

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for House Bill No. 835, Page 2, Section 393.106, Line 53, by
2 inserting after all of said section and line the following:

3
4 "393.1700. 1. For purposes of this section and section 393.1705, the following terms shall
5 mean:

6 (1) "Ancillary agreement", a bond, insurance policy, letter of credit, reserve account, surety
7 bond, interest rate lock or swap arrangement, hedging arrangement, liquidity or credit support
8 arrangement, or other financial arrangement entered into in connection with securitized utility tariff
9 bonds;

10 (2) "Assignee", a legally recognized entity to which an electrical corporation assigns, sells,
11 or transfers, other than as security, all or a portion of its interest in or right to securitized utility tariff
12 property. The term includes a corporation, limited liability company, general partnership or limited
13 partnership, public authority, trust, financing entity, or any entity to which an assignee assigns, sells,
14 or transfers, other than as security, its interest in or right to securitized utility tariff property;

15 (3) "Bondholder", a person who holds a securitized utility tariff bond;

16 (4) "Code", the uniform commercial code, chapter 400;

17 (5) "Commission", the Missouri public service commission;

18 (6) "Electrical corporation", the same as defined in section 386.020 but shall not include an
19 electrical corporation as described in subsection 2 of section 393.110;

20 (7) "Energy transition costs", all of the following:

21 (a) Pretax costs with respect to a retired or abandoned or to be retired or abandoned electric
22 generating facility that is the subject of a petition for a financing order filed under this section where
23 such early retirement or abandonment is deemed reasonable and prudent by the commission through
24 a final order issued by the commission include, but are not limited to, the undepreciated investment
25 in the retired or abandoned or to be retired or abandoned electric generating facility and any
26 facilities ancillary thereto or used in conjunction therewith, costs of decommissioning and restoring
27 the site of the electric generating facility, other applicable capital and operating costs, accrued
28 carrying charges, and deferred expenses with the foregoing to be reduced by applicable tax benefits
29 of accumulated and excess deferred income taxes, insurance scrap and salvage proceeds and include
30 the cost of retiring any existing indebtedness, fees, costs, and expenses to modify existing debt
31 agreements or for waivers or consents related to existing debt agreements; and

32 (b) Pretax costs that an electrical corporation has previously incurred related to the
33 retirement or abandonment of such an electric generating facility occurring before August 28, 2021;

34 (8) "Financing costs", includes all of the following:

35 (a) Interest and acquisition, defeasance, or redemption premiums payable on securitized
36 utility tariff bonds;

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1 (b) Any payment required under an ancillary agreement and any amount required to fund or
 2 replenish a reserve account or other accounts established under the terms of any indenture, ancillary
 3 agreement, or other financing documents pertaining to securitized utility tariff bonds;

4 (c) Any other cost related to issuing, supporting, repaying, refunding, and servicing
 5 securitized utility tariff bonds, including servicing fees, accounting and auditing fees, trustee fees,
 6 legal fees, consulting fees, structuring adviser fees, administrative fees, placement and underwriting
 7 fees, independent director and manager fees, capitalized interest, rating agency fees, stock exchange
 8 listing and compliance fees, security registration fees, filing fees, information technology
 9 programming costs, and any other costs necessary to otherwise ensure the timely payment of
 10 securitized utility tariff bonds or other amounts or charges payable in connection with the bonds,
 11 including costs related to obtaining the financing order;

12 (d) Any taxes and license fees or other fees imposed on the revenues generated from the
 13 collection of the securitized utility tariff charge or otherwise resulting from the collection of
 14 securitized utility tariff charges, in any such case whether paid, payable, or accrued;

15 (e) Any state and local taxes, franchise, gross receipts, and other taxes or similar charges,
 16 including commission assessment fees, whether paid, payable, or accrued; and

17 (f) Any costs of the commission needed to perform the commission responsibilities under
 18 this act in connection with the issuance of a financing order including costs to engage counsel and a
 19 financial advisor;

20 (9) "Financing order", an order from the commission that authorizes the issuance of
 21 securitized utility tariff bonds; the imposition, collection, and periodic adjustments of a securitized
 22 utility tariff charge; the creation of securitized utility tariff property; and the sale, assignment, or
 23 transfer of energy transition property to an assignee;

24 (10) "Financing party", bondholders and trustees, collateral agents, any party under an
 25 ancillary agreement, or any other person acting for the benefit of bondholders;

26 (11) "Financing statement", the same as defined in article 9 of the code;

27 (12) "Pledgee", a financing party to which an electrical corporation or its successors or
 28 assignees mortgages, negotiates, pledges, or creates a security interest or lien on all or any portion of
 29 its interest in or right to securitized utility tariff property;

30 (13) "Qualified extraordinary costs", costs incurred prudently before, on, or after the
 31 effective date of this section of an extraordinary nature which could cause extreme customer rate
 32 impacts if reflected in retail customer rates through customary ratemaking including, but not limited
 33 to, those related to purchases of fuel or power, inclusive of carrying charges, during anomalous
 34 weather events;

35 (14) "Rate base cutoff date", the same as defined in subdivision (4) of subsection 1 of
 36 section 393.1400 as such term existed on August 28, 2021;

37 (15) "Securitized utility tariff bonds", bonds, debentures, notes, certificates of participation,
 38 certificates of beneficial interest, certificates of ownership, or other evidence of indebtedness or
 39 ownership that are issued by an electrical corporation or an assignee pursuant to a financing order,
 40 the proceeds of which are used directly or indirectly to recover, finance, or refinance commission-
 41 approved energy transition costs and financing costs, and that are secured by or payable from energy
 42 transition property. If certificates of participation or ownership are issued, references in this section
 43 to principal, interest, or premium shall be construed to refer to comparable amounts under those
 44 certificates;

45 (16) "Securitized utility tariff charge", the amounts authorized by the commission to repay,
 46 finance, or refinance energy transition costs and financing costs and that are, except as otherwise
 47 provided for in this section, nonbypassable charges imposed on and part of all retail customer bills
 48 collected by an electrical corporation or its successors or assignees or a collection agent, in full,
 49 separate and apart from the electrical corporation's base rates, and paid by all existing or future retail

1 customers receiving electrical service from the electrical corporation or its successors or assignees
 2 under commission-approved rate schedules, except for customers receiving electrical service under
 3 special contracts as of August 28, 2021, even if a retail customer elects to purchase electricity from
 4 an alternative electricity supplier following a fundamental change in regulation of public utilities in
 5 this state;

6 (17) "Securitized utility tariff costs", either energy transition costs or qualified extraordinary
 7 costs, as the case may be;

8 (18) "Securitized utility tariff property", all of the following:

9 (a) All rights and interests of an electrical corporation or successor or assignee of the
 10 electrical corporation under a financing order, including the right to impose, bill, charge, collect, and
 11 receive securitized utility tariff charges authorized under the financing order and to obtain periodic
 12 adjustments to such charges as provided in the financing order; and

13 (b) All revenues, collections, claims, rights to payments, payments, moneys, or proceeds
 14 arising from the rights and interests specified in the financing order, regardless of whether such
 15 revenues, collections, claims, rights to payment, payments, moneys, or proceeds are imposed, billed,
 16 received, collected, or maintained together with or commingled with other revenues, collections,
 17 rights to payment, payments, moneys, or proceeds;

18 (19) "Special contract", electrical service provided under the terms of a special incremental
 19 load rate schedule at a fixed price rate approved by the commission.

20 2. (1) An electrical corporation may petition the commission for a financing order to
 21 finance energy transition costs through an issuance of securitized utility tariff bonds. The petition
 22 shall include all of the following:

23 (a) A description of the electric generating facility or facilities that the electrical corporation
 24 has retired or abandoned, or proposes to retire or abandon, prior to the date that all undepreciated
 25 investments relating thereto have been recovered through rates and the reasons for undertaking such
 26 early retirement or abandonment, or if the electrical corporation is subject to a separate commission
 27 order or proceeding relating to such retirement or abandonment as contemplated by subdivision (2)
 28 of this subsection, and a description of the order or other proceeding;

29 (b) The energy transition costs;

30 (c) An indicator of whether the electrical corporation proposes to finance all or a portion of
 31 the energy transition costs using securitized utility tariff bonds. If the electrical corporation proposes
 32 to finance a portion of the costs, the electrical corporation shall identify the specific portion in the
 33 petition. By electing not to finance all or any portion of such energy transition costs using
 34 securitized utility tariff bonds, an electrical corporation shall not be deemed to waive its right to
 35 recover such costs pursuant to a separate proceeding with the commission;

36 (d) An estimate of the financing costs related to the securitized utility tariff bonds;

37 (e) An estimate of the energy transition charges necessary to recover the securitized utility
 38 tariff costs and financing costs and the period for recovery of such costs;

39 (f) A comparison between the net present value of the costs to customers that are estimated
 40 to result from the issuance of securitized utility tariff bonds and the costs that would result from the
 41 application of the traditional method of financing and recovering the undepreciated investment of
 42 facilities that may become securitized utility tariff costs from customers. The comparison should
 43 demonstrate that the issuance of energy transition bonds and the imposition of securitized utility
 44 tariff charges are expected to provide quantifiable benefits to quantifiable benefits to customers;

45 (g) A proposed future ratemaking process to reconcile any differences between securitized
 46 utility tariff costs financed by securitized utility tariff bonds and the final securitized costs incurred
 47 by the electrical corporation or assignee provided that any such reconciliation shall not affect the
 48 amount of securitized utility tariff bonds or the associated securitized utility tariff charges paid by
 49 customers; and

1 (h) Direct testimony and schedules supporting the petition.

