross receipts, and other taxes
16 or similar charges, including but not limited to regulatory assessment fees, in
17 any such case whether paid, payable, or accrued.

18 (f) The fees, costs, and related expenses to obtain any waiver, consent,
19 release, or approval from any lender related to any existing debt agreement
20 pertaining to an eligible mine or its operation.

21 (13) "Financing order" means an order of the commission, if granted by
22 the commission in its sole discretion, which allows for all of the following:

23 (a) The issuance of energy transition bonds.

24 (b) The imposition, collection, and periodic adjustments of energy
25 transition charges.

26 (c) The creation of energy transition property.

27 (d) The sale, assignment, or transfer of energy transition property to an
28 assignee.

29 (e) The disposition of the proceeds of the energy transition bonds.

30 (14) "Financing party" means any holder of energy transition bonds, any

1 party to or beneficiary of an ancillary agreement, and any trustee, collateral
 2 agent, or other person acting for the benefit of any of the foregoing.

3 (15) "Financing statement" has the same meaning as that provided in the
 4 Uniform Commercial Code-Secured Transactions. All financing statements
 5 referenced in this Part shall be filed in accordance with Part 5 of Chapter 9 of
 6 Title 10 of the Louisiana Revised Statutes of 1950 and shall be filed in this state.

7 (16) "Issuer" means any assignee that is a wholly owned subsidiary of an
 8 electric utility and that issues energy transition bonds approved by a financing
 9 order.

10 (17) "Lien creditor" means any of the following:

11 (a) A creditor that has acquired a lien on the property involved by
 12 attachment, sequestration, seizure, levy, or by similar means.

13 (b) A person receiving an assignment for benefit of creditors from the
 14 time of assignment.

15 (c) A trustee in bankruptcy from the date of the filing of the petition.

16 (d) A receiver in equity from the time of appointment.

17 (18) "Secured party" means a financing party in favor of which an
 18 electric utility or an issuer creates a security interest in any or all portions of its
 19 interest in or right to energy transition property. A secured party may be
 20 granted a security interest in energy transition property under this Part and a
 21 security interest in other collateral subject to the Uniform Commercial
 22 Code-Secured Transactions in one security agreement.

23 (19) "Security interest" means an encumbrance of and a right of
 24 preference over any portion of energy transition property created by contract
 25 to secure the payment or performance of an obligation.

26 (20) "Uniform Commercial Code-Secured Transactions" means Chapter
 27 9 of Title 10 of the Louisiana Revised Statutes of 1950.

28 §1273. Financing orders

29 A. An electric utility may petition the commission for a financing order.

30 Application by an electric utility for authority for the electric utility or its issuer

1 to issue energy transition bonds shall be made in such form as the commission
2 prescribes. Every application shall be made under oath and shall be signed and
3 filed on behalf of the electric utility by its president or by a vice president,
4 treasurer, or other executive officer having knowledge of the matters set forth.
5 No electric utility or issuer shall issue any energy transition bonds until it has
6 been specifically authorized to do so by order of the commission. No electric
7 utility shall, without the consent of the commission granted in a commission
8 order, apply any proceeds of energy transition bonds to any purpose not
9 specified in the commission's order or supplemental order, or to any purpose
10 in excess of the amount allowed for such purpose in the order or supplemental
11 order, or to any purpose in contravention of the order or supplemental order.

12 B. The commission may grant an application under Subsection A of this
13 Section in whole or in part by a financing order, and with such modifications
14 thereto and upon such terms and conditions as the commission prescribes, and
15 may from time to time, after opportunity for hearing and for good cause shown,
16 make such supplemental orders in the premises as it finds necessary or
17 appropriate, subject, if the commission so provides, to Paragraph (C)(5) of this
18 Section. If the commission issues a financing order approving any issuance of
19 energy transition bonds under this Part, the commission may consider whether
20 the proposed structuring, expected pricing, and financing costs of the energy
21 transition bonds are reasonably expected to result in lower overall costs to
22 customers as compared with conventional methods of financing or recovering
23 energy transition costs. The commission may determine what degree of
24 flexibility to afford to the electric utility in establishing the terms and conditions
25 of the energy transition bonds, including but not limited to repayment
26 schedules, interest rates, and other financing costs. A copy of any financing
27 order made and entered by the commission under this Part duly certified by the
28 executive secretary or director of the records division, as applicable, of the
29 commission shall be sufficient evidence for all purposes of whole and complete
30 compliance by the electric utility with all procedural and other matters required

1 precedent to the entry of the order.

2 C. For a financing order issued to an electric utility by the commission
3 to create energy transition property, the financing order shall:

4 (1) Specify the amount of energy transition costs and any levels of energy
5 transition reserves determined appropriate by the commission, and provide
6 with respect to the amount of principal of the energy transition bonds and of
7 financing costs that may be recovered through energy transition charges, and
8 specify the time period over which all such amounts may be recovered. This
9 time period may be until the energy transition bonds and financing costs are
10 paid in full. To the extent the commission considers appropriate, the
11 commission may take into consideration any other methods used to recover
12 these amounts and any offsets or credits to those amounts including salvage
13 proceeds and tax benefits.

