House ____ Amendment NO.____

Offered By

_______________________________________ _______________________________________

AMEND House Committee Substitute for Senate Bill No. 275, Page 21, Section 393.1645, Line 71, by inserting after all of said section and line the following:

"393.1700. 1. For purposes of sections 393.1700 to 393.1715, the following terms shall mean:

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

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

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

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

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

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

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

(a) Pretax costs with respect to a retired or abandoned or to be retired or abandoned electric generating facility that is the subject of a petition for a financing order filed under this section where such early retirement or abandonment is deemed reasonable and prudent by the commission through a final order issued by the commission, include, but are not limited to, the undepreciated investment in the retired or abandoned or to be retired or abandoned electric generating facility and any facilities ancillary thereto or used in conjunction therewith, costs of decommissioning and restoring the site of the electric generating facility, other applicable capital and operating costs, accrued carrying charges, and deferred expenses, with the foregoing to be reduced by applicable tax benefits of accumulated and excess deferred income taxes, insurance, scrap and salvage proceeds, and may

Action Taken____ Date ___________________ include the cost of retiring any existing indebtedness, fees, costs, and expenses to modify existing debt agreements or for waivers or consents related to existing debt agreements;

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

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

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

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

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

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

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

(f) Any costs associated with performance of the commission's responsibilities under this section in connection with approving, approving subject to conditions, or rejecting a petition for a financing order, and in performing its duties in connection with the issuance advice letter process, including costs to retain counsel, one or more financial advisors, or other consultants as deemed appropriate by the commission and paid pursuant to this section;

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

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

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

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

(13) "Qualified extraordinary costs", costs incurred prudently before, on, or after August 28, 2021, of an extraordinary nature which would cause extreme customer rate impacts if reflected in retail customer rates recovered through customary ratemaking, such as but not limited to those related to purchases of fuel or power, inclusive of carrying charges, during anomalous weather events;

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

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

(16) "Securitized utility tariff charge", the amounts authorized by the commission to repay, finance, or refinance securitized utility tariff costs and financing costs and that are, except as otherwise provided for in this section, nonbypassable charges imposed on and part of all retail customer bills, collected by an electrical corporation or its successors or assignees, or a collection agent, in full, separate and apart from the electrical corporation's base rates, and paid by all existing or future retail customers receiving electrical service from the electrical corporation or its successors or assignees under commission-approved rate schedules, except for customers receiving electrical service under special contracts as of August 28, 2021, even if a retail customer elects to purchase electricity from an alternative electricity supplier following a fundamental change in regulation of public utilities in this state;

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

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

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

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

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

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

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

(b) The energy transition costs;

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

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

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

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

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

(h) Direct testimony supporting the petition.

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

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

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

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

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

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

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

(g) Direct testimony supporting the petition.

(3) (a) Proceedings on a petition submitted pursuant to this subsection begin with the petition by an electrical corporation and shall be disposed of in accordance with the requirements of this section and the rules of the commission, except as follows:

a. The commission shall establish a procedural schedule that permits a commission decision no later than two hundred fifteen days after the date the petition is filed;

b. No later than two hundred fifteen days after the date the petition is filed, the commission shall issue a financing order approving the petition, an order approving the petition subject to conditions, or an order rejecting the petition; provided, however, that the electrical corporation shall provide notice of intent to file a petition for a financing order to the commission no less than sixty days in advance of such filing;

c. Judicial review of a financing order may be had only in accordance with sections 386.500 and 386.510.

(b) In performing its responsibilities under this section in approving, approving subject to conditions, or rejecting a petition for a financing order, the commission may retain counsel, one or more financial advisors, or other consultants as it deems appropriate. Such outside counsel, advisor or advisors, or consultants shall owe a duty of loyalty solely to the commission and shall have no interest in the proposed securitized utility tariff bonds. The costs associated with any such engagements shall be paid by the petitioning corporation and shall be included as financed costs in the securitized utility tariff charge and shall not be an obligation of the state and shall be assigned solely to the subject transaction. <u>The commission may directly contract counsel, financial advisors, or other consultants as necessary for effectuating the purposes of this section. Such contracting</u>

procedures shall not be subject to the provisions of chapter 34, however the commission shall establish a policy for the bid process. Such policy shall be publicly available and any information related to contracts under the established policy shall be included in publicly available rate case documentation.