2 (2) An electrical corporation may petition the commission for a financing order to securitize
3 qualified extraordinary costs. The petition shall include all of the following:

4 (a) A description of the qualified extraordinary costs, including their magnitude, the reasons
5 those costs were incurred by the electrical corporation and the retail customer rate impact that would
6 result from customary ratemaking treatment of such costs;

7 (b) An indicator of whether the electrical corporation proposes to finance all or a portion of
8 the qualified extraordinary costs using securitized utility tariff bonds. If the electrical corporation
9 proposes to finance a portion of the costs, the electrical corporation shall identify the specific
10 portion in the petition. By electing not to finance all or any portion of such qualified extraordinary
11 costs using securitized utility tariff bonds, an electrical corporation shall not be deemed to waive its
12 right to reflect recover such costs in its retail rates pursuant to a separate proceeding with the
13 commission;

14 (c) An estimate of the financing costs related to the securitized utility tariff bonds;

15 (d) An estimate of the securitized utility tariff charges necessary to recover the qualified
16 extraordinary costs and financing costs and the period for recovery of such costs;

17 (e) A comparison between the net present value of the costs to customers that are estimated
18 to result from the issuance of securitized utility tariff bonds and the costs that would result from the
19 application of the customary method of financing and reflecting covering the qualified extraordinary
20 costs in from retail customer rates. The comparison should demonstrate that the issuance of
21 securitized utility tariff bonds and the imposition of securitized utility tariff charges are expected to
22 provide quantifiable benefits to retail customers;

23 (f) A proposed future ratemaking process to reconcile any differences between securitized
24 utility tariff costs financed by securitized utility tariff bonds and the final securitized costs incurred
25 by the electrical corporation or assignee provided that any such reconciliation shall not affect the
26 amount of securitized utility tariff bonds or the associated securitized utility tariff charges paid by
27 customers;

28 (g) Direct testimony and schedules supporting the petition. (3) (a) Proceedings on a petition
29 submitted pursuant to this subdivision begin with the petition by an electrical corporation, filed
30 subject to the time frame specified in subdivision (2) of this subsection, if applicable, and shall be
31 disposed of in accordance with the requirements of this section and the rules of the commission,
32 except as follows:

33 a. Within fourteen days after the date the petition is filed, the commission shall establish a
34 procedural schedule that permits a commission decision no later than one hundred thirty-five days
35 after the date the petition is filed;

36 b. No later than one hundred thirty-five days after the date the petition is filed, the
37 commission shall issue a financing order approving the petition or an order rejecting the petition;
38 provided, however, that the electrical corporation shall provide notice of intent to file a petition for
39 in proceedings initiated by the first petition for a financing order to the commission no less than 60
40 days in advance of such filing; and

41 c. An adversely affected party may seek judicial review of a financing order in accordance
42 with sections 386.500 and 386.510.

43 (b) A financing order issued by the commission, after a hearing, to an electrical corporation
44 shall include all of the following elements:

45 a. The amount of securitized utility tariff costs to be financed using securitized utility tariff
46 bonds and a finding that recovery of such costs is just and reasonable. The commission shall
47 describe and estimate the amount of financing costs that may be recovered through securitized
48 utility tariff charges and specify the period over which securitized utility tariff costs and financing
49 costs may be recovered;

1 b. A finding that the proposed issuance of securitized utility tariff bonds and the imposition
2 and collection of a securitized utility tariff charge are just and reasonable and are expected to
3 provide quantifiable benefits to customers as compared to the costs to recover the securitized utility
4 tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds;

5 c. A finding that the structuring and pricing of the securitized utility tariff bonds are
6 reasonably expected to result in the lowest securitized utility tariff charges consistent with market
7 conditions at the time the securitized utility tariff bonds are priced and the terms of the financing
8 order;

9 d. A requirement that, for so long as the securitize utility tariff bonds are outstanding and
10 until all financing costs have been paid in full, the imposition and collection of energy transition
11 charges authorized under a financing order shall be nonbypassable and paid by all existing and
12 future retail customers receiving electrical service from the electrical corporation or its successors or
13 assignees under commission-approved rate schedules, except for customers receiving electrical
14 service under special contracts on August 28, 2021, even if a retail customer elects to purchase
15 electricity from an alternative electric supplier following a fundamental change in regulation of
16 public utilities in this state;

17 e. A formula-based, true-up mechanism for making, at least annually, expeditious periodic
18 adjustments in the securitized utility tariff charges that customers are required to pay pursuant to the
19 financing order and for making any adjustments that are necessary to correct for any overcollection
20 or undercollection of the charges or to otherwise ensure the timely payment of securitized utility
21 tariff bonds and financing costs and other required amounts and charges payable in connection with
22 the energy transition bonds;

23 f. The securitized utility tariff property that is, or shall be, created in favor of an electrical
24 corporation or its successors or assignees and that shall be used to pay or secure energy transition
25 bonds and all financing costs;

26 g. The degree of flexibility to be afforded to the electrical corporation in establishing the
27 terms and conditions of the securitized utility tariff bonds, including, but not limited to, repayment
28 schedules, expected interest rates, and other financing costs;

29 h. How securitized utility tariff charges will be allocated among retail customer classes.
30 The initial allocation shall remain in effect until the electrical corporation completes a general rate
31 proceeding, and once the commission's order from that general rate proceeding becomes final, all
32 subsequent applications of an adjustment mechanism regarding securitized utility tariff charges shall
33 incorporate changes in the allocation of costs to customers as detailed in the commission's order
34 from the electrical corporation's most recent general rate proceeding;

35 i. A requirement that, after the final terms of an issuance of securitized utility tariff bonds
36 have been established and before the issuance of securitized utility tariff bonds, the electrical
37 corporation determines the resulting initial securitized utility tariff charge in accordance with the
38 financing order and that such initial securitized utility tariff charge be final and effective upon the
39 issuance of such securitized utility tariff bonds without further commission action so long as the
40 securitized utility tariff charge is consistent with the financing order;

41 j. A method of tracing funds collected as securitized utility tariff charges, or other proceeds
42 of securitized utility tariff property, determining that such method shall be deemed the method of
43 tracing such funds and determining the identifiable cash proceeds of any securitized utility tariff
44 property subject to a financing order under applicable law;

45 k. A statement specifying a future ratemaking process to reconcile any differences between
46 the actual securitized utility tariff costs financed by securitized utility tariff bonds and the final
47 securitized utility tariff costs incurred by the electrical corporation or assignee provided that any
48 such reconciliation shall not affect the amount of securitized utility tariff bonds or the associated
49 securitized utility tariff charges paid by customers;

1 l. A procedure that shall allow the electrical corporation to earn a return, at the cost of
2 capital authorized from time to time by the commission in the electrical corporation's rate
3 proceedings, on any moneys advanced by the electrical corporation to fund reserves, if any, or
4 capital accounts established under the terms of any indenture, ancillary agreement, or other
5 financing documents pertaining to the securitized utility tariff bonds;

6 m. In a financing order granting authorization to securitize energy transition costs or in a
7 financing order granting authorization to securitize qualified extraordinary costs that include retired
8 or abandoned facility costs, a procedure for the treatment of accumulated deferred income taxes and
9 excess deferred income taxes in connection with the retired or abandoned or to be retired or
10 abandoned electric generating facility, or in connection with retired or abandoned facilities included
11 in qualified extraordinary costs. The accumulated deferred income taxes, including excess deferred
12 income taxes, shall be excluded from rate base in future general rate cases and the net tax benefits
13 relating to amounts that will be recovered through the issuance of securitized utility tariff bonds
14 shall be credited to retail customers by reducing the amount of such securitized utility tariff bonds
15 that would otherwise be issued. The customer credit shall include the net present value of the tax
16 benefits, calculated using a discount rate equal to the expected interest rate of the securitized utility
17 tariff bonds, for the estimated accumulated and excess deferred income taxes at the time of
18 securitization including timing differences created by the issuance of securitized utility tariff bonds
19 amortized over the period of the bonds multiplied by the expected interest rate on such securitized
20 utility tariff bonds;

21 n. An outside date, which shall not be earlier than one year after the date the financing order
22 is no longer subject to appeal, when the authority to issue securitized utility tariff bonds granted in
23 such financing order shall expire; and

24 o. Any other conditions that the commission considers appropriate and that are authorized
25 by this section.