14 (2) Specify and create the energy transition property of an electric utility
15 and its assignees that shall be used to pay or secure energy transition bonds and
16 financing costs as they become due, and authorize the electric utility to impose
17 the energy transition charges on its customers.

18 (3) Provide that such energy transition property shall be sold, assigned,
19 or transferred by the electric utility to a subsidiary assignee that is wholly
20 owned, directly or indirectly, by the electric utility and that will be the issuer of
21 the energy transition bonds.

22 (4) Provide that the energy transition charges shall be sufficient at all
23 times to pay the scheduled principal of and interest on the energy transition
24 bonds as the same become due and payable and all other financing costs, and,
25 if determined appropriate by the commission, establish a formulaic true-up
26 mechanism requiring that the energy transition charges be reviewed and
27 adjusted at least annually, in order to correct any over-collection or
28 under-collection during the period after the bonds' issuance or preceding
29 true-up adjustment and to ensure the projected recovery of amounts sufficient
30 to provide timely payment of the scheduled principal of and interest on the

1 pertinent energy transition bonds and all other financing costs.

2 (5) Provide and pledge that after the earlier of the transfer of energy
3 transition property to an assignee or the issuance of authorized energy
4 transition bonds, a financing order shall be irrevocable until the indefeasible
5 payment in full of the energy transition bonds, any ancillary agreements, and
6 the financing costs. The financing order shall provide that, except as provided
7 in Subsection F of this Section or to implement any true-up mechanism adopted
8 by the commission as described in Paragraph (4) of this Subsection, the
9 commission may not amend, modify, or terminate the financing order by any
10 subsequent action or reduce, impair, postpone, terminate, or otherwise adjust
11 energy transition charges approved in the financing order, provided nothing
12 shall preclude limitation or alteration if and when full compensation is made for
13 the full protection of the energy transition charges imposed, charged, and
14 collected pursuant to a financing order and the full protection of the holders of
15 energy transition bonds and any assignee or financing party.

16 (6) Specify how amounts collected from a customer shall be allocated
17 between energy transition charges and other charges.

18 (7) Provide that a financing order remains in effect until the energy
19 transition bonds issued pursuant to the order have been indefeasibly paid in full
20 and the financing costs of such bonds have been recovered in full.

21 (8) Provide that a financing order shall remain in effect and unabated,
22 notwithstanding the reorganization, bankruptcy, or other insolvency
23 proceedings, or merger or sale, of the applicable electric utility or its successors.

24 (9) Authorize and require the electric utility, to the extent that any
25 interest in energy transition property is sold or assigned, to contract with the
26 assignee or any financing party that it shall continue to operate its system to
27 provide service to its customers, shall collect amounts in respect of the energy
28 transition charges for the benefit and account of such assignee or financing
29 party, and shall account for and remit such amounts to or for the account of
30 such assignee or financing party, including pursuant to a sequestration order

1 authorized by this Part.

2 (10) Include terms and conditions satisfactory to the commission in its
3 discretion ensuring that the imposition and collection of energy transition
4 charges authorized in the financing order shall be nonbypassable to the fullest
5 extent consistent with the Constitution of Louisiana and the commission's
6 jurisdiction. To the extent determined appropriate by the commission and
7 provided for in the financing order, such nonbypassable charges shall be
8 imposed by the electric utility on, and be a part of, all retail customer bills, be
9 periodically adjusted as described in Paragraph (4) of this Subsection, and be
10 collected by the electric utility or its successors or assignees, or other collection
11 agent, as part of the utility's retail rates, whether in base rates, fuel adjustment
12 clauses, or in any other manner considered appropriate by the commission, paid
13 by all existing and future customers receiving retail electric service from the
14 electric utility or its successors under rate schedules or special contracts
15 authorized or approved by the commission. The commission may provide for
16 payment of such nonbypassable charges even if the customer elects to purchase
17 electricity from an alternative supplier, including as a result of a fundamental
18 change in the manner of regulation of public utilities in this state, or even if the
19 customer elects to self-generate either individually or collectively with other
20 customers. Such terms and conditions may include whether the energy
21 transition charges are to be shown as a separate line item on individual
22 customer bills.

23 D. In a financing order issued to an electric utility, the commission may:

24 (1) Prescribe any limitations on potential assignees of energy transition
25 property.

26 (2) Authorize an issuer that is organized pursuant to the laws of this state
27 to provide and establish in its articles of incorporation, partnership agreement,
28 or operating agreement, as applicable, that in order for a person to file a
29 voluntary bankruptcy petition on behalf of that issuer, the prior unanimous
30 consent of the directors, partners, or managers, as applicable, shall be required.

