

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1746**  
**102ND GENERAL ASSEMBLY**

3399H.02C

DANA RADEMAN MILLER, Chief Clerk

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**AN ACT**

To repeal sections 137.010, 137.080, 137.115, 137.122, 204.300, 204.610, 393.320, 393.1030, 393.1506, 393.1700, and 640.144, RSMo, and to enact in lieu thereof thirteen new sections relating to utilities.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 137.010, 137.080, 137.115, 137.122, 204.300, 204.610, 393.320, 2 393.1030, 393.1506, 393.1700, and 640.144, RSMo, are repealed and thirteen new sections 3 enacted in lieu thereof, to be known as sections 137.010, 137.080, 137.115, 137.122, 144.058, 4 204.300, 204.610, 393.320, 393.1030, 393.1506, 393.1645, 393.1700, and 640.144, to read as 5 follows:

137.010. The following words, terms and phrases when used in laws governing 2 taxation and revenue in the state of Missouri shall have the meanings ascribed to them in this 3 section, except when the context clearly indicates a different meaning:

4 (1) "Grain and other agricultural crops in an unmanufactured condition" shall mean 5 grains and feeds including, but not limited to, soybeans, cow peas, wheat, corn, oats, barley, 6 kafir, rye, flax, grain sorghums, cotton, and such other products as are usually stored in grain 7 and other elevators and on farms; but excluding such grains and other agricultural crops after 8 being processed into products of such processing, when packaged or sacked. The term 9 "processing" shall not include hulling, cleaning, drying, grating, or polishing;

10 (2) "Hydroelectric power generating equipment", very-low-head turbine generators 11 with a nameplate generating capacity of at least four hundred kilowatts but not more than six 12 hundred kilowatts and machinery and equipment used directly in the production, generation, 13 conversion, storage, or conveyance of hydroelectric power to land-based devices and 14 appurtenances used in the transmission of electrical energy;

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 (3) "Intangible personal property", for the purpose of taxation, shall include all  
16 property other than real property and tangible personal property, as defined by this section;

17 (4) "Real property" includes land itself, whether laid out in town lots or otherwise,  
18 and all growing crops, buildings, structures, improvements and fixtures of whatever kind  
19 thereon, hydroelectric power generating equipment, the installed poles used in the  
20 transmission or reception of electrical energy, audio signals, video signals or similar  
21 purposes, provided the owner of such installed poles is also an owner of a fee simple interest,  
22 possessor of an easement, holder of a license or franchise, or is the beneficiary of a right-of-  
23 way dedicated for public utility purposes for the underlying land; attached wires,  
24 transformers, amplifiers, substations, and other such devices and appurtenances used in the  
25 transmission or reception of electrical energy, audio signals, video signals or similar purposes  
26 when owned by the owner of the installed poles, otherwise such items are considered personal  
27 property; and stationary property used for transportation or storage of liquid and gaseous  
28 products, including, but not limited to, petroleum products, natural gas, propane or LP gas  
29 equipment, water, and sewage;

30 (5) "Reliever airport", any land and improvements, exclusive of structures, on  
31 privately owned airports that qualify as reliever airports under the National Plan of Integrated  
32 Airport Systems that may receive federal airport improvement project funds through the  
33 Federal Aviation Administration;

34 (6) "Tangible personal property" includes every tangible thing being the subject of  
35 ownership or part ownership whether animate or inanimate, other than money, and not  
36 forming part or parcel of real property as herein defined, but does not include household  
37 goods, furniture, wearing apparel and articles of personal use and adornment, as defined by  
38 the state tax commission, owned and used by a person in his home or dwelling place.  
39 **"Tangible personal property" shall include solar panels, racking systems, inverters, and**  
40 **related solar equipment, components, materials, and supplies installed at commercial**  
41 **solar photovoltaic energy systems, as described in subdivision (46) of subsection 2 of**  
42 **section 144.030, that were constructed and producing solar energy prior to August 9,**  
43 **2022.**

137.080. Real estate and tangible personal property shall be assessed annually at the  
2 assessment which commences on the first day of January. For purposes of assessing and  
3 taxing tangible personal property, all tangible personal property shall be divided into the  
4 following subclasses:

- 5 (1) Grain and other agricultural crops in an unmanufactured condition;
- 6 (2) Livestock;
- 7 (3) Farm machinery;

8 (4) Vehicles, including recreational vehicles, but not including manufactured homes,  
9 as defined in section 700.010, which are actually used as dwelling units;

10 (5) Manufactured homes, as defined in section 700.010, which are actually used as  
11 dwelling units;

12 (6) Motor vehicles which are eligible for registration and are registered as historic  
13 motor vehicles under section 301.131;

14 (7) **Solar panels, racking systems, inverters, and related solar equipment,**  
15 **components, materials, and supplies installed at commercial solar photovoltaic energy**  
16 **systems, as described in subdivision (46) of subsection 2 of section 144.030, that were**  
17 **constructed and producing solar energy prior to August 9, 2022; and**

18 (8) All taxable tangible personal property not included in subclass (1), subclass (2),  
19 subclass (3), subclass (4), subclass (5), ~~subclass (6)~~, **or subclass (7).**

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the  
2 assessor's deputies in all counties of this state including the City of St. Louis shall annually  
3 make a list of all real and tangible personal property taxable in the assessor's city, county,  
4 town or district. Except as otherwise provided in subsection 3 of this section and section  
5 137.078, the assessor shall annually assess all personal property at thirty-three and one-third  
6 percent of its true value in money as of January first of each calendar year. The assessor shall  
7 annually assess all real property, including any new construction and improvements to real  
8 property, and possessory interests in real property at the percent of its true value in money set  
9 in subsection 5 of this section. The true value in money of any possessory interest in real  
10 property in subclass (3), where such real property is on or lies within the ultimate airport  
11 boundary as shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a  
12 commercial airport having a FAR Part 139 certification and owned by a political subdivision,  
13 shall be the otherwise applicable true value in money of any such possessory interest in real  
14 property, less the total dollar amount of costs paid by a party, other than the political  
15 subdivision, towards any new construction or improvements on such real property completed  
16 after January 1, 2008, and which are included in the above-mentioned possessory interest,  
17 regardless of the year in which such costs were incurred or whether such costs were  
18 considered in any prior year. The assessor shall annually assess all real property in the  
19 following manner: new assessed values shall be determined as of January first of each odd-  
20 numbered year and shall be entered in the assessor's books; those same assessed values shall  
21 apply in the following even-numbered year, except for new construction and property  
22 improvements which shall be valued as though they had been completed as of January first of  
23 the preceding odd-numbered year. The assessor may call at the office, place of doing  
24 business, or residence of each person required by this chapter to list property, and require the  
25 person to make a correct statement of all taxable tangible personal property owned by the

26 person or under his or her care, charge or management, taxable in the county. On or before  
27 January first of each even-numbered year, the assessor shall prepare and submit a two-year  
28 assessment maintenance plan to the county governing body and the state tax commission for  
29 their respective approval or modification. The county governing body shall approve and  
30 forward such plan or its alternative to the plan to the state tax commission by February first.  
31 If the county governing body fails to forward the plan or its alternative to the plan to the state  
32 tax commission by February first, the assessor's plan shall be considered approved by the  
33 county governing body. If the state tax commission fails to approve a plan and if the state tax  
34 commission and the assessor and the governing body of the county involved are unable to  
35 resolve the differences, in order to receive state cost-share funds outlined in section 137.750,  
36 the county or the assessor shall petition the administrative hearing commission, by May first,  
37 to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement  
38 of the parties, the matter may be stayed while the parties proceed with mediation or  
39 arbitration upon terms agreed to by the parties. The final decision of the administrative  
40 hearing commission shall be subject to judicial review in the circuit court of the county  
41 involved. In the event a valuation of subclass (1) real property within any county with a  
42 charter form of government, or within a city not within a county, is made by a computer,  
43 computer-assisted method or a computer program, the burden of proof, supported by clear,  
44 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any  
45 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a  
46 presumption that the assessment was made by a computer, computer-assisted method or a  
47 computer program. Such evidence shall include, but shall not be limited to, the following:

48 (1) The findings of the assessor based on an appraisal of the property by generally  
49 accepted appraisal techniques; and

50 (2) The purchase prices from sales of at least three comparable properties and the  
51 address or location thereof. As used in this subdivision, the word "comparable" means that:

52 (a) Such sale was closed at a date relevant to the property valuation; and

53 (b) Such properties are not more than one mile from the site of the disputed property,  
54 except where no similar properties exist within one mile of the disputed property, the nearest  
55 comparable property shall be used. Such property shall be within five hundred square feet in  
56 size of the disputed property, and resemble the disputed property in age, floor plan, number of  
57 rooms, and other relevant characteristics.

58 2. Assessors in each county of this state and the City of St. Louis may send personal  
59 property assessment forms through the mail.