26 (c) A financing order issued to an electrical corporation may provide that creation of the
27 electrical corporation's securitized utility tariff property is conditioned upon, and simultaneous with,
28 the sale or other transfer of the securitized utility tariff property to an assignee and the pledge of the
29 securitized utility tariff property to secure energy transition bonds.

30 (d) If the commission issues a financing order, the electrical corporation shall file with the
31 commission at least annually a petition or a letter applying the formula-based, true-up mechanism
32 and, based on estimates of consumption for each rate class and other mathematical factors, request
33 administrative approval to make the applicable adjustments. The review of the filing shall be
34 limited to determining whether there are any mathematical or clerical errors in the application of the
35 formula-based, true-up mechanism relating to the appropriate amount of any overcollection or
36 undercollection of securitized utility tariff charges and the amount of an adjustment. The
37 adjustments shall ensure the recovery of revenues sufficient to provide for the payment of principal,
38 interest, acquisition, defeasance, financing costs, or redemption premium and other fees, costs, and
39 charges in respect of securitized utility tariff bonds approved under the financing order. Within
40 thirty days after receiving an electrical corporation's request pursuant to this paragraph, the
41 commission shall either approve the request or inform the electrical corporation of any mathematical
42 or clerical errors in its calculation. If the commission informs the electrical corporation of
43 mathematical or clerical errors in its calculation, the electrical corporation may correct its error and
44 refile its request. The time frames previously described in this paragraph shall apply to a refiled
45 request.

46 (e) a. At the time of any transfer of securitized utility tariff property to an assignee or the
47 issuance of securitized utility tariff bonds authorized thereby, whichever is earlier, a financing order
48 is irrevocable and, except for changes made pursuant to the formula-based, true-up mechanism
49 authorized in this section, the commission may not amend, modify, or terminate the financing order

1 by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust securitized
 2 utility tariff charges approved in the financing order. After the issuance of a financing order, the
 3 electrical corporation retains sole discretion regarding whether to assign, sell, or otherwise transfer
 4 securitized utility tariff property or to cause securitized utility tariff bonds to be issued, including the
 5 right to defer or postpone such assignment, sale, transfer, or issuance.

6 b. The commission, in a financing order and subject to the issuance advice letter process
 7 under sub-paragraph c of this paragraph, shall afford the electrical corporation flexibility in
 8 establishing the terms and conditions for the securitized utility tariff bonds to accommodate changes
 9 in market conditions, including repayment schedules, interest rates, financing costs, collateral
 10 requirements, required debt service and other reserves and the ability of the electrical corporation, at
 11 its option, to effect a series of issuances of securitized utility tariff bonds and correlated
 12 assignments, sales, pledges or other transfers of securitized utility tariff property. Any changes
 13 made under this sub-paragraph to terms and conditions for the securitized utility tariff bonds shall be
 14 in conformance with the financing order.

15 c. As the actual structure and pricing of the securitized utility tariff bonds will be unknown
 16 at the time the financing order is issued, the electrical corporation that intends to cause the issuance
 17 of such bonds shall provide to the commission, prior to the issuance of each series of bonds, an
 18 issuance advice letter following the determination of the final terms of such series of bonds no later
 19 than one day after the pricing of the securitized utility tariff bonds. The commission shall have the
 20 authority to designate a representative from commission staff, who may be advised by a financial
 21 adviser contracted with the commission, to observe all facets of the process undertaken by the
 22 electrical corporation to place the securitized utility tariff bonds to market so the commission's
 23 representative can be prepared, if requested, to provide the commission with an opinion on the
 24 reasonableness of the pricing, terms and conditions of the securitized utility tariff bonds on an
 25 expedited basis. The form of such issuance advice letter shall be included in the financing order and
 26 shall indicate the final structure of the securitized utility tariff bonds and provide the best available
 27 estimate of total ongoing financing costs. The issuance advice letter shall report the initial
 28 securitized utility tariff charges and other information specific to the securitized utility tariff bonds
 29 to be issued, as the commission may require. Unless an earlier date is specified in the financing
 30 order, the electrical corporation may proceed with the issuance of the securitized utility tariff bonds
 31 unless, prior to noon on the fourth business day after the commission receives the issuance advice
 32 letter, the commission issues a disapproval letter directing that the bonds as proposed shall not be
 33 issued and the basis for that disapproval. The financing order may provide such additional
 34 provisions relating to the issuance advice letter process as the commission considers appropriate and
 35 as are authorized by this section.

36 (4) (a) In performing the responsibilities of this section in connection with the issuance of a
 37 financing order, the commission shall undertake due diligence as it deems appropriate prior to the
 38 issuance of the financing order pursuant to which the commission may request additional
 39 information from the electrical corporation and may engage a financial advisor and counsel as the
 40 commission deems necessary. Any financial advisor or counsel engaged by the commission shall
 41 have a fiduciary duty with respect to the proposed issuance of securitized utility bonds solely to the
 42 commission. All expenses associated with such services shall be included in the securitized utility
 43 tariff charge.

44 (b) If an electrical corporation's petition for a financing order is denied or withdrawn, or for
 45 any reason securitized utility tariff bonds are not issued, any costs of retaining a financial advisor
 46 and counsel on behalf of the commission shall be paid by the petitioning electrical corporation and
 47 shall be eligible for full recovery, including carrying costs, in the electrical corporation's future rates.

48 (5) At the request of an electrical corporation, the commission may commence a proceeding
 49 and issue a subsequent financing order that provides for refinancing, retiring, or refunding

1 securitized utility tariff bonds issued pursuant to the original financing order if the commission finds
2 that the subsequent financing order satisfies all of the criteria specified in this section for a financing
3 order. Effective upon retirement of the refunded securitized utility tariff bonds and the issuance of
4 new securitized utility tariff bonds, the commission shall adjust the related energy transition charges
5 accordingly.

6 (6) (a) A financing order remains in effect and securitized utility tariff property under the
7 financing order continues to exist until securitized utility tariff bonds issued pursuant to the
8 financing order have been paid in full or defeased and, in each case, all commission-approved
9 financing costs of such securitized utility tariff bonds have been recovered in full.

10 (b) A financing order issued to an electrical corporation remains in effect and unabated
11 notwithstanding the reorganization, bankruptcy, or other insolvency proceeding, merger, or sale of
12 the electrical corporation or its successors or assignees.

13 3. (1) The commission may not, in exercising its powers and carrying out its duties
14 regarding any matter within its authority, consider the securitized utility tariff bonds issued pursuant
15 to a financing order to be the debt of the electrical corporation other than for federal and state
16 income tax purposes, consider the securitized utility tariff charges paid under the financing order to
17 be the revenue of the electrical corporation for any purpose, consider the securitized utility tariff
18 costs or financing costs specified in the financing order to be the costs of the electrical corporation
19 nor may the commission determine any action taken by an electrical corporation which is consistent
20 with the financing order to be unjust or unreasonable, and section 386.300 shall not apply to the
21 issuance of securitized utility tariff bonds.

22 (2) Securitized utility tariff charges shall not be utilized or accounted for in determining the
23 electrical corporation's average overall rate, as defined in section 393.1655 and as used to determine
24 the maximum retail rate impact limitations provided for by subsections 3 and 4 of section 393.1655.

25 (3) No electrical corporation is required to file a petition for a financing order under this
26 section or otherwise utilize this section. An electrical corporation's decision not to file a petition for
27 a financing order under this section or otherwise utilize this section shall not be admissible in any
28 commission proceeding, nor shall it be otherwise utilized or relied on by the commission in any
29 proceeding respecting the electrical corporation's rates or its accounting, including, without
30 limitation, any general rate proceeding, fuel adjustment clause docket, or proceedings relating to
31 accounting authority, whether initiated by the electrical corporation or otherwise. The commission
32 may not order or otherwise directly or indirectly require an electrical corporation to use securitized
33 utility tariff bonds to recover securitized utility tariff costs or to finance any project, addition, plant,
34 facility, extension, capital improvement, equipment, or any other expenditure. After the issuance of
35 a financing order, the electrical corporation retains sole discretion regarding whether to cause the
36 securitized utility tariff bonds to be issued, including the right to defer or postpone such sale,
37 assignment, transfer, or issuance. Nothing shall prevent the electrical corporation from abandoning
38 the issuance of securitized utility tariff bonds under the financing order by filing with the
39 commission a statement of abandonment and the reasons therefore; provided, that the electrical
40 corporation's abandonment decision shall not be deemed imprudent because of the potential
41 availability of securitized utility tariff bond financing.