1 If authorized in a financing order, the following apply:

2 (a) Any such provision set forth in the articles of incorporation,
3 partnership agreement, or operating agreement of such an issuer shall
4 constitute a legal, valid, and binding agreement of the shareholders and
5 directors, partners, or members and managers, as applicable, of such issuer and
6 is enforceable against such shareholders and directors, partners, or members
7 and managers.

8 (b) A person shall have authority under the laws of this state to file a
9 voluntary bankruptcy petition on behalf of such issuer only after compliance
10 with any such provision and prerequisite.

11 (3) Provide that the creation of the electric utility's energy transition
12 property pursuant to Paragraph (C)(2) of this Section is conditioned upon, and
13 shall be simultaneous with, the sale, assignment, or other transfer of the energy
14 transition property to an issuer and the security interest created in the energy
15 transition property to secure energy transition bonds and financing costs.

16 (4) Establish the portion of energy transition costs allocated to this state
17 of an electric utility that has an eligible electric generating facility and eligible
18 mine used to furnish electric service to customers within the state.

19 (5) Additionally provide with respect to any matters pertaining to and
20 within the commission's constitutional jurisdiction over electric utilities and
21 plenary power to regulate electric utilities or such other jurisdiction as may be
22 conferred on the commission by law.

23 E. After the issuance of a financing order, and within such time and
24 subject to any other limitations set forth in the financing order, the electric
25 utility retains discretion regarding whether to sell, assign, or otherwise transfer
26 energy transition property or to cause the energy transition bonds to be issued,
27 including the right to defer or postpone such sale, assignment, transfer, or
28 issuance, provided that nothing shall limit in any manner the commission's
29 authority to review any such decision for rate-making purposes.

30 F. At the request of an electric utility or on the commission's own motion

1 or the motion of any party affected by the financing order, the commission may
2 commence a proceeding and issue a subsequent financing order that provides
3 for the refinancing, retiring, or refunding of energy transition bonds issued
4 pursuant to the original financing order if the commission finds that the
5 subsequent financing order satisfies all of the criteria specified in Subsection B
6 of this Section, or provides for an accounting, refunding, or crediting to
7 customers of any excess collections of any true-up mechanism adopted by the
8 commission consistent with Paragraph (C)(4) of this Section. Effective on
9 retirement of the refunded energy transition bonds and the issuance of new
10 energy transition bonds, the commission may adjust the related energy
11 transition charges accordingly or establish substitute energy transition charges.

12 G. All financing orders by the commission shall be operative and in full
13 force and effect from the time fixed for them to become effective by the
14 commission.

15 H.(1) An aggrieved party or intervenor may as its sole remedy, within
16 fifteen days after the financing order or a supplemental order made by the
17 commission becomes effective, file in the district court of the domicile of the
18 commission, a petition setting forth the particular cause of objection to the
19 order. When a timely application for a rehearing has been made at the
20 commission, the fifteen-day time period for such appeal shall not commence
21 until the effective date of the commission order disposing of the rehearing
22 application. Inasmuch as delay in the determination of the appeal of a financing
23 order may delay the issuance of energy transition bonds, thereby diminishing
24 savings to customers which might be achieved if such bonds were issued as
25 contemplated by a financing order, all such cases shall be given precedence over
26 all other civil cases in the court and shall be heard and determined as speedily
27 as possible. The court may affirm the commission's order or set it aside.

28 (2) A right of direct appeal from any judgment of the district court shall
29 be allowed to the Louisiana Supreme Court as provided in Article IV, Section
30 21 of the Constitution of Louisiana on the terms set out in this Paragraph. No

1 appeal to the Louisiana Supreme Court shall be allowed unless the petition is
2 filed within fifteen days from the date on which the judgment of the district
3 court is entered and only if the party taking the appeal has the record certified
4 to the Louisiana Supreme Court and such party's brief filed therein within
5 twenty days from the date on which the judgment of the district court is
6 entered. Review on appeal from the commission shall be in accordance with R.S.
7 45:1193 through 1195.

8 §1274. Energy transition property

9 A. All energy transition property that is specified in a financing order
10 shall constitute an existing, present contract right constituting an
11 individualized, separate incorporeal movable susceptible of ownership, sale,
12 assignment, transfer, and security interest, including, without limitation, for
13 purposes of contracts concerning the sale of property and security interests in
14 property, notwithstanding that the value of the property and the imposition and
15 collection of energy transition charges depends on future acts such as the
16 electric utility to which the order is issued performing its servicing functions
17 relating to the collection of energy transition charges and on future electricity
18 consumption. Such property shall exist whether or not the revenues or proceeds
19 arising from the property have been billed, have accrued, or have been
20 collected, notwithstanding the fact that the value or amount of the property is
21 or may be dependent on the future provision of service to customers by the
22 electric utility or its successors and the future consumption by customers of
23 electricity. Energy transition property created by a financing order shall be a
24 vested contract right, and such financing order shall create a contractual
25 obligation of irrevocability by the commission in favor of the electric utility and
26 its assignees and financing parties.