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

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

b. A finding that the proposed issuance of securitized utility tariff bonds and the imposition and collection of a securitized utility tariff charge are just and reasonable and in the public interest and are expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds. Notwithstanding any provisions of this section to the contrary, in considering whether to find the proposed issuance of securitized utility tariff bonds and the imposition and collection of a securitized utility tariff charge are just and reasonable and in the public interest, the commission may consider previous instances where it has issued financing orders to the petitioning electrical corporation and such electrical corporation has previously issued securitized utility tariff bonds;

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

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

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

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

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

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

i. A requirement that, after the final terms of an issuance of securitized utility tariff bonds have been established and before the issuance of securitized utility tariff bonds, the electrical corporation determines the resulting initial securitized utility tariff charge in accordance with the financing order, and that such initial securitized utility tariff charge be final and effective upon the issuance of such securitized utility tariff bonds with such charge to be reflected on a compliance tariff sheet bearing such charge;

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

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

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

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

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

o. Include any other conditions that the commission considers appropriate and that are not inconsistent with this section.

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

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

(f) At the time of any transfer of securitized utility tariff property to an assignee or the issuance of securitized utility tariff bonds authorized thereby, whichever is earlier, a financing order is irrevocable and, except for changes made pursuant to the formula-based true-up mechanism authorized in this section, the commission may not amend, modify, or terminate the financing order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust securitized utility tariff charges approved in the financing order. After the issuance of a financing order, the electrical corporation retains sole discretion regarding whether to assign, sell, or otherwise transfer securitized utility tariff property or to cause securitized utility tariff bonds to be issued, including the right to defer or postpone such assignment, sale, transfer, or issuance.

(g) The commission, in a financing order and subject to the issuance advice letter process under paragraph (h) of this subdivision, shall specify the degree of flexibility to be afforded the electrical corporation in establishing the terms and conditions for the securitized utility tariff bonds to accommodate changes in market conditions, including repayment schedules, interest rates, financing costs, collateral requirements, required debt service and other reserves and the ability of the electrical corporation, at its option, to effect a series of issuances of securitized utility tariff bonds and correlated assignments, sales, pledges, or other transfers of securitized utility tariff property. Any changes made under this paragraph to terms and conditions for the securitized utility tariff bonds shall be in conformance with the financing order.

(h) As the actual structure and pricing of the securitized utility tariff bonds will be unknown at the time the financing order is issued, prior to the issuance of each series of bonds, an issuance advice letter shall be provided to the commission by the electrical corporation following the determination of the final terms of such series of bonds no later than one day after the pricing of the securitized utility tariff bonds. The commission shall have the authority to designate a representative or representatives from commission staff, who may be advised by a financial advisor or advisors contracted with the commission, to provide input to the electrical corporation and collaborate with the electrical corporation in all facets of the process undertaken by the electrical corporation to place the securitized utility tariff bonds to market so the commission's representative or representatives can provide the commission with an opinion on the reasonableness of the pricing, terms, and conditions of the securitized utility tariff bonds on an expedited basis. Neither the designated representative or representatives from the commission staff nor one or more financial advisors advising commission staff shall have authority to direct how the electrical corporation places the bonds to market although they shall be permitted to attend all meetings convened by the electrical corporation to address placement of the bonds to market. The form of such issuance advice letter shall be included in the financing order and shall indicate the final structure of the securitized utility tariff bonds and provide the best available estimate of total ongoing financing costs. The issuance advice letter shall report the initial securitized utility tariff charges and other information specific to the securitized utility tariff bonds to be issued, as the commission may require. Unless an earlier date is specified in the financing order, the electrical corporation may proceed with the issuance of the securitized utility tariff bonds unless, prior to noon on the fourth business day after the commission receives the issuance advice letter, the commission issues a disapproval letter directing that the bonds as proposed shall not be issued and the basis for that disapproval. The financing order may provide such additional provisions relating to the issuance advice letter process as the commission considers appropriate and as are not inconsistent with this section.

(4) (a) In performing the responsibilities of this section in connection with the issuance of a financing order, approving the petition, an order approving the petition subject to conditions, or an order rejecting the petition, the commission shall undertake due diligence as it deems appropriate prior to the issuance of the order regarding the petition pursuant to which the commission may request additional information from the electrical corporation and may engage one or more financial advisors, one or more consultants, and counsel as the commission deems necessary. Any financial advisor or advisors, counsel, and consultants engaged by the commission shall have a fiduciary duty with respect to the proposed issuance of securitized utility bonds solely to the commission. All expenses associated with such services shall be included as part of the financing costs of the securitized utility tariff bonds and shall be included in the securitized utility tariff charge.

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

(5) At the request of an electrical corporation, the commission may commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding securitized utility tariff bonds issued pursuant to the original financing order if the commission finds that the subsequent financing order satisfies all of the criteria specified in this section for a financing order. Effective upon retirement of the refunded securitized utility tariff bonds and the issuance of new securitized utility tariff bonds, the commission shall adjust the related securitized utility tariff charges accordingly.