42 (4) The commission may not refuse to allow an electrical corporation to recover securitized
43 utility tariff costs in an otherwise permissible fashion, or refuse or condition authorization or
44 approval of the issuance and sale by an electrical corporation of securities or the assumption by the
45 electrical corporation of liabilities or obligations, because of the potential availability of securitized
46 utility tariff bond financing.

47 (5) The commission may not, directly or indirectly, utilize or consider the debt reflected by
48 the securitized utility tariff bonds in establishing the electrical corporation's capital structure used to
49 determine any regulatory matter including, but not limited to the electrical corporation's revenue

1 requirement used to set its rates.

2 (6) The commission may not, directly or indirectly, consider the existence of securitized
 3 utility tariff bonds or the potential use of securitized utility tariff bond financing proceeds in
 4 determining the electrical corporation's authorized rate of return used to determine the electrical
 5 corporation's revenue requirement used to set its rates.

6 4. The electric bills of an electrical corporation that has obtained a financing order and
 7 caused securitized utility tariff bonds to be issued shall comply with the provisions of this
 8 subsection; however, the failure of an electrical corporation to comply with this subsection does not
 9 invalidate, impair, or affect any financing order, securitized utility tariff property, securitized utility
 10 tariff charge, or securitized utility tariff bonds. The electrical corporation shall do the following:

11 (1) Explicitly reflect that a portion of the charges on such bill represents securitized utility
 12 tariff charges approved in a financing order issued to the electrical corporation and, if the securitized
 13 utility tariff property has been transferred to an assignee, shall include a statement to the effect that
 14 the assignee is the owner of the rights to securitized utility tariff charges and that the electrical
 15 corporation or other entity, if applicable, is acting as a collection agent or servicer for the assignee.
 16 The tariff applicable to customers shall indicate the securitized utility tariff charge and the
 17 ownership of the charge; and

18 (2) Include the securitized utility tariff charge on each customer's bill as a separate line item
 19 and include both the rate and the amount of the charge on each bill.

20 5. (1) (a) All securitized utility tariff property that is specified in a financing order
 21 constitutes an existing, present, intangible property right or interest therein, notwithstanding that the
 22 imposition and collection of securitized utility tariff charges depends on the electrical corporation, to
 23 which the financing order is issued, performing its servicing functions relating to the collection of
 24 energy transition charges and on future electricity consumption. The property exists:

25 a. Regardless of whether the revenues or proceeds arising from the property have been
 26 billed, have accrued, or have been collected; and

27 b. Notwithstanding the fact that the value or amount of the property is dependent on the
 28 future provision of service to customers by the electrical corporation or its successors or assignees
 29 and the future consumption of electricity by customers.

30 (b) Securitized utility tariff property specified in a financing order exists until securitized
 31 utility tariff bonds issued pursuant to the financing order are paid in full and all financing costs and
 32 other costs of such energy transition bonds have been recovered in full.

33 (c) All or any portion of securitized utility tariff property specified in a financing order
 34 issued to an electrical corporation may be transferred, sold, conveyed, or assigned to a successor or
 35 assignee that is wholly owned, directly or indirectly, by the electrical corporation and created for the
 36 limited purpose of acquiring, owning, or administering securitized utility tariff property or issuing
 37 securitized utility tariff bonds under the financing order. All or any portion of securitized utility
 38 tariff property may be pledged to secure securitized utility tariff bonds issued pursuant to the
 39 financing order, amounts payable to financing parties and to counterparties under any ancillary
 40 agreements, and other financing costs. Any transfer, sale, conveyance, assignment, grant of a
 41 security interest in or pledge of securitized utility tariff property by an electrical corporation, or an
 42 affiliate of the electrical corporation, to an assignee, to the extent previously authorized in a
 43 financing order, does not require the prior consent and approval of the commission.

44 (d) If an electrical corporation defaults on any required remittance of securitized utility tariff
 45 charges arising from securitized utility tariff property specified in a financing order, a court, upon
 46 application by an interested party, and without limiting any other remedies available to the applying
 47 party, shall order the sequestration and payment of the revenues arising from the securitized utility
 48 tariff property to the financing parties or their assignees. Any such financing order remains in full
 49 force and effect notwithstanding any reorganization, bankruptcy, or other insolvency proceedings

1 with respect to the electrical corporation or its successors or assignees.

2 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in securitized utility
 3 tariff property specified in a financing order issued to an electrical corporation, and in the revenue
 4 and collections arising from that property, is not subject to setoff, counterclaim, surcharge, or
 5 defense by the electrical corporation or any other person or in connection with the reorganization,
 6 bankruptcy, or other insolvency of the electrical corporation or any other entity.

7 (f) Any successor to an electrical corporation, whether pursuant to any reorganization,
 8 bankruptcy, or other insolvency proceeding or whether pursuant to any merger or acquisition, sale,
 9 or other business combination, or transfer by operation of law, as a result of electrical corporation
 10 restructuring or otherwise, shall perform and satisfy all obligations of, and have the same rights
 11 under a financing order as, the electrical corporation under the financing order in the same manner
 12 and to the same extent as the electrical corporation, including collecting and paying to the person
 13 entitled to receive the revenues, collections, payments, or proceeds of the securitized utility tariff
 14 property. Nothing in this section is intended to limit or impair any authority of the commission
 15 concerning the transfer or succession of interests of public utilities.

16 (g) Securitized utility tariff bonds shall be nonrecourse to the credit or any assets of the
 17 electrical corporation other than the securitized utility tariff property as specified in the financing
 18 order and any rights under any ancillary agreement.

19 (2) (a) The creation, perfection, and enforcement of any security interest in securitized
 20 utility tariff property to secure the repayment of the principal and interest and other amounts payable
 21 in respect of securitized utility tariff bonds, amounts payable under any ancillary agreement and
 22 other financing costs are governed by this section and not by the provisions of the code, except as
 23 otherwise provided in this section.

24 (b) A security interest in securitized utility tariff property is created, valid, and binding at
 25 the later of the time:

26 a. The financing order is issued;

27 b. A security agreement is executed and delivered by the debtor granting such security
 28 interest;

29 c. The debtor has rights in such securitized utility tariff property or the power to transfer
 30 rights in such securitized utility tariff property; or

31 d. Value is received for the securitized utility tariff property.

32
 33 The description of securitized utility tariff property in a security agreement is sufficient if the
 34 description refers to this section and the financing order creating the securitized utility tariff
 35 property.

36 (c) Upon the filing of a financing statement with the office of the secretary of state as
 37 provided in this section, a security interest in securitized utility tariff property shall be perfected
 38 against all parties having claims of any kind in tort, contract, or otherwise against the person
 39 granting the security interest, and regardless of whether the parties have notice of the security
 40 interest. Without limiting the foregoing, upon such filing, a security interest in securitized utility
 41 tariff property shall be perfected against all claims of lien creditors, and shall have priority over all
 42 competing security interests and other claims other than any security interest previously perfected in
 43 accordance with this section.

44 (d) The priority of a security interest in securitized utility tariff property is not affected by
 45 the commingling of securitized utility tariff charges with other amounts. Any pledgee or secured
 46 party shall have a perfected security interest in the amount of all securitized utility tariff charges that
 47 are deposited in any cash or deposit account of the qualifying electrical corporation in which
 48 securitized utility tariff charges have been commingled with other funds and any other security
 49 interest that may apply to those funds shall be terminated when they are transferred to a segregated

1 account for the assignee or a financing party.

2 (e) No application of the formula-based, true-up mechanism as provided in this section will
 3 affect the validity, perfection, or priority of a security interest in or transfer of securitized utility
 4 tariff property.

5 (f) If a default occurs under the securitized utility tariff bonds that are secured by a security
 6 interest in securitized utility tariff property, the financing parties or their representatives may
 7 exercise the rights and remedies available to a second party under the uniform commercial code,
 8 including all rights and remedies available. The commission may also order amounts arising from
 9 securitized utility tariff charges to be transferred to a separate account for the financing parties'
 10 benefit, to which their lien and security interest shall apply. On application by or on behalf of the
 11 financing parties, the circuit court for the county or city in which the electrical corporation's
 12 headquarters is located shall order the sequestration and payment to them of revenues arising from
 13 the securitized utility tariff charges.