27 B. Energy transition property specified in a financing order shall
28 continue to exist until the energy transition bonds issued pursuant to the
29 financing order are paid in full and all financing costs of the bonds have been
30 recovered in full.

1 C. All or any portion of energy transition property specified in a
2 financing order issued to an electric utility may be sold, assigned, or transferred
3 to an assignee, including an issuer that is an affiliate of the electric utility and
4 that is created for the limited purpose of acquiring, owning, or administering
5 energy transition property or issuing energy transition bonds under the
6 financing order. All or any portion of energy transition property may be
7 encumbered by a security interest to secure energy transition bonds issued
8 pursuant to the order and other financing costs. Each such sale, assignment,
9 transfer, or security interest granted by an electric utility or assignee shall be
10 considered to be a transaction in the ordinary course of business.

11 D. The description of energy transition property being sold, assigned, or
12 transferred to an assignee in any sale agreement, purchase agreement, or other
13 transfer agreement, being encumbered to a secured party in any security
14 agreement, or indicated in any financing statement shall be sufficient only if
15 such description or indication refers to the specific financing order that created
16 the energy transition property and states that such agreement or financing
17 statement covers all or part of such energy transition property described in such
18 financing order. A description of investment property in a financing statement
19 shall be sufficient if it refers to the financing order creating the energy
20 transition property. This Subsection applies to all purported sales, assignments,
21 or transfers of, and all purported liens or security interests in, energy transition
22 property, regardless of whether the related sale agreement, purchase
23 agreement, other transfer agreement, security agreement, pledge agreement, or
24 other security document or judgment was entered into, or any financing
25 statement was filed, before or after the effective date of this Part.

26 E.(1) Energy transition property shall be an individualized, separate
27 incorporeal movable susceptible of ownership, sale, assignment, transfer, and
28 security interest encumbrance, notwithstanding any of the following:

29 (a) That the energy transition charges may be authorized by the
30 commission and included as part of the electric utility's base rates or fuel

1 adjustment clause and are not shown as a separate line item on individual
2 electric bills.

3 (b) That notice is not given to customers that the energy transition
4 property has been transferred to an assignee and that such assignee is the owner
5 of the rights to the energy transition charges.

6 (c) That notice is not given to customers that the electric utility or
7 another entity, if applicable, is acting as a collection agent or servicer or in a
8 similar capacity for an assignee.

9 (d) That funds arising from the collection of energy transition property
10 by the electric utility as collection agent are commingled with other monies of
11 the electric utility prior to the electric utility's transfer as collection agent of
12 such funds to the assignee or financing party.

13 (e) That the energy transition charges are subject to a true-up
14 mechanism authorized by the commission pursuant to R.S. 45:1273(C)(4).

15 (2) A description of energy transition property, and a sale, assignment,
16 or transfer or grant of security interest, shall not be denied legal effect,
17 enforceability, perfection, or priority due to the factors provided for in
18 Paragraph (1) of this Subsection applying in whole or in part to such energy
19 transition property.

20 F. If an electric utility defaults on any required payment of charges
21 arising from energy transition property specified in a financing order, the
22 district court of the domicile of the commission, upon application by an
23 interested party, and without limiting any other remedies available to the
24 applying party, shall order the sequestration and payment of the revenues
25 arising from the energy transition property to the financing parties or their
26 representatives. Any such order shall remain in full force and effect,
27 notwithstanding any reorganization, bankruptcy, or other insolvency
28 proceedings with respect to the electric utility or its successors or the assignees.

29 G. To the extent provided in a financing order, the interest of an assignee
30 or secured party in energy transition property specified in a financing order

1 shall not be subject to setoff, counterclaim, surcharge, or defense by the electric
2 utility or by any customer of the electric utility or other person, or in connection
3 with the reorganization, bankruptcy, or other insolvency of the electric utility
4 or any other person.

5 H. To the extent provided in a financing order, any successors to an
6 electric utility, whether pursuant to any reorganization, bankruptcy, or other
7 insolvency proceeding, or whether pursuant to any merger or acquisition, sale,
8 or other business combination, or transfer by operation of law, as a result of
9 electric utility restructuring or otherwise, shall perform and satisfy all
10 obligations of, and have the same rights under a financing order as, the electric
11 utility under the financing order in the same manner and to the same extent as
12 the electric utility, including collecting and paying to the persons entitled to
13 receive them, the revenues, collections, payments, or proceeds of the energy
14 transition property. Nothing in this Section shall be intended to limit or impair
15 any authority of the commission concerning the transfer or succession of
16 interests of electric utilities.