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

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

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

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

(3) No electrical corporation is required to file a petition for a financing order under this section or otherwise utilize this section. An electrical corporation's decision not to file a petition for a financing order under this section shall not be admissible in any commission proceeding nor shall it be otherwise utilized or relied on by the commission in any proceeding respecting the electrical corporation's rates or its accounting, including, without limitation, any general rate proceeding, fuel adjustment clause docket, or proceedings relating to accounting authority, whether initiated by the electrical corporation or otherwise. The commission may not order or otherwise directly or indirectly require an electrical corporation to use securitized utility tariff bonds to recover securitized utility tariff costs or to finance any project, addition, plant, facility, extension, capital improvement, equipment, or any other expenditure.

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

(5) After the issuance of a financing order with or without conditions, the electrical corporation retains sole discretion regarding whether to cause the securitized utility tariff bonds to be issued, including the right to defer or postpone such sale, assignment, transfer, or issuance. Nothing shall prevent the electrical corporation from abandoning the issuance of securitized utility tariff bonds under the financing order by filing with the commission a statement of abandonment and the reasons therefor; provided, that the electrical corporation's abandonment decision shall not be deemed imprudent because of the potential availability of securitized utility tariff bond financing; and provided further, that an electrical corporation's decision to abandon issuance of such bonds may be raised by any party, including the commission, as a reason the commission should not authorize, or should modify, the rate-making treatment proposed by the electrical corporation of the costs associated with the electric generating facility that was the subject of a petition under this section that would have been securitized as energy transition costs had such abandonment decision not been made, but only if the electrical corporation requests nonstandard plant retirement treatment of such costs for rate-making purposes.

(6) The commission may not, directly or indirectly, utilize or consider the debt reflected by the securitized utility tariff bonds in establishing the electrical corporation's capital structure used to determine any regulatory matter, including but not limited to the electrical corporation's revenue requirement used to set its rates.

(7) The commission may not, directly or indirectly, consider the existence of securitized utility tariff bonds or the potential use of securitized utility tariff bond financing proceeds in

determining the electrical corporation's authorized rate of return used to determine the electrical corporation's revenue requirement used to set its rates.

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

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

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

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

a. Regardless of whether or not the revenues or proceeds arising from the property have been billed, have accrued, or have been collected; and

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

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

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

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

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

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

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

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

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

a. The financing order is issued;

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

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

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

The description of securitized utility tariff property in a security agreement is sufficient if the description refers to this section and the financing order creating the securitized utility tariff property. A security interest shall attach as provided in this paragraph without any physical delivery of collateral or other act.

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

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

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

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

(3) (a) Any sale, assignment, or other transfer of securitized utility tariff property shall be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the securitized utility tariff property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer other than for federal and state income tax purposes. For all purposes other than federal and state income tax purposes, the parties' characterization of a transaction as a sale of an interest in securitized utility tariff property shall be conclusive that the transaction is a true sale and that

ownership has passed to the party characterized as the purchaser, regardless of whether the purchaser has possession of any documents evidencing or pertaining to the interest. A sale or similar outright transfer of an interest in securitized utility tariff property may occur only when all of the following have occurred:

a. The financing order creating the securitized utility tariff property has become effective;

b. The documents evidencing the transfer of securitized utility tariff property have been executed by the assignor and delivered to the assignee; and

c. Value is received for the securitized utility tariff property.

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

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

a. Commingling of securitized utility tariff charges with other amounts;

b. The retention by the seller of (i) a partial or residual interest, including an equity interest, in the securitized utility tariff property, whether direct or indirect, or whether subordinate or otherwise, or (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of securitized utility tariff charges;

c. Any recourse that the purchaser may have against the seller;

d. Any indemnification rights, obligations, or repurchase rights made or provided by the seller;

e. The obligation of the seller to collect securitized utility tariff charges on behalf of an assignee;

f. The transferor acting as the servicer of the securitized utility tariff charges or the existence of any contract that authorizes or requires the electrical corporation, to the extent that any interest in securitized utility tariff property is sold or assigned, to contract with the assignee or any financing party that it will continue to operate its system to provide service to its customers, will collect 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;

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;

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;

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 any financing statement was filed.

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

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

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

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

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

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

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

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

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

(a) Alter the provisions of this section, which authorize the commission to create an irrevocable contract right or chose in action by the issuance of a financing order, to create securitized utility tariff property, and make the securitized utility tariff charges imposed by a financing order irrevocable, binding, or nonbypassable charges for all existing and future retail customers of the electrical corporation except its existing special contract customers;

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

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

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

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

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

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

14. If any provision of this section is held invalid or is invalidated, superseded, replaced, repealed, or expires for any reason, that occurrence does not affect the validity of any action allowed under this section which is taken by an electrical corporation, an assignee, a financing party, a collection agent, or a party to an ancillary agreement; and any such action remains in full force and

effect with respect to all securitized utility tariff bonds issued or authorized in a financing order issued under this section before the date that such provision is held invalid or is invalidated, superseded, replaced, or repealed, or expires for any reason."; and

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