14 (3) (a) Any sale, assignment, or other transfer of securitized utility tariff property shall be
 15 an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the
 16 seller's right, title, and interest in, to, and under the energy transition property if the documents
 17 governing the transaction expressly state that the transaction is a sale or other absolute transfer other
 18 than for federal and state income tax purposes. For all purposes other than federal and state income
 19 tax purposes, the parties' characterization of a transaction as a sale of an interest in securitized utility
 20 tariff property shall be conclusive that the transaction is a true sale and that ownership has passed to
 21 the party characterized as the purchaser, regardless of whether the purchaser has possession of any
 22 documents evidencing or pertaining to the interest. A sale or similar outright transfer of an interest
 23 in securitized utility tariff property may occur only when all of the following have occurred:

- 24 a. The financing order creating the securitized utility tariff property has become effective;
- 25 b. The documents evidencing the transfer of securitized utility tariff property have been
 26 executed by the assignor and delivered to the assignee; and
- 27 c. Value is received for the securitized utility tariff property.

28
 29 After such a transaction, the securitized utility tariff property is not subject to any claims of the
 30 transferor or the transferor's creditors, other than creditors holding a prior security interest in the
 31 securitized utility tariff property perfected in accordance with this section.

32 (b) The characterization of the sale, assignment, or other transfer as an absolute transfer and
 33 true sale and the corresponding characterization of the property interest of the purchaser, shall not be
 34 affected or impaired by the occurrence of any of the following factors:

- 35 a. Commingling of securitized utility tariff charges with other amounts;
- 36 b. The retention by the seller of a partial or residual interest, including an equity interest, in
 37 the energy transit securitized utility tariff ion property, whether direct or indirect, or whether
 38 subordinate or otherwise, or the right to recover costs associated with taxes, franchise fees, or
 39 license fees imposed on the collection of securitized utility tariff charges;
- 40 c. Any recourse that the purchaser may have against the seller;
- 41 d. Any indemnification rights, obligations, or repurchase rights made or provided by the
 42 seller;
- 43 e. The obligation of the seller to collect securitized utility tariff charges on behalf of an
 44 assignee;
- 45 f. The transferor acting as the servicer of the securitized utility tariff charges or the existence
 46 of any contract that authorizes or requires the electrical corporation, to the extent that any interest in
 47 securitized utility tariff property is sold or assigned, to contract with the assignee or any financing
 48 party that it will continue to operate its system to provide service to its customers, will collect
 49 amounts in respect of the securitized utility tariff charges for the benefit and account of such

assignee or financing party and will account for and remit such amounts to or for the account of such assignee or financing party;

g. The treatment of the sale, conveyance, assignment, or other transfer for tax, financial reporting, or other purposes;

h. The granting or providing to bondholders a preferred right to the securitized utility tariff property or credit enhancement by the electrical corporation or its affiliates with respect to such securitized utility tariff bonds; or

i. Any application of the formula-based, true-up mechanism as provided in this section.

(c) Any right that an electrical corporation has in the securitized utility tariff property before its pledge, sale, or transfer or any other right created under this section or created in the financing order and assignable under this section or assignable pursuant to a financing order, is property in the form of a contract right or a chose in action. Transfer of an interest in securitized utility tariff property to an assignee is enforceable only upon the later of:

a. The issuance of a financing order;

b. The assignor having rights in such securitized utility tariff property or the power to transfer rights in such securitized utility tariff property to an assignee; and

c. The execution and delivery by the assignor of transfer documents in connection with the issuance of securitized utility tariff bonds; and

d. The receipt of value for the securitized utility tariff property.

An enforceable transfer of an interest in securitized utility tariff property to an assignee is perfected against all third parties, including subsequent judicial or other lien creditors, when a notice of that transfer has been given by the filing of a financing statement in accordance with subsection 7 of this section. The transfer is perfected against third parties as of the date of filing.

(d) The priority of a transfer perfected under this section is not impaired by any later modification of the financing order or securitized utility tariff property or by the commingling of funds arising from securitized utility tariff property with other funds. Any other security interest that may apply to those funds, other than a security interest perfected under this section, is terminated when they are transferred to a segregated account for the assignee or a financing party. If securitized utility tariff property has been transferred to an assignee or financing party, any proceeds of that property shall be held in trust for the assignee or financing party.

(e) The priority of the conflicting interests of assignees in the same interest or rights in any securitized utility tariff property is determined as follows:

a. Conflicting perfected interests or rights of assignees rank according to priority in time of perfection. Priority dates from the time a filing covering the transfer is made in accordance with subsection 7 of this section;

b. A perfected interest or right of an assignee has priority over a conflicting unperfected interest or right of an assignee; and

c. A perfected interest or right of an assignee has priority over a person who becomes a lien creditor after the perfection of such assignee's interest or right.

6. The description of securitized utility tariff property being transferred to an assignee in any sale agreement, purchase agreement, or other transfer agreement, granted or pledged to a pledgee in any security agreement, pledge agreement, or other security document, or indicated in any financing statement is only sufficient if such description or indication refers to the financing order that created the securitized utility tariff property and states that the agreement or financing statement covers all or part of the property described in the financing order. This section applies to all purported transfers of, and all purported grants or liens or security interests in, securitized utility tariff property, regardless of whether the related sale agreement, purchase agreement, other transfer agreement, security agreement, pledge agreement, or other security document was entered into, or

1 any financing statement was filed.

2 7. The secretary of state shall maintain any financing statement filed to perfect a sale or
 3 other transfer of securitized utility tariff property and any security interest in securitized utility tariff
 4 property under this section in the same manner that the secretary of state maintains financing
 5 statements filed under the code to perfect a security interest in collateral owned by a transmitting
 6 utility. Except as otherwise provided in this section, all financing statements filed pursuant to this
 7 section shall be governed by the provisions regarding financing statements and the filing thereof
 8 under the uniform commercial code. A security interest in securitized utility tariff property may be
 9 perfected only by the filing of a financing statement in accordance with this section and no other
 10 method of perfection shall be effective. Notwithstanding any provision of the code to the contrary, a
 11 financing statement filed pursuant to this section is effective until a termination statement is filed
 12 under the code and no continuation statement need be filed to maintain its effectiveness. A
 13 financing statement filed pursuant to this section may indicate that the debtor is a transmitting
 14 utility, and without regard to whether the debtor is an electrical corporation, an assignee or
 15 otherwise qualifies as a transmitting utility under the code, but the failure to make such indication
 16 shall not impair the duration and effectiveness of the financing statement.

17 8. The law governing the validity, enforceability, attachment, perfection, priority, and
 18 exercise of remedies with respect to the transfer of an interest or right or the pledge or creation of a
 19 security interest in any securitized utility tariff property shall be the laws of this state.

20 9. Neither the state nor its political subdivisions are liable on any securitized utility tariff
 21 bonds, and the bonds are not a debt or a general obligation of the state or any of its political
 22 subdivisions, agencies, or instrumentalities, nor are they special obligations or indebtedness of the
 23 state or any agency or political subdivision. An issue of securitized utility tariff bonds does not,
 24 directly, indirectly, or contingently obligate the state or any agency, political subdivision, or
 25 instrumentality of the state to levy any tax or make any appropriation for payment of the securitized
 26 utility tariff bonds, other than in their capacity as consumers of electricity. All securitized utility
 27 tariff bonds shall contain on the face thereof a statement to the following effect: "Neither the full
 28 faith and credit nor the taxing power of the state of Missouri is pledged to the payment of the
 29 principal of, or interest on, this bond."

30 10. All of the following entities may legally invest any sinking funds, moneys, or other
 31 funds in securitized utility tariff bonds:

32 (1) Subject to applicable statutory restrictions on state or local investment authority, the
 33 state, units of local government, political subdivisions, public bodies, and public officers, except for
 34 members of the commission, the commission's technical advisory and other staff, or employees of
 35 the office of the public counsel;

36 (2) Banks and bankers, savings and loan associations, credit unions, trust companies,
 37 savings banks and institutions, investment companies, insurance companies, insurance associations,
 38 and other persons carrying on a banking or insurance business;

39 (3) Personal representatives, guardians, trustees, and other fiduciaries; and

40 (4) All other persons authorized to invest in bonds or other obligations of a similar nature.

