

7-538.

A TRANSACTION THAT INVOLVES THE TRANSFER AND OWNERSHIP OF RATE STABILIZATION PROPERTY AND THE RECEIPT OF RATE STABILIZATION CHARGES ARE EXEMPT FROM STATE AND LOCAL INCOME, SALES, FRANCHISE, GROSS RECEIPTS, AND OTHER TAXES OR SIMILAR CHARGES.

7-539.

(A) AN AGREEMENT BY AN ELECTRIC COMPANY OR ASSIGNEE TO TRANSFER RATE STABILIZATION PROPERTY THAT EXPRESSLY STATES THAT THE TRANSFER IS A SALE OR OTHER ABSOLUTE TRANSFER SIGNIFIES THAT:

(1) THE TRANSACTION IS A TRUE SALE AND IS NOT A SECURED TRANSACTION; AND

(2) LEGAL AND EQUITABLE TITLE HAS PASSED TO THE ENTITY TO WHICH THE RATE STABILIZATION PROPERTY IS TRANSFERRED.

(B) THE STATUS OF THE TRANSFER AS A TRUE SALE PREVAILS REGARDLESS OF ANY RECOURSE THE PURCHASER MAY HAVE AGAINST THE SELLER, OR ANY OTHER TERM OF THE PARTIES' AGREEMENT, INCLUDING:

(1) THE SELLER'S RETENTION OF AN EQUITY INTEREST IN THE RATE STABILIZATION PROPERTY;

(2) THE FACT THAT THE ELECTRIC COMPANY ACTS AS THE COLLECTOR OF QUALIFIED RATE STABILIZATION CHARGES RELATING TO THE RATE STABILIZATION PROPERTY; AND

(3) THE TREATMENT OF THE TRANSFER AS A FINANCING FOR TAX, FINANCIAL REPORTING, OR OTHER PURPOSES.

7-540.

(A) THE INTEREST OF AN ASSIGNEE OR PLEDGEE IN RATE STABILIZATION PROPERTY AND IN THE REVENUES AND COLLECTIONS ARISING FROM THAT PROPERTY IS NOT SUBJECT TO SETOFF, COUNTERCLAIM, SURCHARGE, OR DEFENSE BY THE ELECTRIC COMPANY OR ANY OTHER PERSON OR IN CONNECTION WITH THE BANKRUPTCY OF THE ELECTRIC COMPANY OR ANY OTHER ENTITY.

(B) A QUALIFIED RATE ORDER REMAINS IN EFFECT AND UNABATED NOTWITHSTANDING THE BANKRUPTCY OF THE ELECTRIC COMPANY, ITS SUCCESSORS, OR ASSIGNEES.

7-541.

(A) (1) THE ELECTRIC BILL OF AN ELECTRIC COMPANY THAT HAS OBTAINED A QUALIFIED RATE ORDER AND ISSUED RATE STABILIZATION BONDS MUST:

(I) EXPLICITLY REFLECT THAT A PORTION OF THE CHARGES ON THE BILL REPRESENTS QUALIFIED RATE STABILIZATION CHARGES APPROVED IN A QUALIFIED RATE ORDER ISSUED TO THE ELECTRIC COMPANY; AND