60 3. The following items of personal property shall each constitute separate subclasses  
61 of tangible personal property and shall be assessed and valued for the purposes of taxation at  
62 the following percentages of their true value in money:

63 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of  
64 one percent;

65 (2) Livestock, twelve percent;

66 (3) Farm machinery, twelve percent;

67 (4) Motor vehicles which are eligible for registration as and are registered as historic  
68 motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years  
69 old and which are used solely for noncommercial purposes and are operated less than two  
70 hundred hours per year or aircraft that are home built from a kit, five percent;

71 (5) Poultry, twelve percent; ~~and~~

72 (6) Tools and equipment used for pollution control and tools and equipment used in  
73 retooling for the purpose of introducing new product lines or used for making improvements  
74 to existing products by any company which is located in a state enterprise zone and which is  
75 identified by any standard industrial classification number cited in subdivision (7) of section  
76 135.200, twenty-five percent; **and**

77 (7) **Solar panels, racking systems, inverters, and related solar equipment,**  
78 **components, materials, and supplies installed at commercial solar photovoltaic energy**  
79 **systems, as described in subdivision (46) of subsection 2 of section 144.030, that were**  
80 **constructed and producing solar energy prior to August 9, 2022, five percent.**

81 4. The person listing the property shall enter a true and correct statement of the  
82 property, in a printed blank prepared for that purpose. The statement, after being filled out,  
83 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall  
84 then be delivered to the assessor.

85 5. (1) All subclasses of real property, as such subclasses are established in Section 4  
86 (b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed  
87 at the following percentages of true value:

88 (a) For real property in subclass (1), nineteen percent;

89 (b) For real property in subclass (2), twelve percent; and

90 (c) For real property in subclass (3), thirty-two percent.

91 (2) A taxpayer may apply to the county assessor, or, if not located within a county,  
92 then the assessor of such city, for the reclassification of such taxpayer's real property if the use  
93 or purpose of such real property is changed after such property is assessed under the  
94 provisions of this chapter. If the assessor determines that such property shall be reclassified,  
95 he or she shall determine the assessment under this subsection based on the percentage of the  
96 tax year that such property was classified in each subclassification.

97 6. Manufactured homes, as defined in section 700.010, which are actually used as  
98 dwelling units shall be assessed at the same percentage of true value as residential real  
99 property for the purpose of taxation. The percentage of assessment of true value for such

100 manufactured homes shall be the same as for residential real property. If the county collector  
101 cannot identify or find the manufactured home when attempting to attach the manufactured  
102 home for payment of taxes owed by the manufactured home owner, the county collector may  
103 request the county commission to have the manufactured home removed from the tax books,  
104 and such request shall be granted within thirty days after the request is made; however, the  
105 removal from the tax books does not remove the tax lien on the manufactured home if it is  
106 later identified or found. For purposes of this section, a manufactured home located in a  
107 manufactured home rental park, rental community or on real estate not owned by the  
108 manufactured home owner shall be considered personal property. For purposes of this  
109 section, a manufactured home located on real estate owned by the manufactured home owner  
110 may be considered real property.

111         7. Each manufactured home assessed shall be considered a parcel for the purpose of  
112 reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be  
113 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement  
114 to the existing real estate parcel.

115         8. Any amount of tax due and owing based on the assessment of a manufactured  
116 home shall be included on the personal property tax statement of the manufactured home  
117 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of  
118 section 442.015, in which case the amount of tax due and owing on the assessment of the  
119 manufactured home as a realty improvement to the existing real estate parcel shall be  
120 included on the real property tax statement of the real estate owner.

121         9. The assessor of each county and each city not within a county shall use the trade-in  
122 value published in the October issue of the National Automobile Dealers' Association Official  
123 Used Car Guide, or its successor publication, as the recommended guide of information for  
124 determining the true value of motor vehicles described in such publication. The assessor shall  
125 not use a value that is greater than the average trade-in value in determining the true value of  
126 the motor vehicle without performing a physical inspection of the motor vehicle. For vehicles  
127 two years old or newer from a vehicle's model year, the assessor may use a value other than  
128 average without performing a physical inspection of the motor vehicle. In the absence of a  
129 listing for a particular motor vehicle in such publication, the assessor shall use such  
130 information or publications which in the assessor's judgment will fairly estimate the true  
131 value in money of the motor vehicle.

132         10. Before the assessor may increase the assessed valuation of any parcel of subclass  
133 (1) real property by more than fifteen percent since the last assessment, excluding increases  
134 due to new construction or improvements, the assessor shall conduct a physical inspection of  
135 such property.

136           11. If a physical inspection is required, pursuant to subsection 10 of this section, the  
137 assessor shall notify the property owner of that fact in writing and shall provide the owner  
138 clear written notice of the owner's rights relating to the physical inspection. If a physical  
139 inspection is required, the property owner may request that an interior inspection be  
140 performed during the physical inspection. The owner shall have no less than thirty days to  
141 notify the assessor of a request for an interior physical inspection.

142           12. A physical inspection, as required by subsection 10 of this section, shall include,  
143 but not be limited to, an on-site personal observation and review of all exterior portions of the  
144 land and any buildings and improvements to which the inspector has or may reasonably and  
145 lawfully gain external access, and shall include an observation and review of the interior of  
146 any buildings or improvements on the property upon the timely request of the owner pursuant  
147 to subsection 11 of this section. Mere observation of the property via a drive-by inspection or  
148 the like shall not be considered sufficient to constitute a physical inspection as required by  
149 this section.

150           13. A county or city collector may accept credit cards as proper form of payment of  
151 outstanding property tax or license due. No county or city collector may charge surcharge for  
152 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,  
153 processor, or issuer for its service. A county or city collector may accept payment by  
154 electronic transfers of funds in payment of any tax or license and charge the person making  
155 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of  
156 such electronic payment.

157           14. Any county or city not within a county in this state may, by an affirmative vote of  
158 the governing body of such county, opt out of the provisions of this section and sections  
159 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general  
160 assembly, second regular session and section 137.073 as modified by house committee  
161 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-  
162 second general assembly, second regular session, for the next year of the general  
163 reassessment, prior to January first of any year. No county or city not within a county  
164 shall exercise this opt-out provision after implementing the provisions of this section and  
165 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first  
166 general assembly, second regular session and section 137.073 as modified by house  
167 committee substitute for senate substitute for senate committee substitute for senate bill no.  
168 960, ninety-second general assembly, second regular session, in a year of general  
169 reassessment. For the purposes of applying the provisions of this subsection, a political  
170 subdivision contained within two or more counties where at least one of such counties has  
171 opted out and at least one of such counties has not opted out shall calculate a single tax rate as  
172 in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly,

173 second regular session. A governing body of a city not within a county or a county that has  
174 opted out under the provisions of this subsection may choose to implement the provisions of  
175 this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of  
176 the ninety-first general assembly, second regular session, and section 137.073 as modified by  
177 house committee substitute for senate substitute for senate committee substitute for senate bill  
178 no. 960, ninety-second general assembly, second regular session, for the next year of general  
179 reassessment, by an affirmative vote of the governing body prior to December thirty-first of  
180 any year.

181         15. The governing body of any city of the third classification with more than twenty-  
182 six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants  
183 located in any county that has exercised its authority to opt out under subsection 14 of this  
184 section may levy separate and differing tax rates for real and personal property only if such  
185 city bills and collects its own property taxes or satisfies the entire cost of the billing and  
186 collection of such separate and differing tax rates. Such separate and differing rates shall not  
187 exceed such city's tax rate ceiling.

188         16. Any portion of real property that is available as reserve for strip, surface, or coal  
189 mining for minerals for purposes of excavation for future use or sale to others that has not  
190 been bonded and permitted under chapter 444 shall be assessed based upon how the real  
191 property is currently being used. Any information provided to a county assessor, state tax  
192 commission, state agency, or political subdivision responsible for the administration of tax  
193 policies shall, in the performance of its duties, make available all books, records, and  
194 information requested, except such books, records, and information as are by law declared  
195 confidential in nature, including individually identifiable information regarding a specific  
196 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall  
197 mean all real property that is in use or readily available as a reserve for strip, surface, or coal  
198 mining for minerals for purposes of excavation for current or future use or sale to others that  
199 has been bonded and permitted under chapter 444.