41 11. (1) The state and its agencies, including the commission, pledge and agree with
 42 bondholders, the owners of the securitized utility tariff property, and other financing parties that the
 43 state and its agencies will not take any action listed in this subdivision. This subdivision does not
 44 preclude limitation or alteration if full compensation is made by law for the full protection of the
 45 securitized utility tariff charges collected pursuant to a financing order and of the bondholders and
 46 any assignee or financing party entering into a contract with the electrical corporation. The
 47 prohibited actions are as follows:

48 (a) Alter the provisions of this section, which authorize the commission to create an
 49 irrevocable contract right, or chose in action by the issuance of a financing order, to create

1 securitized utility tariff property, and make the securitized utility tariff charges imposed by a
 2 financing order irrevocable, binding, or nonbypassable charges for all existing and future retail
 3 customers of the electrical corporation except its existing special contract customers;

4 (b) Take or permit any action that impairs or would impair the value of securitized utility
 5 tariff property or the security for the securitized utility tariff bonds or revises the securitized utility
 6 tariff costs for which recovery is authorized;

7 (c) In any way impair the rights and remedies of the bondholders, assignees, and other
 8 financing parties; and

9 (d) Except for changes made pursuant to the formula-based, true-up mechanism authorized
 10 under this section, reduce, alter, or impair securitized utility tariff charges that are to be imposed,
 11 billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any
 12 other financing parties until any and all principal, interest, premium, financing costs and other fees,
 13 expenses, or charges incurred, and any contracts to be performed, in connection with the related
 14 securitized utility tariff bonds have been paid and performed in full.

15 (2) Any person or entity that issues securitized utility tariff bonds may include the language
 16 specified in this subsection in the energy transition bonds and related documentation.

17 12. An assignee or financing party is not an electrical corporation or person providing
 18 electric service by virtue of engaging in the transactions described in this section.

19 13. If there is a conflict between this section and any other law regarding the attachment,
 20 assignment, or perfection, or the effect of perfection, or priority of, assignment or transfer of, or
 21 security interest in securitized utility tariff property, this section shall govern.

22 14. If any provision of this section is held invalid or is invalidated, superseded, replaced,
 23 repealed, or expires for any reason, that occurrence does not affect the validity of any action allowed
 24 under this section which is taken by an electrical corporation, an assignee, a financing party, a
 25 collection agent, or a party to an ancillary agreement and any such action remains in full force and
 26 effect with respect to all securitized utility tariff bonds issued or authorized in a financing order
 27 issued under this section before the date that such provision is held invalid or is invalidated,
 28 superseded, replaced, or repealed or expires for any reason.

29 393.1705. 1. For purposes of this section, the term "replacement resources" shall mean:

30 (1) Renewable generation facilities which produce electric energy from wind, solar thermal
 31 sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic
 32 agricultural residues, plant residues, methane from landfills, from agricultural operations, or from
 33 wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to
 34 energy, clean and untreated wood such as pallets, hydropower, not including pumped storage that
 35 does not require a new diversion or impoundment of water and that has a nameplate rating of ten
 36 megawatts or less, and fuel cells using hydrogen produced by one of the above-named replacement
 37 sources;

38 (2) Generation facilities which produce electric energy from natural gas that enable the
 39 electrical corporation to:

40 (a) Provide electric energy when renewable generation facilities and energy storage facilities
 41 are insufficient to meet the needs of the electrical corporation's system;

42 (b) Meet requirements of the electrical corporation's regional transmission organization; or

43 (c) Serve the objectives of both paragraphs (a) and (b) of this subdivision;

44 (3) Energy storage facilities that enable the electrical corporation to:

45 (a) Provide electric energy when renewable generation facilities are not generating electric
 46 energy in sufficient quantities to meet the needs of the electrical corporation's system;

47 (b) Meet requirements of the electrical corporation's regional transmission organization; or

48 (c) Serve the objectives of both paragraphs (a) and (b) of this subdivision; and

49 (4) Transmission facilities that enable the delivery of electric energy from renewable

1 generation facilities or energy storage facilities including, but not limited to, interconnection,
 2 network upgrades, voltage and reactive power support, and transmission facilities needed to
 3 maintain reliability as a result of the retirement of generation facilities.

4 2. If requested by an electrical corporation in a petition filed concurrently with a petition
 5 filed under subsection 2 of section 393.1700 to recover securitized utility tariff costs and
 6 notwithstanding any other provision of chapter 386 or 393 to the contrary, including section 393.170
 7 which section shall not apply to the construction of replacement resources as defined in subsection 1
 8 of this section:

9 (1) Unless the commission has, prior to August 28, 2021, issued an order or orders
 10 acknowledging retirement by an electrical corporation of specific electric generating facilities and
 11 an order or orders authorizing construction by such electrical corporation of generating facilities in
 12 place of such retired electric generating facilities, the commission shall approve investment in
 13 replacement resources by the electrical corporation of an amount that is approximately equal to the
 14 undepreciated investment in the electric generating facilities covered by such petition to acquire or
 15 build an existing or new renewable energy resource to replace the retired or abandoned or to be
 16 retired or abandoned unit. There is no requirement that the replacement resource's capacity or
 17 energy production match the energy or capacity production of the retired or abandoned unit. Such
 18 approval shall constitute an affirmative and binding determination by the commission, to be applied
 19 in all subsequent proceedings respecting the rates of the electrical corporation, that such investment
 20 is prudent and reasonable, that the replacement resource is necessary for the electrical corporation's
 21 provision of electric service to its customers, and that such investment shall be reflected in the
 22 revenue requirement used to set the electrical corporation's base rates, subject only to the
 23 commission's authority to determine that the electrical corporation did not manage or execute the
 24 project in a reasonable and prudent manner in some respect and its authority to disallow for
 25 ratemaking purposes only that portion of the investment that would not have been incurred had the
 26 unreasonable or imprudent management or execution of the project not occurred; and

27 (2) The commission shall create a deferral mechanism by which the electrical corporation
 28 shall defer, to a regulatory asset or regulatory liability as appropriate, the changes in the electrical
 29 corporation's revenue requirement used to last set its base rates as specified in this subdivision.
 30 Such changes shall be deferred during the period starting on the date of retirement or abandonment
 31 of the subject unit and ending when the electrical corporation is the subject of the petition and base
 32 rates are changed as the result of a general rate proceeding where the rate base cutoff date in that
 33 general rate proceeding occurs on or after the retirement or abandonment. For purposes of this
 34 subdivision, the changes in the electrical corporation's revenue requirement that shall be deferred
 35 shall only consist of:

- 36 (a) Changes in depreciation expense associated with the retired or abandoned unit;
- 37 (b) Changes in labor and benefit costs for employees or contractors no longer employed or
 38 retained by the electrical corporation who formerly worked at the retired or abandoned unit, net of
 39 severance and relocation costs of the electrical corporation paid to such employees or contractors;
- 40 (c) Changes in nonlabor, nonfuel operations, and maintenance costs caused by the
 41 retirement of the unit;
- 42 (d) Depreciation expense on the replacement resources starting with the date it is recorded
 43 to plant in-service on the electrical corporation's books;
- 44 (e) Labor and benefits costs for employees or contractors who work at the replacement
 45 resources; and
- 46 (f) Nonlabor, nonfuel operations, and maintenance costs of the replacement resources.

47
 48 The base against which changes under paragraphs (a), (b), and (c) of this subdivision shall be the
 49 values of each such item used to set the electrical corporation's base electric rates in its last general

rate proceeding concluded prior to the time the deferrals are made, provided, if the docketed record in such general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the base for an item because of a "black box" settlement or otherwise, the commission shall, in the docket created by a petition filed under this section and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to accomplish the deferrals. The base with respect to paragraphs (d), (e), and (f) of this subdivision shall be zero.

(3) The commission shall also create a deferral mechanism by which the electrical corporation shall defer to a regulatory asset the changes in the electrical corporation's revenue requirement last used to set its base rates as specified in this subdivision. Such changes shall be deferred during the period beginning on the date deferrals cease under subdivision (2) of this subsection and ending when the electrical corporation's base rates are next changed as a result of a general rate proceeding. For purposes of this subdivision, such changes in the electrical corporation's revenue requirement that shall be deferred shall only consist of:

(a) Return on the electrical corporation's undepreciated investment in the unit that was retired or abandoned at the electrical corporation's weighted average cost of capital, plus applicable federal, state, and local income or excise taxes, used to establish the electrical corporation's revenue requirement last used to set its base rates;

(b) Depreciation expense on the replacement resources starting with the date the replacement resource is recorded to plant in-service on the electrical corporation's books;

(c) Increase in-labor and benefits costs for employees or contractors who work at the replacement resources; and

(d) Increase in nonlabor, nonfuel operations, and maintenance costs of the replacement resources.