17 §1275. Sale

18 The sale, assignment, or other transfer of energy transition property
19 shall be governed by this Section. All of the following apply to a sale,
20 assignment, or other transfer:

21 (1) The sale, assignment, or other transfer of energy transition property
22 by an electric utility to an assignee that the parties have in the governing
23 contract expressly stated to be a sale shall be an absolute transfer and true sale
24 of, and not a security interest in, the transferor's right, title, and interest in, to,
25 and under the energy transition property, other than for federal and state
26 income tax and state franchise tax purposes. For all purposes other than federal
27 and state income tax and state franchise tax purposes, the parties'
28 characterization of a transaction as a sale of an interest in energy transition
29 property shall be conclusive that the transaction is a true sale and that
30 ownership has passed to the party characterized as the purchaser, regardless

1 of whether the purchaser has possession of any documents evidencing or
2 pertaining to the interest. After such a transaction, the energy transition
3 property shall not be subject to any claims of the transferor or the transferor's
4 creditors, other than creditors holding a prior security interest in the energy
5 transition property perfected under R.S. 45:1276.

6 (2) The characterization of the sale, assignment, or other transfer as a
7 true sale or other absolute transfer pursuant to Paragraph (1) of this Section
8 and the corresponding characterization of the assignee's property interest shall
9 be determinative and conclusive irrespective of, and shall not be affected or
10 impaired by, the existence of any of the following circumstances:

11 (a) Commingling of funds arising with respect to the energy transition
12 property with other monies of the electric utility prior to the electric utility's
13 transfer as collection agent of such funds to the assignee or financing party.

14 (b) The retention by the transferor of a partial or residual interest,
15 including an equity interest or entitlement to any surplus, in the energy
16 transition property, whether direct or indirect, or whether subordinate or
17 otherwise.

18 (c) Any recourse that the assignee may have against the transferor,
19 except that any such recourse shall not be created, contingent upon, or
20 otherwise occurring or resulting from the inability or failure of one or more of
21 the transferor's customers to timely pay all or a portion of the energy transition
22 charge.

23 (d) Any indemnifications, obligations, or repurchase rights made or
24 provided by the transferor, except that such indemnity or repurchase rights
25 shall not be based solely upon the inability or failure of a transferor's customers
26 to timely pay all or a portion of the energy transition charge.

27 (e) The transferor acting as the collector of the energy transition charges
28 or the existence of any contract described in R.S. 45:1273(C)(9).

29 (f) The contrary or other treatment of the sale, assignment, or other
30 transfer for tax, financial reporting, or other purposes.

1 (g) The granting or providing to holders of the energy transition bonds
 2 of a preferred right to the energy transition property, or credit enhancement by
 3 the electric utility or its affiliates with respect to the energy transition bonds.

4 (h) The status of the issuer as a direct or indirect wholly owned
 5 subsidiary or other affiliate of the electric utility. The separate juridical
 6 personality of any issuer that is an assignee of energy transition property shall
 7 not be disregarded due to the fact that the issuer and the electric utility share
 8 any one or more incidents of control, including common managers, officers,
 9 directors, members, accounting or administrative systems, consolidated tax
 10 returns, or office space, that the issuer may be a disregarded entity for tax
 11 purposes, that the utility caused the formation of the issuer, that a contract by
 12 the utility and the issuer described in R.S. 45:1273(C)(9) exists, that the issuer
 13 has no other business other than pertaining to the energy transition property,
 14 that the capitalization of the issuer is limited to amounts required for
 15 compliance with certain applicable federal income tax laws and revenue
 16 procedures, or that other factors used in applying a single business enterprise
 17 test to juridical persons are present.

18 (i) The matters described in R.S. 45:1274(E).

19 (j) Any other term of the contract under Paragraph (1) of this Section.

20 (3) Any right that an electric utility has in the energy transition property
 21 prior to its sale, assignment, or transfer shall be incorporeal movable property
 22 in the form of a present vested contract right, notwithstanding any contrary
 23 treatment for accounting or tax purposes. The ownership of an interest in
 24 energy transition property is voluntarily transferred by a contract between the
 25 owner and the assignee that purports to transfer the ownership of that interest.
 26 Unless otherwise provided, the transfer of ownership takes place as between the
 27 parties as soon as there is written agreement on the interest, the purchase price
 28 is fixed, and the financing order has been issued. Such transfer is perfected and
 29 takes effect against all third parties including without limitation subsequent lien
 30 creditors when the transfer has become effective between the parties and when

1 a financing statement giving notice of the sale, assignment, or transfer is filed
2 in accordance with Paragraph (4) of this Section. Delivery of such an interest
3 in energy transition property takes place by operation of law upon the transfer
4 becoming effective against third parties.

5 (4) Financing statements required to be filed pursuant to this Section
6 shall be filed, indexed, maintained, amended, assigned, continued, and
7 terminated in the same manner and in the same system of records maintained
8 for the filing of financing statements under the Uniform Commercial
9 Code-Secured Transactions. The filing of such a financing statement shall be the
10 only method of perfecting a sale, assignment, or transfer of energy transition
11 property. The sale, assignment, or transfer of an interest in energy transition
12 property perfected by filing a financing statement shall be effective against the
13 customers owing payment of the energy transition charges, creditors of the
14 transferor, subsequent transferees, and all other third persons, notwithstanding
15 the absence of actual knowledge of or notice to the customers of the sale,
16 assignment, or transfer.