137.122. 1. As used in this section, the following terms mean:

2         (1) "Business personal property", tangible personal property which is used in a trade  
3 or business or used for production of income and which has a determinable life of longer than  
4 one year except that supplies used by a business shall also be considered business personal  
5 property, but shall not include livestock, farm machinery, grain and other agricultural crops in  
6 an unmanufactured condition, property subject to the motor vehicle registration provisions of  
7 chapter 301, property assessed under section 137.078, the property of rural electric  
8 cooperatives under chapter 394, or property assessed by the state tax commission under  
9 chapters 151, 153, and 155, section 137.022, and sections 137.1000 to 137.1030;



10 (2) "Class life", the class life of property as set out in the federal Modified  
 11 Accelerated Cost Recovery System life tables or their successors under the Internal Revenue  
 12 Code as amended;

13 (3) "Economic or functional obsolescence", a loss in value of personal property above  
 14 and beyond physical deterioration and age of the property. Such loss may be the result of  
 15 economic or functional obsolescence or both;

16 (4) "Original cost", the price the current owner, the taxpayer, paid for the item without  
 17 freight, installation, or sales or use tax. In the case of acquisition of items of personal  
 18 property as part of an acquisition of an entity, the original cost shall be the historical cost of  
 19 those assets remaining in place and in use and the placed-in-service date shall be the date of  
 20 acquisition by the entity being acquired;

21 (5) "Placed in service", property is placed in service when it is ready and available for  
 22 a specific use, whether in a business activity, an income-producing activity, a tax-exempt  
 23 activity, or a personal activity. Even if the property is not being used, the property is in  
 24 service when it is ready and available for its specific use;

25 (6) "Recovery period", the period over which the original cost of depreciable tangible  
 26 personal property shall be depreciated for property tax purposes and shall be the same as the  
 27 recovery period allowed for such property under the Internal Revenue Code.

28 2. To establish uniformity in the assessment of depreciable tangible personal property,  
 29 each assessor shall use the standardized schedule of depreciation in this section to determine  
 30 the assessed valuation of depreciable tangible personal property for the purpose of estimating  
 31 the value of such property subject to taxation under this chapter.

32 3. For purposes of this section, and to estimate the value of depreciable tangible  
 33 personal property for mass appraisal purposes, each assessor shall value depreciable tangible  
 34 personal property by applying the class life and recovery period to the original cost of the  
 35 property according to the following depreciation schedule. The percentage shown for the first  
 36 year shall be the percentage of the original cost used for January first of the year following the  
 37 year of acquisition of the property, and the percentage shown for each succeeding year shall  
 38 be the percentage of the original cost used for January first of the respective succeeding year  
 39 as follows:

Year	Recovery Period in Years					
	3	5	7	10	15	20
1	75.00	85.00	89.29	92.50	95.00	96.25
2	37.50	59.50	70.16	78.62	85.50	89.03
3	12.50	41.65	55.13	66.83	76.95	82.35
4	5.00	24.99	42.88	56.81	69.25	76.18

46	5		10.00	30.63	48.07	62.32	70.46
47	6			18.38	39.33	56.09	65.18
48	7			10.00	30.59	50.19	60.29
49	8				21.85	44.29	55.77
50	9				15.00	38.38	51.31
51	10					32.48	46.85
52	11					26.57	42.38
53	12					20.67	37.92
54	13					15.00	33.46
55	14						29.00
56	15						24.54
57	16						20.08
58	17						20.00

59

60 Depreciable tangible personal property in all recovery periods shall continue in subsequent  
 61 years to have the depreciation factor last listed in the appropriate column so long as it is  
 62 owned or held by the taxpayer. The state tax commission shall study and analyze the values  
 63 established by this method of assessment and in every odd-numbered year make  
 64 recommendations to the joint committee on tax policy pertaining to any changes in this  
 65 methodology, if any, that are warranted.

66 4. Such estimate of value determined under this section shall be presumed to be  
 67 correct for the purpose of determining the true value in money of the depreciable tangible  
 68 personal property, but such estimation may be disproved by a taxpayer by substantial and  
 69 persuasive evidence of the true value in money under any method determined by the state tax  
 70 commission to be correct, including, but not limited to, an appraisal of the tangible personal  
 71 property specifically utilizing generally accepted appraisal techniques, and contained in a  
 72 narrative appraisal report in accordance with the Uniform Standards of Professional Appraisal  
 73 Practice or by proof of economic or functional obsolescence or evidence of excessive  
 74 physical deterioration. For purposes of appeal of the provisions of this section, the salvage or  
 75 scrap value of depreciable tangible personal property may only be considered if the property  
 76 is not in use as of the assessment date.

77 5. This section shall not apply to business personal property placed in service before  
 78 January 2, 2006. Nothing in this section shall create a presumption as to the proper method of  
 79 determining the assessed valuation of business personal property placed in service before  
 80 January 2, 2006.

81           6. The provisions of this section are not intended to modify the definition of tangible  
82 personal property as defined in section 137.010.

83           7. (1) **Beginning January 1, 2025, this section shall apply to all real property,**  
84 **placed in service at any time, that is stationary property used for transportation or**  
85 **storage of liquid and gaseous products, including water, sewage, and natural gas that is**  
86 **not propane or LP gas, but not including petroleum products.**

87           (2) **To estimate the value of the real property described in this subsection, each**  
88 **assessor shall value such property by applying a twenty-year recovery period to the**  
89 **original cost of the property according to the twenty-year depreciation schedule set**  
90 **forth in subsection 3 of this section. Notwithstanding subsection 5 of this section, the**  
91 **presumption as to the proper method of determining the assessed value of such property**  
92 **shall apply regardless of when such property was placed in service.**

93           (3) **Each taxpayer owning real property described in this subsection shall**  
94 **provide to an assessor, on or before May first of the applicable tax year, the original cost**  
95 **and year placed in service of such property summarized in a format that is substantially**  
96 **similar to the real property reporting and valuation forms contained in section 7.4 of the**  
97 **state tax commission assessor manual (revision date March 23, 2016), or any other**  
98 **revision adopted by the state tax commission thereafter. Such information shall be**  
99 **provided for each taxing district within the assessor's jurisdiction. If requested by the**  
100 **taxpayer, the assessor shall provide to the taxpayer geographic information system maps**  
101 **in readable layers on which a taxpayer may provide the information in this subsection.**  
102 **The taxpayer shall certify under penalty of perjury that the information provided to the**  
103 **assessor pursuant to this subsection is accurate to the best of his or her knowledge. All**  
104 **information provided to an assessor pursuant to this subsection shall be considered**  
105 **proprietary information and shall be accessible only to the assessor and the assessor's**  
106 **staff for internal use only.**

**144.058. In addition to other exemptions granted under this chapter, there is**  
2 **hereby specifically exempted from the provisions of and the computation of the tax**  
3 **levied, assessed, or payable under this chapter and the local sales tax law as defined in**  
4 **section 32.085, electrical energy and gas, whether natural, artificial, or propane; water,**  
5 **coal, and energy sources; chemicals, machinery, equipment, parts, and material used or**  
6 **consumed in connection with or to facilitate the generation, transmission, distribution,**  
7 **sale, or furnishing of electricity for light, heat, or power; and any conduits, ducts, or**  
8 **other devices, materials, apparatus, or property for containing, holding, or carrying**  
9 **conductors used or to be used for the transmission of electricity for light, heat, or power**  
10 **service to consumers. The provisions of this section shall be in addition to any other**  
11 **sales or use tax exemption provided by law. Any public utility, as such term is defined in**

12 **section 386.020, that realizes any savings as a result of the sales tax exemption provided**  
13 **in this section shall provide the public service commission information on the amount of**  
14 **savings realized in such public utility's next general rate proceeding and shall include a**  
15 **statement that such savings will be passed through to the public utility's rate revenue**  
16 **requirement determined in the public utility's next general rate proceeding. As used in**  
17 **this section, savings realized shall be calculated as the difference between sales tax**  
18 **incurred and sales tax expense included in current rates.**

204.300. 1. In all counties except counties of the first classification which have a  
2 charter form of government and which contain all or any portion of a city with a population of  
3 three hundred fifty thousand or more inhabitants, the governing body of the county, by  
4 resolution, order, or ordinance, shall appoint five trustees, the majority of whom shall reside  
5 within the boundaries of the district. In the event the district extends into any county  
6 bordering the county in which the greater portion of the district lies, the presiding  
7 commissioner or other chief executive officer of the adjoining county shall be an additional  
8 member of the appointed board of trustees. **Subject to the provisions of section 105.454,** the  
9 trustees may be paid reasonable compensation by the district for their services~~]; except that,~~  
10 ~~any compensation schedule shall be approved by resolution of the board of trustees]~~ **outside**  
11 **their duties as trustees. Each trustee of the board may receive an attendance fee not to**  
12 **exceed one hundred dollars for attending each regularly called board meeting, or special**  
13 **meeting, but shall not be paid for attending more than two meetings in any calendar**  
14 **month, except that in a county of the first classification, a trustee shall not be paid for**  
15 **attending more than four meetings in any calendar month. However, no trustee shall be**  
16 **paid more than one attendance fee if such trustee attends more than one board meeting**  
17 **in a calendar week. Each trustee of the board shall be reimbursed for his or her actual**  
18 **expenditures in the performance of his or her duties on behalf of the district.** The board  
19 of trustees shall be responsible for the control and operation of the sewer district. The term of  
20 each board member shall be five years; except that, members of the governing body of the  
21 county sitting upon the board shall not serve beyond the expiration of their term as members  
22 of such governing body of the county. The first board of trustees shall be appointed for terms  
23 ranging from one to five years so as to establish one vacancy per year thereafter. If the  
24 governing body of the county with the right of appointment under this section fails to appoint  
25 a trustee to fill a vacancy on the board within sixty days after receiving written notice from  
26 the common sewer district of the existence of such vacancy, then the vacancy may be filled by  
27 a majority of the remaining members then in office of the board of trustees of such common  
28 sewer district. The trustees may be paid reasonable compensation by the district for their  
29 services; except that, any compensation schedule shall be approved by resolution, order, or  
30 ordinance of the governing body of the county. Any and all expenses incurred in the