Notwithstanding the foregoing provisions of this subdivision, deferrals to the regulatory asset created by this subdivision shall cease at the earlier of the date the electrical corporation's base rates are first changed after the replacement resource is recorded to plant in service on the electrical corporation's books where the rate base cutoff date in that general rate proceeding occurred on or after the retirement or abandonment, or the effective date of rates from a base rate case that shall be filed no later than one year after the unit was retired or abandoned. If there is more than one replacement resource for the retired or abandoned plant and if one or more such replacement resource is placed in service prior to the rate base cutoff date in the general rate proceeding described in subdivision (2) of this subsection, the deferrals called for under this subdivision shall be reduced as needed to reflect that event. The weighted average cost of capital to be deferred under paragraph (a) of this subdivision shall be the value used to set the electrical corporation's base electric rates in its last general rate proceeding concluded prior to the time the deferrals are made, provided, if the docketed record in such general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the base for an item because of a "black box" settlement or otherwise, the commission shall, in the docket created by a petition filed under this section and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to accomplish the deferrals. The base with respect to paragraphs (b), (c), and (d) of this subdivision shall be zero.

(4) It is the intention of this subsection to the maximum extent practicable that electrical corporation earnings shall not be materially reduced or increased on account of the retirement or abandonment of the unit during the interval between when the unit is retired or abandoned and the date when the electrical corporation's base rates are changed to reflect the investment in a replacement resource, subject to the requirement that deferrals under subdivision (3) of this subsection end no later than the date base rates are reset in a general rate proceeding filed no later

1 than one year after the unit was retired or abandoned.

2 (5) Notwithstanding the provisions of section 393.1400 to the contrary, a replacement
 3 resource shall not constitute "qualifying electric plant" for purposes of section 393.1400, nor shall it
 4 constitute a renewable energy resource under section 393.1030, during the period when a deferral is
 5 occurring under subdivision (2) or (3) of this subsection. In addition, and notwithstanding the
 6 provisions of section 393.1400 to the contrary, deferrals required by this section relating to the
 7 electrical corporation's undepreciated investment in the retired or abandoned unit shall not constitute
 8 a change in accumulated depreciation when determining the return deferred on qualifying electric
 9 plant under section 393.1400.

10 (6) Parts of regulatory asset or liability balances created under this section that are not yet
 11 being recovered or returned through rates shall include carrying costs at the electrical corporation's
 12 weighted average cost of capital last used to set its base electric service rates or, if such cost of
 13 capital was not specified for the revenue requirement last used to set such electric service rates at the
 14 weighted average cost of capital determined by the commission under subdivision (3) of this
 15 subsection, in each case plus applicable federal, state, and local income or excise taxes. All
 16 regulatory asset or liability balances from deferrals under this subsection shall be recovered in base
 17 rates over a period equal to the remaining useful life of the replacement resource.

18 (7) In each general rate proceeding concluded after a deferral commences under subdivision
 19 (2) or (3) of this subsection, the regulatory asset or liability balances arising from such deferrals, as
 20 of the rate base cutoff date, shall be included in the electrical corporation's rate base without any
 21 offset, reduction, or adjustment based upon consideration of any other factor, other than to reflect
 22 any prudence disallowances ordered by the commission, with the regulatory asset balances arising
 23 from such deferrals that occur after the rate base cutoff date to be included in rate base in the next
 24 general rate proceeding. The provisions of this section shall not be construed to affect existing law
 25 respecting burdens of production and persuasion in general rate proceedings.

26 3. Proceedings on a petition submitted pursuant to this section begin with the filing of a
 27 petition by an electrical corporation under this section that is filed concurrently with a petition
 28 submitted under section 393.1700, and shall be disposed of in accordance with the requirements of
 29 chapters 386 and 393 and the rules of the commission, except as follows:

30 (1) Within fourteen days after the date the petition is filed, the commission shall establish a
 31 procedural schedule that permits a commission decision no later than one hundred eighty-five days
 32 after the date the petition is filed. Such procedural schedule shall contain the same milestones and
 33 requirements as the procedural schedule adopted in a proceeding seeking approval of a financing
 34 order under section 393.1700 and shall run concurrently therewith;

35 (2) No later than one hundred eighty-five days after the date the petition is filed, the
 36 commission shall issue an order approving the petition or rejecting the petition. Any adversely
 37 affected party may seek judicial review in accordance with sections 386.500 and 386.510.

38 393.1710. 1. This section shall apply to each purchased power agreement with a term
 39 commencing on or after August 28, 2021, that the electrical corporation entered into for the
 40 purchase of energy from renewable generation facilities as listed in subdivision (1) of subsection 1
 41 of section 393.1705 or from energy storage facilities as listed in subdivision (3) of subsection 1 of
 42 section 393.1705. If the term of one or more purchased power agreements have commenced prior to
 43 the rate base cutoff date in one of the electrical corporation's general rate cases, the commission
 44 shall, without limiting recoveries outside the context of a general rate case as contemplated by rate
 45 adjustment mechanisms approved under the provisions of subsection 1 of section 386.266:

46 (1) Include in the revenue requirement used to set base rates in that general rate case an
 47 amount equal to the electrical corporation's prudently incurred costs to purchase energy, capacity,
 48 and renewable energy credits under each such agreement; and

49 (2) Include in the revenue requirement used to set base rates in that general rate case an

1 additional amount equal to the common equity earnings the electrical corporation would have
 2 received had it, in lieu of entering into each such purchased power agreement, instead invested in
 3 and placed in service, on the date the term of each such purchased power agreement commenced, a
 4 renewable energy resource of the type being operated to supply energy under each such purchased
 5 power agreement with a capacity sufficient to provide the quantity of energy being purchased under
 6 each such purchased power agreement. In determining the additional amount required by this
 7 subdivision, the commission shall utilize the common equity return on rate base and the common
 8 equity percentage used to determine the revenue requirement in that general rate case, provided, if
 9 the docketed record in such general rate proceeding does not specify one or more necessary revenue
 10 requirement parameters to establish the common equity return on rate base and the common equity
 11 percentage used in that general rate case because of a "black box" settlement or otherwise, the
 12 commission shall, in the docket created by a petition filed under this section and based on the
 13 docketed record in such prior general rate proceeding, establish the missing parameters, which shall
 14 then be used to quantify the common equity earnings, and shall also include in such revenue
 15 requirement applicable federal, state, and local income and excise taxes associated with such
 16 additional amount.

17 2. Subdivisions (1) and (2) of subsection 1 of this section shall continue to be included in
 18 the revenue requirement used to set rates in each subsequent electrical corporation general rate case
 19 where the term of the purchased power agreement remains ongoing as of the rate base cutoff date in
 20 that proceeding. The amount included in the revenue requirement in subsequent regular rate cases
 21 for subdivision (1) of subsection 1 of this section shall be based upon costs as of the rate base cutoff
 22 date in that case. Except as specifically provided for in this subdivision, the amount included in the
 23 revenue requirement in subsequent general rate cases for subdivision (2) of subsection 1 of this
 24 section shall be calculated in the same manner as calculated for subdivision (2) of subsection 1 of
 25 this section in the first general rate case where such amount was determined and shall not be
 26 recalculated in subsequent general rate cases, except that the calculation in each subsequent general
 27 rate case shall utilize the common equity return on rate base and the common equity percentage
 28 used to determine the revenue requirement in that subsequent case; provided, if the docketed record
 29 in such subsequent general rate proceeding does not specify one or more necessary revenue
 30 requirement parameters to establish the common equity return on rate base and the common equity
 31 percentage used in that general rate case because of a "black box" settlement or otherwise, the
 32 commission shall, in the docket created by a subsequent general rate case and based on the docketed
 33 record in such prior general rate proceeding, establish the missing parameters, which shall then be
 34 used to quantify the common equity earnings, and shall account for accumulated depreciation that
 35 would have been accrued had the electric utility invested in and placed a renewable energy resource
 36 in service instead of entering into a purchased power agreement.

37 3. The phrase "rate base cutoff date" shall have the same meaning as given in subdivision
 38 (4) of subsection 1 of section 393.1400 as such term existed on August 28, 2021.

39 393.1715. 1. An electrical corporation may petition the commission for a determination of
 40 the ratemaking principles and treatment, as proposed by the electrical corporation, that will apply to
 41 the reflection in base rates of the electrical corporation's capital and noncapital costs associated with
 42 one or more of the electrical corporation's facilities. Without limiting the foregoing, such principles
 43 and treatment may also establish the retirement date and useful life parameters used to set
 44 depreciation rates for such facilities. Except as provided for in subsection 2 of this section, the
 45 ratemaking principles and treatment approved by the commission under this section for such
 46 facilities shall apply to the determination of the revenue requirement in each of the electrical
 47 corporation's post-determination general rate proceedings until such time as such facility is fully
 48 depreciated on the electrical corporation's books.