17 (5) The priority of the conflicting ownership interests of assignees in the
18 same interest or rights in any energy transition property is determined as
19 follows:

20 (a) Conflicting perfected interests or rights of assignees rank according
21 to priority in time of perfection.

22 (b) A perfected interest or right of an assignee has priority over a
23 conflicting unperfected interest or right of an assignee.

24 (c) A perfected interest or right of an assignee shall have priority over
25 a person who becomes a lien creditor after the perfection of such assignee's
26 interest or right.

27 (6) The priority of a sale, assignment, or transfer perfected pursuant to
28 this Section shall not be impaired by any later modification of the financing
29 order or energy transition property or by the commingling of funds arising
30 from energy transition property with other funds. Any other security interest

1 that may apply to those funds, other than a security interest perfected under
 2 R.S. 45:1276, shall be terminated when those funds are transferred to a
 3 segregated account for the assignee or a financing party. If energy transition
 4 property has been transferred to an assignee or financing party, the utility or
 5 other person serving as collection agent under any contract described in R.S.
 6 45:1273(C)(9) shall hold any proceeds of that property as a mandatary and
 7 fiduciary and deliver such proceeds to the assignee or financing party.

8 (7) No customer of an electric utility owing payment of an energy
 9 transition charge may, by agreement with the electric utility or otherwise,
 10 prohibit, restrict, or require the consent of such customer to the sale,
 11 assignment, or transfer of or security interest in the energy transition charge.

12 §1276. Security interests

13 A. The Uniform Commercial Code-Secured Transactions shall not apply
 14 to energy transition property or any right, title, or interest of a utility or
 15 assignee, whether before or after the issuance of the financing order, except to
 16 the extent specified in R. S. 45:1277(A). In addition, such right, title, or interest
 17 pertaining to a financing order, including but not limited to the associated
 18 energy transition property including any revenues, collections, claims, rights to
 19 payment, payments, money, or proceeds of or arising from energy transition
 20 charges pursuant to such order, shall not be treated as proceeds of any right or
 21 interest other than of the financing order and the energy transition property
 22 arising from the financing order. All revenues and collections resulting from
 23 energy transition property shall constitute proceeds only of the energy
 24 transition property arising from the financing order.

25 B. Except to the extent provided in this Part with respect to filings of
 26 financing statements or control of deposit accounts or investment property as
 27 original collateral, the creation, attachment, granting, perfection, and priority
 28 of security interests in energy transition property to secure energy transition
 29 bonds and financing costs shall be governed solely by this Part and not by the
 30 Uniform Commercial Code-Secured Transactions. Energy transition property

1 shall not be susceptible of pledge under Title XX-A of Book III of the Civil
2 Code.

3 C.(1) A security interest in energy transition property shall be valid and
4 enforceable against the electric utility and its successors, any assignee, and any
5 third parties and attaches to energy transition property only after all of the
6 following conditions are met:

7 (a) The issuance of a financing order.

8 (b) The execution and delivery of a security agreement with a financing
9 party in connection with the issuance of energy transition bonds.

10 (c) The receipt of value for the energy transition bonds.

11 (2) A security interest attaches to energy transition property when all of
12 the conditions of Paragraph (1) of this Subsection have been met, unless the
13 security agreement expressly postpones the time of attachment.

14 D. A security interest in energy transition property shall be perfected
15 only if it has attached and a financing statement indicating the energy transition
16 property collateral covered has been filed. A financing statement shall be filed
17 to perfect all security interests and liens in energy transition property. A
18 security interest in energy transition property shall be perfected when it has
19 attached and when the applicable financing statement has been filed. The
20 interest of a secured party shall not be perfected unless a financing statement
21 sufficient pursuant to this Part and otherwise in accordance with the Uniform
22 Commercial Code-Secured Transactions is filed, and after perfection, the
23 secured party's interest continues in the energy transition property and all
24 proceeds of such energy transition property, whether or not billed, accrued, or
25 collected, and whether or not deposited into a deposit account and however
26 evidenced. A security interest in proceeds of energy transition property shall be
27 a perfected security interest if the security interest in the energy transition
28 property was perfected pursuant to this Part. Financing statements required to
29 be filed pursuant to this Section shall be filed, indexed, maintained, amended,
30 assigned, continued, and terminated in the same manner and in the same system

1 of records maintained for the filing of financing statements pursuant to the
2 Uniform Commercial Code-Secured Transactions. The filing of the financing
3 statement shall be the only method of perfecting a lien or security interest on
4 energy transition property. The financing statement shall be filed as if the
5 debtor named therein were located in this state.