31 performance of their duties shall be reimbursed by the district. The board of trustees shall  
32 have the power to employ and fix the compensation of such staff as may be necessary to  
33 discharge the business and purposes of the district, including clerks, attorneys, administrative  
34 assistants, and any other necessary personnel. The board of trustees shall select a treasurer,  
35 who may be either a member of the board of trustees or another qualified individual. The  
36 treasurer selected by the board shall give such bond as may be required by the board of  
37 trustees. The board of trustees shall appoint the sewer engineer for the county in which the  
38 greater part of the district lies as chief engineer for the district, and the sewer engineer shall  
39 have the same powers, responsibilities and duties in regard to planning, construction and  
40 maintenance of the sewers, and treatment facilities of the district as he now has by virtue of  
41 law in regard to the sewer facilities within the county for which he is elected. If there is no  
42 sewer engineer in the county in which the greater part of the district lies, the board of trustees  
43 may employ a registered professional engineer as chief engineer for the district under such  
44 terms and conditions as may be necessary to discharge the business and purposes of the  
45 district. The provisions of this subsection shall not apply to any county of the first  
46 classification which has a charter form of government and which contains all or any portion  
47 of a city with a population of three hundred fifty thousand or more inhabitants.

48         2. In any county of the first classification which has a charter form of government and  
49 which contains all or any portion of a city with a population of three hundred fifty thousand or  
50 more inhabitants, ~~[and in any county of the first classification without a charter form of~~  
51 ~~government and which has a population of more than sixty three thousand seven hundred but~~  
52 ~~less than seventy five thousand,]~~ there shall be a ten-member board of trustees to consist of  
53 the county executive, the mayors of the five cities constituting the largest users by flow  
54 during the previous fiscal year, the mayors of three cities which are not among the five largest  
55 users and who are members of the advisory board of the district established pursuant to  
56 section 204.310, and one member of the county legislature to be appointed by the county  
57 executive, with the concurrence of the county legislature. If the county executive does not  
58 appoint such members of the county legislature to the board of trustees within sixty days, the  
59 county legislature shall make the appointments. The advisory board members shall be  
60 appointed annually by the advisory board. In the event the district extends into any county  
61 bordering the county in which the greater portion of the district lies, the number of members  
62 on the board of trustees shall be increased to a total of eleven and the presiding commissioner  
63 or county executive of the adjoining county shall be an additional member of the board of  
64 trustees. **The trustees of a district with an eleven-member board and located in two**  
65 **counties** shall receive no compensation for their services[;] but may be compensated for their  
66 reasonable expenses normally incurred in the performance of their duties. **Each trustee of a**  
67 **ten-member board may receive an attendance fee not to exceed one hundred dollars for**

68 **attending each regularly called board meeting, or special meeting, but shall not be paid**  
69 **for attending more than two meetings in any calendar month. However, no trustee of a**  
70 **ten-member board shall be paid more than one attendance fee if such trustee attends**  
71 **more than one board meeting in a calendar week. Each trustee of a ten-member board**  
72 **shall be reimbursed for his or her actual expenditures in the performance of his or her**  
73 **duties on behalf of the district. Subject to the provision of section 105.454, the trustees**  
74 **of a ten-member board may be paid reasonable compensation by the district for their**  
75 **services outside their duties as trustees.** The board of trustees may employ and fix the  
76 compensation of such staff as may be necessary to discharge the business and purposes of the  
77 district, including clerks, attorneys, administrative assistants, and any other necessary  
78 personnel. The board of trustees may employ and fix the duties and compensation of an  
79 administrator for the district. The administrator shall be the chief executive officer of the  
80 district subject to the supervision and direction of the board of trustees and shall exercise the  
81 powers, responsibilities and duties heretofore exercised by the chief engineer prior to  
82 September 28, 1983. The administrator of the district may, with the approval of the board of  
83 trustees, retain consulting engineers for the district under such terms and conditions as may be  
84 necessary to discharge the business and purposes of the district. The provisions of this  
85 subsection shall only apply to counties of the first classification which have a charter form of  
86 government and which contain all or any portion of a city with a population of three hundred  
87 fifty thousand or more inhabitants.

204.610. 1. There shall be five trustees, appointed or elected as provided for in the  
2 circuit court decree or amended decree of incorporation for a reorganized common sewer  
3 district, who shall reside within the boundaries of the district. Each trustee shall be a voter of  
4 the district and shall have resided in said district for twelve months immediately prior to the  
5 trustee's election or appointment. A trustee shall be at least twenty-five years of age and shall  
6 not be delinquent in the payment of taxes at the time of the trustee's election or appointment.  
7 Regardless of whether or not the trustees are elected or appointed, in the event the district  
8 extends into any county bordering the county in which the greater portion of the district lies,  
9 the presiding commissioner or other chief executive officer of the adjoining county shall be  
10 an additional member of the board of trustees, or the governing body of such bordering  
11 county may appoint a citizen from such county to serve as an additional member of the board  
12 of trustees. Said additional trustee shall meet the qualifications set forth in this section for a  
13 trustee.

14 2. ~~[The trustees shall receive no compensation for their services but may be~~  
15 ~~compensated for reasonable expenses normally incurred in the performance of their duties.]~~  
16 **Each trustee of the board may receive an attendance fee not to exceed one hundred**  
17 **dollars for attending each regularly called board meeting, or special meeting, but shall**

18 **not be paid for attending more than two meetings in any calendar month. However, no**  
19 **trustee shall be paid more than one attendance fee if such trustee attends more than one**  
20 **board meeting in a calendar week. Each trustee of the board shall be reimbursed for his**  
21 **or her actual expenditures in the performance of his or her duties on behalf of the**  
22 **district. Subject to the provisions of section 105.454, the trustees may be paid**  
23 **reasonable compensation by the district for their services outside their duties as**  
24 **trustees.** The board of trustees may employ and fix the compensation of such staff as may be  
25 necessary to discharge the business and purposes of the district, including clerks, attorneys,  
26 administrative assistants, and any other necessary personnel. The board of trustees may  
27 employ and fix the duties and compensation of an administrator for the district. The  
28 administrator shall be the chief executive officer of the district subject to the supervision and  
29 direction of the board of trustees. The administrator of the district may, with the approval of  
30 the board of trustees, retain consulting engineers for the district under such terms and  
31 conditions as may be necessary to discharge the business and purposes of the district.

32 3. Except as provided in subsection 1 of this section, the term of office of a trustee  
33 shall be five years. The remaining trustees shall appoint a person qualified under this section  
34 to fill any vacancy on the board. The initial trustees appointed by the circuit court shall serve  
35 until the first Tuesday after the first Monday in June or until the first Tuesday after the first  
36 Monday in April, depending upon the resolution of the trustees. In the event that the trustees  
37 are elected, said elections shall be conducted by the appropriate election authority under  
38 chapter 115. Otherwise, trustees shall be appointed by the county commission in accordance  
39 with the qualifications set forth in subsection 1 of this section.

40 4. Notwithstanding any other provision of law, if there is only one candidate for the  
41 post of trustee, then no election shall be held, and the candidate shall assume the  
42 responsibilities of office at the same time and in the same manner as if elected. If there is no  
43 candidate for the post of trustee, then no election shall be held for that post and it shall be  
44 considered vacant, to be filled under the provisions of subsection 3 of this section.

393.320. 1. As used in this section, the following terms mean:

2 (1) "Large water public utility", a public utility:

3 (a) That regularly provides water service [~~or sewer service~~] to more than eight  
4 thousand customer connections, **regularly provides sewer service to more than eight**  
5 **thousand customer connections, or regularly provides a combination of either to more**  
6 **than eight thousand customer connections;** and

7 (b) That provides safe and adequate service but shall not include a sewer district  
8 established under Section 30(a), Article VI of the Missouri Constitution, sewer districts  
9 established under the provisions of chapter 204, 249, or 250, public water supply districts

10 established under the provisions of chapter 247, or municipalities that own water or sewer  
11 systems;

12 (2) "Small water utility", a public utility that regularly provides water service or  
13 sewer service to eight thousand or fewer customer connections; a water district established  
14 under the provisions of chapter 247 that regularly provides water or sewer service to eight  
15 thousand or fewer customer connections; a sewer district established under the provisions of  
16 chapter 204, 249, or 250 that regularly provides sewer service to eight thousand or fewer  
17 customer connections; or a water system or sewer system owned by a municipality that  
18 regularly provides water service or sewer service to eight thousand or fewer customer  
19 connections; and all other entities that regularly provide water service or sewer service to  
20 eight thousand or fewer customer connections.