49 2. If the commission fails to issue a determination within one hundred thirty-five days that a

petition for determination of ratemaking principles and treatment is filed, the ratemaking principles and treatment proposed by the petitioning electrical corporation shall be deemed to have been approved by the commission.

3. Subject to the provisions of subsection 4 of this section, ratemaking principles and treatment approved by the commission, or deemed to have been approved under subsection 2 of this section, shall be binding for ratemaking purposes.

4. (1) An electrical corporation with ratemaking principles and treatment approved by the commission, or deemed to have been approved under subsection 2 of this section, shall monitor the major factors and circumstances relating to the facility to which such principles and treatment apply. Such factors and circumstances include, but are not limited to:

- (a) Terrorist activity or an act of God;
- (b) A significant change in federal or state tax laws;
- (c) A significant change in federal utility laws or regulations or a significant change in generally accepted accounting principles;
- (d) An unexpected, extended outage or shutdown of a major generating unit, other than any major generating unit shut down due to an extended outage at the time of the approval of the ratemaking principles and treatment;
- (e) A significant change in the cost or reliability of power generation technologies;
- (f) A significant change in fuel prices and wholesale electric market conditions;
- (g) A significant change in the cost or effectiveness of emission control technologies;
- (h) A significant change in the price of emission allowances;
- (i) A significant change in the electrical corporation's load forecast;
- (j) A significant change in capital market conditions;
- (k) A significant change in the scope or effective dates of environmental regulations; or
- (l) A significant change in federal or state environmental laws.

(2) If the electrical corporation determines that one or more major factor or circumstance has changed in a manner that warrants a change in the approved ratemaking principles and treatment, then it shall file a notice in the docket in which the approved ratemaking principles and treatment were established within forty-five days of any such determination. In its notification, the electrical corporation shall:

- (a) Explain and specify the changes it contends are appropriate to the ratemaking principles and treatment and the reasons for the proposed changes;
- (b) Provide a description of the alternatives that it evaluated and the process that it went through in developing its proposed changes; and
- (c) Provide detailed workpapers that support the evaluation and the process whereby proposed changes were developed.

(3) If a party has concerns regarding the proposed changes, that party shall file a notice of its concerns within thirty days of the electrical corporation's filing. If the parties do not reach agreement on changes to the ratemaking principles and treatment within ninety days of the date the electrical corporation filed its notice, whether the previously approved ratemaking and treatment will be changed shall be determined by the commission. If a party to the docket in which the approved ratemaking principles and treatment were approved believes that one or more major factor or circumstance has changed in a manner that warrants a change in the approved ratemaking principles and treatment and if the electrical corporation does not agree the principles and treatment should be changed, such party shall file a notice in the docket in which the approved ratemaking principles and treatment were established within forty-five days of any such determination. In its notification, such party shall:

- (a) Explain and specify the changes it contends are appropriate to the ratemaking principles and treatment and the reasons for the proposed changes;

1 (b) Provide a description of the alternatives that it evaluated and the process that it went
 2 through in developing its proposed changes; and

3 (c) Provide detailed workpapers that support the evaluation and the process whereby
 4 proposed changes were developed.

5 (4) If a party, including the electrical corporation, has concerns regarding the proposed
 6 changes, that party shall file a notice of its concerns within thirty days of the other party's filing. If
 7 the parties do not reach agreement on changes to the ratemaking principles and treatment within
 8 ninety days of the date the notice was filed, whether the previously approved ratemaking and
 9 treatment will be changed shall be determined by the commission.

10 5. A determination of ratemaking principles and treatment under this section does not
 11 preclude an electrical corporation from also petitioning the commission under either or both of
 12 sections 393.1700 and 393.1705, provided that any costs to which such ratemaking principles and
 13 treatment would have applied in the electrical corporation's general rate proceedings which become
 14 funded by securitized utility tariff bond proceeds from a securitized utility tariff bond issued under
 15 section 393.1700 shall not thereafter be reflected in the electrical corporation's base rates.

16 6. The commission may promulgate rules to implement the provisions of sections 393.1700
 17 to 393.1715. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
 18 under the authority delegated in this section shall become effective only if it complies with and is
 19 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
 20 chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to
 21 chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently
 22 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after
 23 August 28, 2021, shall be invalid and void.

24 400.9-109. (a) Except as otherwise provided in subsections (c) and (d), this article applies
 25 to:

26 (1) A transaction, regardless of its form, that creates a security interest in personal property
 27 or fixtures by contract;

28 (2) An agricultural lien;

29 (3) A sale of accounts, chattel paper, payment intangibles, or promissory notes;

30 (4) A consignment;

31 (5) A security interest arising under section 400.2-401, 400.2-505, 400.2-711(3) or 400.2A-
 32 508(5), as provided in section 400.9-110; and

33 (6) A security interest arising under section 400.4-210 or 400.5-118.

34 (b) The application of this article to a security interest in a secured obligation is not affected
 35 by the fact that the obligation is itself secured by a transaction or interest to which this article does
 36 not apply.

37 (c) This article does not apply to the extent that:

38 (1) A statute, regulation, or treaty of the United States preempts this article;

39 (2) Another statute of this state expressly governs the creation, perfection, priority, or
 40 enforcement of a security interest created by this state or a governmental unit of this state;

41 (3) A statute of another state, a foreign country, or a governmental unit of another state or a
 42 foreign country, other than a statute generally applicable to security interests, expressly governs
 43 creation, perfection, priority, or enforcement of a security interest created by the state, country, or
 44 governmental unit; or

45 (4) The rights of a transferee beneficiary or nominated person under a letter of credit are
 46 independent and superior under section 400.5-114.

47 (d) This article does not apply to:

48 (1) A landlord's lien, other than an agricultural lien;

49 (2) A lien, other than an agricultural lien, given by statute or other rule of law for services or

1 materials, but section 400.9-333 applies with respect to priority of the lien;

2 (3) An assignment of a claim for wages, salary, or other compensation of an employee;

3 (4) A sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a
4 sale of the business out of which they arose;

5 (5) An assignment of accounts, chattel paper, payment intangibles, or promissory notes
6 which is for the purpose of collection only;

7 (6) An assignment of a right to payment under a contract to an assignee that is also obligated
8 to perform under the contract;

9 (7) An assignment of a single account, payment intangible, or promissory note to an
10 assignee in full or partial satisfaction of a preexisting indebtedness;

11 (8) A transfer of an interest in or an assignment of a claim under a policy of insurance, other
12 than an assignment by or to a health-care provider of a health-care-insurance receivable and any
13 subsequent assignment of the right to payment, but sections 400.9-315 and 400.9-322 apply with
14 respect to proceeds and priorities in proceeds;

15 (9) An assignment of a right represented by a judgment, other than a judgment taken on a
16 right to payment that was collateral;

17 (10) A right of recoupment or set-off, but:

18 (A) Section 400.9-340 applies with respect to the effectiveness of rights of recoupment or
19 set-off against deposit accounts; and

20 (B) Section 400.9-404 applies with respect to defenses or claims of an account debtor;

21 (11) The creation or transfer of an interest in or lien on real property, including a lease or
22 rents thereunder, except to the extent that provision is made for:

23 (A) Liens on real property in sections 400.9-203 and 400.9-308;

24 (B) Fixtures in section 400.9-334;

25 (C) Fixture filings in sections 400.9-501, 400.9-502, 400.9-512, 400.9-516 and 400.9-519;

26 and

27 (D) Security agreements covering personal and real property in section 400.9-604;

28 (12) An assignment of a claim arising in tort, other than a commercial tort claim, but
29 sections 400.9-315 and 400.9-322 apply with respect to proceeds and priorities in proceeds; [Ø]

30 (13) An assignment of a deposit account in a consumer transaction, but sections 400.9-315
31 and 400.9-322 apply with respect to proceeds and priorities in proceeds; [Ø]

32 (14) An assignment of a claim or right to receive compensation for injuries or sickness as
33 described in 26 U.S.C. Section 104(a)(1) or (2), as amended from time to time; [Ø]

34 (15) An assignment of a claim or right to receive benefits under a special needs trust as
35 described in 42 U.S.C. Section 1396p(d)(4), as amended from time to time; [Ø]

36 (16) A transfer by a government or governmental subdivision or agency; or

37 (17) The creation, perfection, priority, or enforcement of any sale, assignment of, pledge of,
38 security interest in, or other transfer of, any interest or right or portion of any interest or right in any
39 energy transition property, as defined in section 393.1700."; and

40
41 Further amend said bill by amending the title, enacting clause, and intersectional references
42 accordingly.