6 E. The priority of the conflicting security interests of secured parties in
7 the same interest or rights in any energy transition property shall be
8 determined as follows:

9 (1) Conflicting perfected security interests of secured parties rank
10 according to priority in time of perfection.

11 (2) A perfected security interest of a secured party shall have priority
12 over a conflicting unperfected security interest of a secured party.

13 (3) A perfected security interest of a secured party shall have priority
14 over a person who becomes a lien creditor after the perfection of such secured
15 party's security interest.

16 F. A perfected security interest in energy transition property and all
17 proceeds of such energy transition property, whether or not billed, accrued, or
18 collected, and whether or not deposited into a deposit account and however
19 evidenced, shall have priority over a conflicting lien or privilege of any nature
20 in the same collateral property, except a security interest shall be subordinate
21 to the rights of a person that becomes a lien creditor before the perfection of
22 such security interest. A security interest in energy transition property which
23 qualifies for priority over a conflicting security interest, lien, or privilege also
24 has priority over the conflicting security interest, lien, or privilege in proceeds
25 of the investment recovery property. The relative priority of a perfected
26 security interest of a secured party shall not be adversely affected by any
27 security interest, lien, or privilege in a deposit account of the electric utility that
28 is a collector as described in R.S. 45:1273(C)(9) and into which the revenues are
29 deposited. The priority of a security interest perfected pursuant to this Section
30 shall not be defeated or impaired by any later modification of the financing

1 order or energy transition property or by the commingling of funds arising
2 from energy transition property with other funds. Any other security interest
3 that may apply to those funds shall be terminated as to all funds transferred to
4 a segregated account for the benefit of an assignee or a financing party or to an
5 assignee or financing party directly. The perfection by control, the effect of
6 perfection by control, and the priority of a security interest granted by the
7 issuer of and securing energy transition bonds held by a secured party having
8 control of a segregated deposit account or securities account as original
9 collateral into which revenues, collections, or proceeds of energy transition
10 property are deposited or credited shall be governed by the Uniform
11 Commercial Code-Secured Transactions, including the choice of law rules in
12 Part III thereof.

13 G. If a default occurs under the terms of the energy transition bonds, the
14 secured party may foreclose on or otherwise enforce the security interest in any
15 energy transition property as if it was a secured party under the Uniform
16 Commercial Code-Secured Transactions. A secured party holding a security
17 interest in energy transition property shall be entitled to exercise all of the same
18 rights and remedies as are available to a secured party pursuant to the Uniform
19 Commercial Code-Secured Transactions, to the same extent as if those rights
20 and remedies were set forth in this Part. A court of competent jurisdiction may
21 order that amounts arising from energy transition property be transferred to
22 a separate account of the secured party for the financing parties' benefit, to
23 which their security interest shall apply. On application by or on behalf of a
24 secured party to the district court of the domicile of the commission, the court
25 shall order the sequestration and payment to the financing parties of revenues
26 arising from the energy transition property.

27 H. A security interest created under this Part may provide for a security
28 interest in after-acquired collateral. A security interest granted pursuant to this
29 Part shall not be invalid or fraudulent against creditors solely because the
30 grantor or the electric utility as collector or servicer has the right or ability to

1 commingle the collateral or proceeds, or collect, compromise, enforce, and
2 otherwise deal with collateral.

3 I. Any action arising under the provisions of this Part to enforce a
4 security interest in any energy transition property, or which otherwise asserts
5 an interest in, or a right in, to, or against any energy transition property,
6 wherever located or deemed located, or any security interest governed by this
7 Part, shall be brought in the district court of the domicile of the commission.
8 The suits shall be governed by the provisions of the Code of Civil Procedure and
9 other law applicable to executory proceedings, including provisional remedies,
10 but only to the extent such laws are consistent with the language and purposes
11 of this Part. Nothing in this Subsection shall be construed to deny to the
12 commission any jurisdiction conferred upon it by law or the Constitution of
13 Louisiana.

14 §1277. Choice of law; conflicts

15 A. The law governing the validity, enforceability, attachment, creation,
16 perfection, the effect of perfection or nonperfection, priority, exercise of
17 remedies, and venue with respect to the sale, assignment, or transfer of an
18 interest or right or the creation of a security interest in any energy transition
19 property shall be exclusively the laws of this state, without applying this state's
20 laws of conflicts of laws and notwithstanding any contrary contractual
21 provision, except as provided in R.S. 45:1276(F). The validity, enforceability,
22 attachment, creation, perfection, the effect of perfection or nonperfection,
23 priority, exercise of remedies, and venue with respect to the sale, assignment,
24 or transfer of an interest or right or the creation of a security interest in any
25 energy transition property shall be governed by this Part, and solely to the
26 extent not addressed by this Part, by the Uniform Commercial Code-Secured
27 Transactions and other laws of this state. The contents and sufficiency of
28 financing statements referenced in this Part shall be governed by this Part and
29 to the extent not addressed by this Part by the Uniform Commercial
30 Code-Secured Transactions. Notwithstanding any other law to the contrary, this

1 Part provides that the Uniform Commercial Code-Secured Transactions applies
 2 to the filings of financing statements referenced in this Part, to perfection, the
 3 effect of perfection or nonperfection, and the priority of security interests held
 4 by a secured party having control of deposit accounts or securities accounts as
 5 original collateral securing energy transition bonds, notwithstanding that
 6 proceeds of energy transition charges are deposited therein, and to the
 7 enforcement of security interests in energy transition property, in each case
 8 subject to Subsection B of this Section.