21 2. The procedures contained in this section may be chosen by a large water public  
22 utility, and if so chosen shall be used by the public service commission to establish the  
23 ratemaking rate base of a small water utility during an acquisition.

24 3. (1) An appraisal shall be performed by three appraisers. One appraiser shall be  
25 appointed by the small water utility, one appraiser shall be appointed by the large water public  
26 utility, and the third appraiser shall be appointed by the two appraisers so appointed. Each of  
27 the appraisers shall be a disinterested person who is a certified general appraiser under  
28 chapter 339.

29 (2) The appraisers shall:

30 (a) Jointly prepare an appraisal of the fair market value of the water system and/or  
31 sewer system. The determination of fair market value shall be in accordance with Missouri  
32 law and with the Uniform Standards of Professional Appraisal Practice; and

33 (b) Return their appraisal, in writing, to the small water utility and large water public  
34 utility in a reasonable and timely manner.

35 (3) If all three appraisers cannot agree as to the appraised value, the appraisal, when  
36 signed by two of the appraisers, constitutes a good and valid appraisal.

37 4. Nothing in this section shall prohibit a party from declining to proceed with an  
38 acquisition or be deemed as establishing the final purchase price of an acquisition.

39 5. (1) The lesser of the purchase price or the appraised value, together with the  
40 reasonable and prudent transaction, closing, and transition costs incurred by the large water  
41 public utility, shall constitute the ratemaking rate base for the small water utility as acquired  
42 by the acquiring large water public utility; provided, however, that if the small water utility is  
43 a public utility subject to chapter 386 and the small water utility completed a rate case prior to  
44 the acquisition, the public service commission may select as the ratemaking rate base for the  
45 small water utility as acquired by the acquiring large water public utility a ratemaking rate  
46 base in between:



47 (a) The lesser of the purchase price or the appraised value, together with the  
48 reasonable and prudent transaction, closing, and transition costs incurred by the large water  
49 public utility unless such transaction, closing, and transition costs are elsewhere recoverable  
50 in rates; and

51 (b) The ratemaking rate base of the small water utility as ordered by the public service  
52 commission in the small water utility's last previous rate case as adjusted by improvements  
53 and depreciation reserve since the previous rate case together with the transaction, closing,  
54 and transition costs incurred by the large water public utility unless such transaction, closing,  
55 and transition costs are elsewhere recoverable in rates. If the small water utility and large  
56 water public utility proceed with the sale, any past-due fees due to the state from the small  
57 water utility or its customers under chapter 640 or 644 shall be resolved prior to the transfer  
58 of ownership or the liability for such past-due fees becomes the responsibility of the large  
59 water public utility. Such fees shall not be included in the large water public utility's rate  
60 base.

61 (2) The public service commission shall issue its decision establishing the ratemaking  
62 rate base of the small water utility in its order approving the acquisition. **For any acquisition**  
63 **with an appraised value of five million dollars or less, such decision shall be issued**  
64 **within six months from the submission of the application by the large public water**  
65 **utility to acquire the small utility.**

66 (3) **Prior to the expiration of the six-month period, the public service commission**  
67 **staff or the office of public counsel may request an extension for approval of the**  
68 **application for an additional thirty days from the public service commission, upon a**  
69 **showing of good cause.**

70 6. Upon the date of the acquisition of a small water utility by a large water public  
71 utility, whether or not the procedures for establishing ratemaking rate base provided by this  
72 section have been utilized, the small water utility shall, for ratemaking purposes, become part  
73 of an existing service area, as defined by the public service commission, of the acquiring large  
74 water public utility that is either contiguous to the small water utility, the closest  
75 geographically to the small water utility, or best suited due to operational or other factors.  
76 This consolidation shall be approved by the public service commission in its order approving  
77 the acquisition.

78 7. Any new permit issued pursuant to chapters 640 and 644, when a small water  
79 utility is acquired by a large water public utility, shall include a plan to resolve all outstanding  
80 permit compliance issues. After the transfer of ownership, the acquiring large public water  
81 utility shall continue providing service to all customers that were served by the small water  
82 utility at the time of sale.

83           8. This section is intended for the specific and unique purpose of determining the  
84 ratemaking rate base of small water utilities and shall be exclusively applied to large water  
85 public utilities in the acquisition of a small water utility. This section is not intended to apply  
86 beyond its specific purpose and shall not be construed in any manner to apply to electric  
87 corporations, natural gas corporations, or any other utility regulated by the public service  
88 commission.

          393.1030. 1. The commission shall, in consultation with the department, prescribe by  
2 rule a portfolio requirement for all electric utilities to generate or purchase electricity  
3 generated from renewable energy resources. Such portfolio requirement shall provide that  
4 electricity from renewable energy resources shall constitute the following portions of each  
5 electric utility's sales:

- 6           (1) No less than two percent for calendar years 2011 through 2013;
- 7           (2) No less than five percent for calendar years 2014 through 2017;
- 8           (3) No less than ten percent for calendar years 2018 through 2020; and
- 9           (4) No less than fifteen percent in each calendar year beginning in 2021.

10

11 At least two percent of each portfolio requirement shall be derived from solar energy. The  
12 portfolio requirements shall apply to all power sold to Missouri consumers whether such  
13 power is self-generated or purchased from another source in or outside of this state. A utility  
14 may comply with the standard in whole or in part by purchasing RECs. Each kilowatt-hour of  
15 eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of  
16 compliance.

17           2. **(1) This subsection applies to electric utilities with more than two hundred**  
18 **fifty thousand but less than one million retail customers in Missouri as of the end of**  
19 **calendar year 2022.**

20           **(2) Energy meeting the criteria of the renewable energy portfolio requirements**  
21 **set forth in subsection 1 of this section that is generated from renewable energy**  
22 **resources and contracted for by an accelerated renewable buyer shall:**

23           **(a) Have all associated renewable energy certificates retired by the accelerated**  
24 **renewable buyer, or on their behalf, and the certificates shall not be used to meet the**  
25 **electric utility's portfolio requirements pursuant to subsection 1 of this section;**

26           **(b) Be excluded from the total electric utility's sales used to determine the**  
27 **portfolio requirements pursuant to subsection 1 of this section; and**

28           **(c) Be used to offset all or a portion of its electric load for purposes of**  
29 **determining compliance with the portfolio requirements pursuant to subsection 1 of this**  
30 **section.**

31           **(3) The accelerated renewable buyer shall be exempt from any renewable energy**  
32 **standard compliance costs as may be established by the utility and approved by the**  
33 **commission, based on the amount of renewable energy certificates retired pursuant to**  
34 **this subsection in proportion to the accelerated renewable buyer's total electric energy**  
35 **consumption, on an annual basis.**

36           **(4) An "accelerated renewable buyer" means a customer of an electric utility,**  
37 **with an aggregate load over eighty average megawatts, that enters into a contract or**  
38 **contracts to obtain:**

39           **(a) Renewable energy certificates from renewable energy resources as defined in**  
40 **section 393.1025; or**

41           **(b) Energy and renewable energy certificates from solar or wind generation**  
42 **resources located within the Southwest Power Pool or Midcontinent Independent**  
43 **System Operator regions and initially placed in commercial operation after January 1,**  
44 **2020, including any contract with the electric utility for such generation resources that**  
45 **does not allocate to or recover from any other customer of the utility the cost of such**  
46 **resources.**

47           **(5) Each electric utility shall certify, and verify as necessary, to the commission**  
48 **that the accelerated renewable buyer has satisfied the exemption requirements of this**  
49 **subsection for each year, or an accelerated renewable buyer may choose to certify**  
50 **satisfaction of this exemption by reporting to the commission individually. The**  
51 **commission may promulgate such rules and regulations as may be necessary to**  
52 **implement the provisions of this subsection. Nothing in this section shall be construed**  
53 **as imposing or authorizing the imposition of any reporting, regulatory, or financial**  
54 **burden on an accelerated renewable buyer.**

55           **3.** The commission, in consultation with the department and within one year of  
56 November 4, 2008, shall select a program for tracking and verifying the trading of renewable  
57 energy credits. An unused credit may exist for up to three years from the date of its creation.  
58 A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not  
59 also be used to satisfy any similar nonfederal requirement. An electric utility may not use a  
60 credit derived from a green pricing program. Certificates from net-metered sources shall  
61 initially be owned by the customer-generator. The commission, except where the department  
62 is specified, shall make whatever rules are necessary to enforce the renewable energy  
63 standard. Such rules shall include:

64           **(1) A maximum average retail rate increase of one percent determined by estimating**  
65 **and comparing the electric utility's cost of compliance with least-cost renewable generation**  
66 **and the cost of continuing to generate or purchase electricity from entirely nonrenewable**  
67 **sources, taking into proper account future environmental regulatory risk including the risk of**

68 greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the  
69 maximum average retail rate increase would be less than or equal to one percent if an electric  
70 utility's investment in solar-related projects initiated, owned or operated by the electric utility  
71 is ignored for purposes of calculating the increase, then additional solar rebates shall be paid  
72 and included in rates in an amount up to the amount that would produce a retail rate increase  
73 equal to the difference between a one percent retail rate increase and the retail rate increase  
74 calculated when ignoring an electric utility's investment in solar-related projects initiated,  
75 owned, or operated by the electric utility. Notwithstanding any provision to the contrary in  
76 this section, even if the payment of additional solar rebates will produce a maximum average  
77 retail rate increase of greater than one percent when an electric utility's investment in solar-  
78 related projects initiated, owned or operated by the electric utility are included in the  
79 calculation, the additional solar rebate costs shall be included in the prudently incurred costs  
80 to be recovered as contemplated by subdivision (4) of this subsection;

81 (2) Penalties of at least twice the average market value of renewable energy credits  
82 for the compliance period for failure to meet the targets of subsection 1 of this section. An  
83 electric utility will be excused if it proves to the commission that failure was due to events  
84 beyond its reasonable control that could not have been reasonably mitigated, or that the  
85 maximum average retail rate increase has been reached. Penalties shall not be recovered from  
86 customers. Amounts forfeited under this section shall be remitted to the department to  
87 purchase renewable energy credits needed for compliance. Any excess forfeited revenues  
88 shall be used by the division of energy solely for renewable energy and energy efficiency  
89 projects;

90 (3) Provisions for an annual report to be filed by each electric utility in a format  
91 sufficient to document its progress in meeting the targets;

92 (4) Provision for recovery outside the context of a regular rate case of prudently  
93 incurred costs and the pass-through of benefits to customers of any savings achieved by an  
94 electrical corporation in meeting the requirements of this section.

95 ~~[3-]~~ 4. As provided for in this section, except for those electrical corporations that  
96 qualify for an exemption under section 393.1050, each electric utility shall make available to  
97 its retail customers a solar rebate for new or expanded solar electric systems sited on  
98 customers' premises, up to a maximum of twenty-five kilowatts per system, measured in  
99 direct current that were confirmed by the electric utility to have become operational in  
100 compliance with the provisions of section 386.890. The solar rebates shall be two dollars per  
101 watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents  
102 per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one  
103 dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016;  
104 fifty cents per watt for systems becoming operational between July 1, 2016, and June 30,

105 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June  
106 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019,  
107 and June 30, 2020; and zero cents per watt for systems becoming operational after June 30,  
108 2020. An electric utility may, through its tariffs, require applications for rebates to be  
109 submitted up to one hundred eighty-two days prior to the June thirtieth operational date.  
110 Nothing in this section shall prevent an electrical corporation from offering rebates after July  
111 1, 2020, through an approved tariff. If the electric utility determines the maximum average  
112 retail rate increase provided for in subdivision (1) of subsection ~~[2]~~ 3 of this section will be  
113 reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the  
114 extent necessary to avoid exceeding the maximum average retail rate increase if the electrical  
115 corporation files with the commission to suspend its rebate tariff for the remainder of that  
116 calendar year at least sixty days prior to the change taking effect. The filing with the  
117 commission to suspend the electrical corporation's rebate tariff shall include the calculation  
118 reflecting that the maximum average retail rate increase will be reached and supporting  
119 documentation reflecting that the maximum average retail rate increase will be reached. The  
120 commission shall rule on the suspension filing within sixty days of the date it is filed. If the  
121 commission determines that the maximum average retail rate increase will be reached, the  
122 commission shall approve the tariff suspension. The electric utility shall continue to process  
123 and pay applicable solar rebates until a final commission ruling; however, if the continued  
124 payment causes the electric utility to pay rebates that cause it to exceed the maximum average  
125 retail rate increase, the expenditures shall be considered prudently incurred costs as  
126 contemplated by subdivision (4) of subsection ~~[2]~~ 3 of this section and shall be recoverable as  
127 such by the electric utility. As a condition of receiving a rebate, customers shall transfer to  
128 the electric utility all right, title, and interest in and to the renewable energy credits associated  
129 with the new or expanded solar electric system that qualified the customer for the solar rebate  
130 for a period of ten years from the date the electric utility confirmed that the solar electric  
131 system was installed and operational.

132 ~~[4.]~~ 5. The department shall, in consultation with the commission, establish by rule a  
133 certification process for electricity generated from renewable resources and used to fulfill the  
134 requirements of subsection 1 of this section. Certification criteria for renewable energy  
135 generation shall be determined by factors that include fuel type, technology, and the  
136 environmental impacts of the generating facility. Renewable energy facilities shall not cause  
137 undue adverse air, water, or land use impacts, including impacts associated with the gathering  
138 of generation feedstocks. If any amount of fossil fuel is used with renewable energy  
139 resources, only the portion of electrical output attributable to renewable energy resources  
140 shall be used to fulfill the portfolio requirements.

141 [5-] 6. In carrying out the provisions of this section, the commission and the  
142 department shall include methane generated from the anaerobic digestion of farm animal  
143 waste and thermal depolymerization or pyrolysis for converting waste material to energy as  
144 renewable energy resources for purposes of this section.

145 [6-] 7. The commission shall have the authority to promulgate rules for the  
146 implementation of this section, but only to the extent such rules are consistent with, and do  
147 not delay the implementation of, the provisions of this section. Any rule or portion of a rule,  
148 as that term is defined in section 536.010, that is created under the authority delegated in this  
149 section shall become effective only if it complies with and is subject to all of the provisions of  
150 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are  
151 nonseverable and if any of the powers vested with the general assembly pursuant to chapter  
152 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently  
153 held unconstitutional, then the grant of rulemaking authority and any rule proposed or  
154 adopted after August 28, 2013, shall be invalid and void.

393.1506. 1. Notwithstanding any provisions of chapter 386 and this chapter to the  
2 contrary, a water or sewer corporation that provides water [~~or sewer~~] service to more than  
3 eight thousand customer connections, **sewer service to more than eight thousand customer**  
4 **connections, or a combination of either to more than eight thousand customer**  
5 **connections** may file a petition and proposed rate schedules with the commission to establish  
6 or change a WSIRA that will provide for the recovery of the appropriate pretax revenues  
7 associated with the eligible infrastructure system projects, less the appropriate pretax  
8 revenues associated with any retired utility plant that is being replaced by the eligible  
9 infrastructure system projects. The WSIRA shall not produce revenues in excess of fifteen  
10 percent of the water or sewer corporation's base revenue requirement approved by the  
11 commission in the water or sewer corporation's most recent general rate proceeding;  
12 provided, however, that neither WSIRA revenues attributable to replacement of customer-  
13 owned lead service lines, nor any reconciliation amounts described in subdivision (2) of  
14 subsection 5 of section 393.1509, shall count toward the program cap. The WSIRA and any  
15 future changes thereto shall be calculated and implemented in accordance with the provisions  
16 of sections 393.1503 to 393.1509. WSIRA revenues shall be subject to refund based upon a  
17 finding and order of the commission, to the extent provided in subsections 5 and 8 of section  
18 393.1509.

19 2. The commission shall not approve a WSIRA for a water or sewer corporation that  
20 has not had a general rate proceeding decided or dismissed by issuance of a commission order  
21 within the past three years of the filing of a petition pursuant to this section unless the water  
22 or sewer corporation has filed for or is the subject of a new general rate proceeding.

23           3. In no event shall a water or sewer corporation collect a WSIRA for a period  
24 exceeding three years unless the water or sewer corporation has filed for or is the subject of a  
25 pending general rate proceeding; provided that the WSIRA may be collected until the  
26 effective date of new rate schedules established as a result of the new general rate proceeding  
27 or until the subject general rate proceeding is otherwise decided or dismissed by issuance of a  
28 commission order without new rates being established.

29           4. Except as provided in this subsection, in no event shall a water or sewer  
30 corporation collect a WSIRA if also collecting revenues from a commission approved  
31 infrastructure system replacement surcharge as provided in sections 393.1000 to 393.1006. In  
32 no event shall a customer be charged both an infrastructure system replacement surcharge as  
33 provided in sections 393.1000 to 393.1006 and a WSIRA. In the event a water or sewer  
34 corporation is collecting infrastructure system replacement surcharge revenues under sections  
35 393.1000 to 393.1006, that was approved prior to August 28, 2021, when the initial WSIRA  
36 is filed, the approved infrastructure system replacement surcharge revenues shall be included  
37 in the new WSIRA filing.