9 B. In the event of conflict between this Part and any other law regarding
 10 the validity, enforceability, attachment, creation, perfection, the effect of
 11 perfection or nonperfection, or priority of, a sale, assignment, or transfer of, or
 12 security interest in, energy transition property, or the exercise of remedies or
 13 venue with respect thereto, this Part shall govern to the extent of the conflict.

14 C. This Section shall not be interpreted to conflict with or modify R.S.
 15 45:1276(B).

16 §1278. Energy transition bonds

17 Energy transition bonds shall not be a debt or a general obligation of the
 18 state or any of its political subdivisions, agencies, or instrumentalities and shall
 19 not be a charge on their full faith and credit. An issue of energy transition bonds
 20 shall not, directly, indirectly, or contingently, obligate the state or any agency,
 21 political subdivision, or instrumentality of the state to levy any tax or make any
 22 appropriation for payment of the bonds, other than for paying energy transition
 23 charges in their capacity as consumers of electricity. All energy transition bonds
 24 authorized by a financing order by the commission shall contain on the face of
 25 a statement the following: "Neither the full faith and credit nor the taxing
 26 power of the state of Louisiana is pledged to the payment of the principal of, or
 27 interest on, this bond".

28 §1279. State pledge

29 A. For purposes of this Section, the term "bondholder" means a person
 30 who holds an energy transition bond, including in book entry form.

1 B.(1) The state and the Legislature of Louisiana each pledge to and agree
2 with bondholders, the owners of the energy transition property, and other
3 financing parties that, until the financing costs and the energy transition bonds
4 and any ancillary agreements have been paid and performed in full, the state
5 and the Legislature of Louisiana shall not do any of the following:

6 (a) Alter the provisions of this Part that authorize the commission to
7 create an irrevocable contract right by the issuance of a financing order, to
8 create energy transition property, and to make the energy transition charges
9 imposed by a financing order irrevocable, binding, and nonbypassable charges.

10 (b) Take or permit any action that impairs or would impair the value of
11 energy transition property.

12 (c) Take or permit any action that impairs or would impair the rights
13 and remedies of the issuer, any other assignee, such bondholders or other
14 financing parties, or the security for the energy transition bonds or ancillary
15 agreements.

16 (d) Except as provided for in this Section and except for adjustments
17 under any true-up mechanism established by the commission, reduce, alter, or
18 impair energy transition charges that are to be imposed, collected, and remitted
19 for the benefit of the bondholders and other financing parties until any and all
20 principal, interest, premium, financing costs, and other fees, expenses, or
21 charges incurred, and any contracts to be performed, in connection with the
22 related energy transition bonds have been paid and performed in full.

23 (2) Nothing in this Subsection shall preclude limitation or alteration if
24 and when full compensation is made by law for the full protection of the energy
25 transition charges imposed, charged, and collected pursuant to a financing
26 order and full protection of the holders of energy transition bonds and any
27 assignee or financing party.

28 C. Any person or entity that issues energy transition bonds may include
29 the pledges specified in Subsection B of this Section and in R.S. 45:1273(C)(5)
30 in the bonds and related documentation.

1 **§1280. Electric utility applicability**

2 **An assignee or financing party shall not be considered an electric utility**
3 **or person providing electric service by virtue of engaging in the transactions**
4 **described in this Part.**

5 **§1281. No impairment of commission jurisdiction**

6 **A. Nothing in this Part is intended to be nor shall be construed to**
7 **constitute any limitation, derogation, or diminution of the jurisdiction or**
8 **authority of the commission provided by law, including that provided in or**
9 **exercised by the commission pursuant to the Constitution of Louisiana.**

10 **B. A utility may finance energy transition costs that were incurred before**
11 **August 1, 2022. To the extent that a utility has made application for a**
12 **determination of energy transition costs before August 1, 2022, that application**
13 **may provide the basis in part for the commission's financing order pursuant to**
14 **this Part. Further, to the extent that the commission has made a determination**
15 **of prudent recoverable energy transition costs of a utility before August 1, 2022,**
16 **that determination may provide the basis for the utility's application for a**
17 **financing order under this Part.**

18 Section 3. This Act shall become effective upon signature by the governor or, if not
19 signed by the governor, upon expiration of the time for bills to become law without signature
20 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
21 vetoed by the governor and subsequently approved by the legislature, this Act shall become
22 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____