**393.1645. 1. Subject to the limitations provided for in subsection 2 of this  
2 section, and upon proper application by an eligible customer prior to public  
3 announcement of a growth project, a new or existing account meeting the criteria in  
4 this subsection shall qualify for one of the discounts set forth in subdivision (1) or (2) of  
5 this subsection:**

6           **(1) When the customer is a new customer and the new load is reasonably  
7 projected to be at least two hundred seventy thousand ccf annually, the discount shall  
8 equal up to twenty-five percent subject to the limiting provisions of this section and shall  
9 apply for four years; or**

10           **(2) When the customer is an existing customer and the new load is reasonably  
11 projected to be at least one hundred thirty-five thousand ccf annually, the discount shall  
12 equal twenty-five percent subject to the limiting provisions of this section and shall  
13 apply for four years.**

14  
15 **To obtain one of the discounts set forth in subdivision (1) or (2) of this subsection, the  
16 customer's load shall be incremental, net of any offsetting load reductions due to the  
17 termination of other accounts of the customer or an affiliate of the customer within  
18 twelve months prior to the commencement of service to the new load, the customer shall  
19 receive an economic development incentive from the local, regional, state, or federal  
20 government, or from an agency or program of any such government, in conjunction  
21 with the incremental load, and the customer shall meet the criteria set forth in the gas  
22 corporation's economic development rider tariff sheet, as approved by the commission,**

23 that are not inconsistent with the provisions of this subsection. Unless otherwise  
24 provided for by the gas corporation's tariff, the applicable discount shall be a  
25 percentage applied to all variable base-rate components of the bill. The discount shall  
26 be applied to such incremental load from the date when the meter has been permanently  
27 set until the date that such incremental load no longer meets the criteria required to  
28 qualify for the discount as determined under the provisions of subsection 2 of this  
29 section, or a maximum of four years. The gas corporation may include in its tariff  
30 additional or alternative terms and conditions to a customer's utilization of the discount,  
31 subject to approval of such terms and conditions by the commission. The customer, on  
32 forms supplied by the gas corporation, shall apply for the applicable discount provided  
33 for by this subsection at least ninety days prior to the date the customer requests that  
34 the incremental usage receive one of the discounts provided for by this subsection and  
35 shall enter into a written agreement with the gas corporation reflecting the discount  
36 percentages and other pertinent details prior to which no discount will be available. If  
37 the incremental usage is not separately metered, the gas corporation's determination of  
38 the incremental usage shall control. The gas corporation shall verify the customer's  
39 consumption annually to determine continued qualification for the applicable discount.  
40 Notwithstanding the foregoing provisions of this subsection, the cents-per-ccf realization  
41 resulting from application of any discounted rates as calculated shall be higher than the  
42 gas corporation's variable cost to serve such incremental usage and the applicable  
43 discounted rate also shall make a positive contribution to fixed costs associated with  
44 service to such incremental usage. If in a subsequent general rate proceeding the  
45 commission determines that application of a discounted rate is not adequate to cover the  
46 gas corporation's variable cost to serve accounts in question and provide a positive  
47 contribution to fixed costs then the commission shall reduce the discount for those  
48 accounts prospectively to the extent necessary to do so.

49 2. In each general rate proceeding concluded after August 28, 2024, the  
50 difference in revenues generated by applying the discounted rates provided for by this  
51 section and the revenues that would have been generated without such discounts shall  
52 not be imputed into the gas corporation's revenue requirement, but instead such  
53 revenue requirement shall be set using the revenues generated by such discounted rates,  
54 and the impact of the discounts provided for by this section shall be allocated to all the  
55 gas corporation's customer classes, including the classes with customers that qualify for  
56 discounts under this section, through the application of a uniform percentage  
57 adjustment to the revenue requirement responsibility of all customer classes. To  
58 qualify for the discounted rates provided for in this section, customers shall meet the  
59 applicable criteria within twenty-four months of initially receiving discounts based on



60 metering data for calendar months thirteen through twenty-four and annually  
61 thereafter. If such data indicates that the customer did not meet the applicable  
62 criteria for any subsequent twelve-month period, the customer shall thereafter no  
63 longer qualify for a discounted rate. Customer usage existing at the time the customer  
64 makes application for discounted rates under this section shall not constitute  
65 incremental usage. The discounted rates provided for by this section apply only to  
66 variable base-rate components, with charges or credits arising from any rate  
67 adjustment mechanism authorized by law to be applied to customers qualifying for  
68 discounted rates under this section in the same manner as such rate adjustments would  
69 apply in the absence of this section.

70 **3. For purposes of this section, "gas corporation" shall mean the same as defined**  
71 **in section 386.020.**

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

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

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

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

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

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

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

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

19 (a) Pretax costs with respect to a retired or abandoned or to be retired or abandoned  
20 electric generating facility that is the subject of a petition for a financing order filed under this  
21 section where such early retirement or abandonment is deemed reasonable and prudent by the  
22 commission through a final order issued by the commission, include, but are not limited to,  
23 the undepreciated investment in the retired or abandoned or to be retired or abandoned  
24 electric generating facility and any facilities ancillary thereto or used in conjunction  
25 therewith, costs of decommissioning and restoring the site of the electric generating facility,

26 other applicable capital and operating costs, accrued carrying charges, and deferred expenses,  
27 with the foregoing to be reduced by applicable tax benefits of accumulated and excess  
28 deferred income taxes, insurance, scrap and salvage proceeds, and may include the cost of  
29 retiring any existing indebtedness, fees, costs, and expenses to modify existing debt  
30 agreements or for waivers or consents related to existing debt agreements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

98 (a) All rights and interests of an electrical corporation or successor or assignee of the  
99 electrical corporation under a financing order, including the right to impose, bill, charge,

100 collect, and receive securitized utility tariff charges authorized under the financing order and  
101 to obtain periodic adjustments to such charges as provided in the financing order;

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

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

109 2. (1) An electrical corporation may petition the commission for a financing order to  
110 finance energy transition costs through an issuance of securitized utility tariff bonds. The  
111 petition shall include all of the following:

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

119 (b) The energy transition costs;

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

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

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

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

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

142 (h) Direct testimony supporting the petition.

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

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

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

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

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

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

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

169 (g) Direct testimony supporting the petition.

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

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

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

180 c. Judicial review of a financing order may be had only in accordance with sections  
181 386.500 and 386.510.

182 (b) In performing its responsibilities under this section in approving, approving  
183 subject to conditions, or rejecting a petition for a financing order, the commission may retain  
184 counsel, one or more financial advisors, or other consultants as it deems appropriate. Such  
185 outside counsel, advisor or advisors, or consultants shall owe a duty of loyalty solely to the  
186 commission and shall have no interest in the proposed securitized utility tariff bonds. The  
187 costs associated with any such engagements shall be paid by the petitioning corporation and  
188 shall be included as financed costs in the securitized utility tariff charge and shall not be an  
189 obligation of the state and shall be assigned solely to the subject transaction. **The**  
190 **commission may directly contract counsel, financial advisors, or other consultants as**  
191 **necessary for effectuating the purposes of this section. Such contracting procedures**  
192 **shall not be subject to the provisions of chapter 34; however the commission shall**  
193 **establish a policy for the bid process. Such policy shall be publicly available and any**  
194 **information related to contracts under the established policy shall be included in**  
195 **publicly available rate case documentation.**

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

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

203 b. A finding that the proposed issuance of securitized utility tariff bonds and the  
204 imposition and collection of a securitized utility tariff charge are just and reasonable and in  
205 the public interest and are expected to provide quantifiable net present value benefits to  
206 customers as compared to recovery of the components of securitized utility tariff costs that  
207 would have been incurred absent the issuance of securitized utility tariff bonds.  
208 Notwithstanding any provisions of this section to the contrary, in considering whether to  
209 find the proposed issuance of securitized utility tariff bonds and the imposition and collection

210 of a securitized utility tariff charge are just and reasonable and in the public interest, the  
211 commission may consider previous instances where it has issued financing orders to the  
212 petitioning electrical corporation and such electrical corporation has previously issued  
213 securitized utility tariff bonds;

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

218 d. A requirement that, for so long as the securitized utility tariff bonds are outstanding  
219 and until all financing costs have been paid in full, the imposition and collection of  
220 securitized utility tariff charges authorized under a financing order shall be nonbypassable  
221 and paid by all existing and future retail customers receiving electrical service from the  
222 electrical corporation or its successors or assignees under commission-approved rate  
223 schedules except for customers receiving electrical service under special contracts on August  
224 28, 2021, even if a retail customer elects to purchase electricity from an alternative electric  
225 supplier following a fundamental change in regulation of public utilities in this state;

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

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

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

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

245 i. A requirement that, after the final terms of an issuance of securitized utility tariff  
246 bonds have been established and before the issuance of securitized utility tariff bonds, the

247 electrical corporation determines the resulting initial securitized utility tariff charge in  
248 accordance with the financing order, and that such initial securitized utility tariff charge be  
249 final and effective upon the issuance of such securitized utility tariff bonds with such charge  
250 to be reflected on a compliance tariff sheet bearing such charge;

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

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

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

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

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



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

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

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

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

318           (g) The commission, in a financing order and subject to the issuance advice letter  
319 process under paragraph (h) of this subdivision, shall specify the degree of flexibility to be  
320 afforded the electrical corporation in establishing the terms and conditions for the securitized

321 utility tariff bonds to accommodate changes in market conditions, including repayment  
322 schedules, interest rates, financing costs, collateral requirements, required debt service and  
323 other reserves and the ability of the electrical corporation, at its option, to effect a series of  
324 issuances of securitized utility tariff bonds and correlated assignments, sales, pledges, or other  
325 transfers of securitized utility tariff property. Any changes made under this paragraph to  
326 terms and conditions for the securitized utility tariff bonds shall be in conformance with the  
327 financing order.

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

355 (4) (a) In performing the responsibilities of this section in connection with the  
356 issuance of a financing order, approving the petition, an order approving the petition subject  
357 to conditions, or an order rejecting the petition, the commission shall undertake due diligence

358 as it deems appropriate prior to the issuance of the order regarding the petition pursuant to  
359 which the commission may request additional information from the electrical corporation and  
360 may engage one or more financial advisors, one or more consultants, and counsel as the  
361 commission deems necessary. Any financial advisor or advisors, counsel, and consultants  
362 engaged by the commission shall have a fiduciary duty with respect to the proposed issuance  
363 of securitized utility bonds solely to the commission. All expenses associated with such  
364 services shall be included as part of the financing costs of the securitized utility tariff bonds  
365 and shall be included in the securitized utility tariff charge.

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

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

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

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

386 3. (1) The commission may not, in exercising its powers and carrying out its duties  
387 regarding any matter within its authority, consider the securitized utility tariff bonds issued  
388 pursuant to a financing order to be the debt of the electrical corporation other than for federal  
389 and state income tax purposes, consider the securitized utility tariff charges paid under the  
390 financing order to be the revenue of the electrical corporation for any purpose, consider the  
391 securitized utility tariff costs or financing costs specified in the financing order to be the costs  
392 of the electrical corporation, nor may the commission determine any action taken by an  
393 electrical corporation which is consistent with the financing order to be unjust or

394 unreasonable, and section 386.300 shall not apply to the issuance of securitized utility tariff  
395 bonds.

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

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

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

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

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

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

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

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

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

454 5. (1) (a) All securitized utility tariff property that is specified in a financing order  
455 constitutes an existing, present intangible property right or interest therein, notwithstanding  
456 that the imposition and collection of securitized utility tariff charges depends on the electrical  
457 corporation, to which the financing order is issued, performing its servicing functions relating  
458 to the collection of securitized utility tariff charges and on future electricity consumption.  
459 The property exists:

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

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

465 (b) Securitized utility tariff property specified in a financing order exists until  
466 securitized utility tariff bonds issued pursuant to the financing order are paid in full and all

467 financing costs and other costs of such securitized utility tariff bonds have been recovered in  
468 full.

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

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

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

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

503 any authority of the commission concerning the transfer or succession of interests of public  
504 utilities.

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

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

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

515 a. The financing order is issued;

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

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

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

521

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

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

534 (d) The priority of a security interest in securitized utility tariff property is not  
535 affected by the commingling of securitized utility tariff charges with other amounts. Any  
536 pledgee or secured party shall have a perfected security interest in the amount of all  
537 securitized utility tariff charges that are deposited in any cash or deposit account of the  
538 qualifying electrical corporation in which securitized utility tariff charges have been  
539 commingled with other funds and any other security interest that may apply to those funds

540 shall be terminated when they are transferred to a segregated account for the assignee or a  
541 financing party.

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

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

555 (3) (a) Any sale, assignment, or other transfer of securitized utility tariff property  
556 shall be an absolute transfer and true sale of, and not a pledge of or secured transaction  
557 relating to, the seller's right, title, and interest in, to, and under the securitized utility tariff  
558 property if the documents governing the transaction expressly state that the transaction is a  
559 sale or other absolute transfer other than for federal and state income tax purposes. For all  
560 purposes other than federal and state income tax purposes, the parties' characterization of a  
561 transaction as a sale of an interest in securitized utility tariff property shall be conclusive that  
562 the transaction is a true sale and that ownership has passed to the party characterized as the  
563 purchaser, regardless of whether the purchaser has possession of any documents evidencing  
564 or pertaining to the interest. A sale or similar outright transfer of an interest in securitized  
565 utility tariff property may occur only when all of the following have occurred:

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

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

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

571

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



- 575 (b) The characterization of the sale, assignment, or other transfer as an absolute  
576 transfer and true sale and the corresponding characterization of the property interest of the  
577 purchaser shall not be affected or impaired by the occurrence of any of the following factors:
- 578 a. Commingling of securitized utility tariff charges with other amounts;
  - 579 b. The retention by the seller of (i) a partial or residual interest, including an equity  
580 interest, in the securitized utility tariff property, whether direct or indirect, or whether  
581 subordinate or otherwise, or (ii) the right to recover costs associated with taxes, franchise  
582 fees, or license fees imposed on the collection of securitized utility tariff charges;
  - 583 c. Any recourse that the purchaser may have against the seller;
  - 584 d. Any indemnification rights, obligations, or repurchase rights made or provided by  
585 the seller;
  - 586 e. The obligation of the seller to collect securitized utility tariff charges on behalf of  
587 an assignee;
  - 588 f. The transferor acting as the servicer of the securitized utility tariff charges or the  
589 existence of any contract that authorizes or requires the electrical corporation, to the extent  
590 that any interest in securitized utility tariff property is sold or assigned, to contract with the  
591 assignee or any financing party that it will continue to operate its system to provide service to  
592 its customers, will collect amounts in respect of the securitized utility tariff charges for the  
593 benefit and account of such assignee or financing party, and will account for and remit such  
594 amounts to or for the account of such assignee or financing party;
  - 595 g. The treatment of the sale, conveyance, assignment, or other transfer for tax,  
596 financial reporting, or other purposes;
  - 597 h. The granting or providing to bondholders a preferred right to the securitized utility  
598 tariff property or credit enhancement by the electrical corporation or its affiliates with respect  
599 to such securitized utility tariff bonds;
  - 600 i. Any application of the formula-based true-up mechanism as provided in this  
601 section.
- 602 (c) Any right that an electrical corporation has in the securitized utility tariff property  
603 before its pledge, sale, or transfer or any other right created under this section or created in the  
604 financing order and assignable under this section or assignable pursuant to a financing order  
605 is property in the form of a contract right or a chose in action. Transfer of an interest in  
606 securitized utility tariff property to an assignee is enforceable only upon the later of:
- 607 a. The issuance of a financing order;
  - 608 b. The assignor having rights in such securitized utility tariff property or the power to  
609 transfer rights in such securitized utility tariff property to an assignee;
  - 610 c. The execution and delivery by the assignor of transfer documents in connection  
611 with the issuance of securitized utility tariff bonds; and

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

613

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

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

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

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

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

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

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

646 7. The secretary of state shall maintain any financing statement filed to perfect a sale  
647 or other transfer of securitized utility tariff property and any security interest in securitized  
648 utility tariff property under this section in the same manner that the secretary of state

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

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

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

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

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

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

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

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

688 11. (1) The state and its agencies, including the commission, pledge and agree with  
689 bondholders, the owners of the securitized utility tariff property, and other financing parties  
690 that the state and its agencies will not take any action listed in this subdivision. This  
691 subdivision does not preclude limitation or alteration if full compensation is made by law for  
692 the full protection of the securitized utility tariff charges collected pursuant to a financing  
693 order and of the bondholders and any assignee or financing party entering into a contract with  
694 the electrical corporation. The prohibited actions are as follows:

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

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

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

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

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

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

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

720 14. If any provision of this section is held invalid or is invalidated, superseded,  
721 replaced, repealed, or expires for any reason, that occurrence does not affect the validity of  
722 any action allowed under this section which is taken by an electrical corporation, an assignee,

723 a financing party, a collection agent, or a party to an ancillary agreement; and any such action  
724 remains in full force and effect with respect to all securitized utility tariff bonds issued or  
725 authorized in a financing order issued under this section before the date that such provision is  
726 held invalid or is invalidated, superseded, replaced, or repealed, or expires for any reason.

640.144. 1. All community water systems shall be required to create a valve  
2 inspection program that includes:

- 3 (1) Inspection of all valves every ten years;
- 4 (2) Scheduled repair or replacement of broken valves; and
- 5 (3) Within five years of August 28, 2020, identification of each shut-off valve  
6 location using a geographic information system or an alternative physical mapping system  
7 that accurately identifies the location of each valve.

8 2. All community water systems shall be required to create a hydrant inspection  
9 program that includes:

- 10 (1) ~~Annual~~ **Scheduled** testing of every hydrant in the community water system;
- 11 (2) Scheduled repair or replacement of broken hydrants;
- 12 (3) A plan to flush every hydrant and dead-end main;
- 13 (4) Maintenance of records of inspections, tests, and flushings for six years; and
- 14 (5) Within five years of August 28, 2020, identification of each hydrant location  
15 using a geographic information system or an alternative physical mapping system that  
16 accurately identifies the location of each hydrant.

17 3. The provisions of this section shall not apply to any state parks, cities with a  
18 population of more than thirty thousand inhabitants, a county with a charter form of  
19 government and with more than six hundred thousand but fewer than seven hundred thousand  
20 inhabitants, a county with a charter form of government and with more than nine hundred  
21 fifty thousand inhabitants, or a public service commission regulated utility with more than  
22 thirty thousand customers.

✓