

# SENATE BILL NO. 6

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CIERPIOT.

0975S.01I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 393.1030, 393.1400, and 393.1700, RSMo, and to enact in lieu thereof four new sections relating to deferrals by electrical corporations.

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

Section A. Sections 393.1030, 393.1400, and 393.1700, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 393.401, 393.1030, 393.1400, and 393.1700, to read as follows:

**393.401. 1. For purposes of this section, the following terms shall mean:**

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

(2) "Existing electric generating power plant", a thermal power plant of over one hundred megawatts in nameplate capacity, a generating unit at a thermal power plant with a nameplate capacity of over one hundred megawatts, or two or more generating units at a thermal power plant with a combined nameplate capacity of over one hundred megawatts;

(3) "Regional transmission operator", a regional transmission organization, independent system operator, or equivalent entity approved by the Federal Energy Regulatory Commission or successor agency that exercises functional

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

17 control over electric transmission facilities located within  
18 this state.

19 2. Prior to the closure of an existing electric  
20 generating power plant in Missouri, if the closure occurs on  
21 or after January 1, 2026, and subject to subsection 3 of  
22 this section, an electrical corporation registered and doing  
23 business in this state shall first certify to the public  
24 service commission that such utility company has secured and  
25 placed on the electric grid an equal or greater amount of  
26 reliable electric generation as accredited power resources  
27 as defined by the regional transmission operator. To  
28 determine if an equal or greater amount of reliable electric  
29 generation is being placed on the electric grid to replace  
30 the existing electric generating power plant that is to be  
31 closed, the electrical corporation shall compare the  
32 relevant regional transmission operator's average of the  
33 summer and winter accredited capacity for the generation  
34 technology of the to-be-closed existing electric generating  
35 power plant to the relevant regional transmission operator's  
36 average of the summer and winter accredited capacity for the  
37 generation technology of the replacement reliable electric  
38 generation. Such average accredited capacity for the  
39 replacement reliable electric generation shall equal or  
40 exceed such average accredited capacity for the existing  
41 electric generating plant that is to be closed.

42 3. With respect to the replacement reliable electric  
43 generation required by subsection 2 of this section,  
44 adequate electric transmission lines shall be in place and  
45 the replacement reliable electric generation shall be fully  
46 operational concurrently with the closure of the existing  
47 electric generating plant, except where some or all of the  
48 replacement reliable electric generation utilizes some or

49 all of the interconnection facilities used by the existing  
50 electric generating power plant, or where the existing  
51 electric generating power plant is closed as a result of an  
52 unexpected or unplanned cause or event. In the event that  
53 some or all of the replacement reliable electric generation  
54 utilizes some or all of the interconnection facilities  
55 utilized by the existing electric generating power plant,  
56 then such replacement facilities shall be fully operational  
57 within one hundred twenty days of the closure of the  
58 existing electric generating power plant. In the event that  
59 the existing electric generating power plant is closed as a  
60 result of an unexpected or unplanned cause or event, then  
61 the electrical corporation shall install replacement  
62 reliable electric generation as soon as is practical  
63 following the closure of the existing electric generating  
64 power plant. For purposes of this section, "unexpected" or  
65 "unplanned" cause or event shall mean a manmade or natural  
66 event that causes functional operations of the electric  
67 generating power plant to cease. During any periods allowed  
68 by this subsection where the replacement reliable electric  
69 generation is not fully operational by the time of the  
70 closure of the existing electric generating power plant, the  
71 electrical corporation shall acquire additional available  
72 generating capacity through a firm purchase power contract  
73 that is equal or greater than the reliable electric  
74 generation as defined in subsection 2 of this section from  
75 the relevant regional transmission operator's capacity  
76 market or otherwise, so that it meets the planning reserve  
77 margin requirement of the regional transmission operator in  
78 which the electrical corporation operates without reliance  
79 on such replacement reliable electric generation. At such  
80 time as such replacement reliable electric generation is

81 fully operational, such additional available generating  
82 capacity shall no longer be required.

83 4. The average of the summer and winter accredited  
84 capacity of the replacement reliable electric generation as  
85 provided in subsection 2 of this section shall be equal to  
86 or greater than the average accredited capacity of the  
87 existing electric generating power plant as provided in  
88 subsection 2 of this section, recorded by the regional  
89 transmission operator as of the time construction begins on  
90 the replacement reliable electric generation. As part of  
91 the approval process by the public service commission of the  
92 replacement reliable electric generation under subsection 1  
93 of section 393.170, the public service commission shall  
94 promulgate rules that the requirements of this subsection  
95 shall be met by the replacement reliable electric  
96 generation. Any rule or portion of a rule, as that term is  
97 defined in section 536.010, that is created under the  
98 authority delegated in this section shall become effective  
99 only if it complies with and is subject to all of the  
100 provisions of chapter 536 and, if applicable, section  
101 536.028. This section and chapter 536 are nonseverable and  
102 if any of the powers vested with the general assembly  
103 pursuant to chapter 536 to review, to delay the effective  
104 date, or to disapprove and annul a rule are subsequently  
105 held unconstitutional, then the grant of rulemaking  
106 authority and any rule proposed or adopted after August 28,  
107 2025, shall be invalid and void.

108 5. Such reliable electric generation may be  
109 constructed outside the state if it is connected to the  
110 electric grid of the regional transmission operator of which  
111 the electrical corporation is a member.

112           **6. On or before the date that the new reliable**  
113 **electric generation is placed in service, the electrical**  
114 **corporation shall provide certification to the public**  
115 **service commission, the general assembly, and the governor**  
116 **that it has met the requirements of this section.**

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

8           (1) No less than two percent for calendar years 2011  
9 through 2013;

10           (2) No less than five percent for calendar years 2014  
11 through 2017;

12           (3) No less than ten percent for calendar years 2018  
13 through 2020; and

14           (4) No less than fifteen percent in each calendar year  
15 beginning in 2021.

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

24           **2. (1) This subsection applies to electric utilities**  
25 **with more than two hundred fifty thousand but less than one**

26 million retail customers in Missouri as of the end of the  
27 calendar year 2024.

28 (2) Energy meeting the criteria of the renewable  
29 energy portfolio requirements set forth in subsection 1 of  
30 this section that is generated from renewable energy  
31 resources and contracted for by an accelerated renewable  
32 buyer shall:

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

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

41 (c) Be used to offset all or a portion of its electric  
42 load for purposes of determining compliance with the  
43 portfolio requirements pursuant to subsection 1 of this  
44 section.

45 (3) The accelerated renewable buyer shall be exempt  
46 from any renewable energy standard compliance costs as may  
47 be established by the utility and approved by the  
48 commission, based on the amount of renewable energy  
49 certificates retired pursuant to this subsection in  
50 proportion to the accelerated renewable buyer's total  
51 electric energy consumption, on an annual basis.

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

56 (a) Renewable energy certificates from renewable  
57 energy resources as defined in section 393.1025; or

58           (b) Energy and renewable energy certificates from  
59 solar or wind generation resources located within the  
60 Southwest Power Pool region and initially placed in  
61 commercial operation after January 1, 2020, including any  
62 contract with the electric utility for such generation  
63 resources that does not allocate to or recover from any  
64 other customer of the utility the cost of such resources.

65           (5) Each electric utility shall certify, and verify as  
66 necessary, to the commission that the accelerated renewable  
67 buyer has satisfied the exemption requirements of this  
68 subsection for each year, or an accelerated renewable buyer  
69 may choose to certify satisfaction of this exemption by  
70 reporting to the commission individually.

71           (6) The commission may promulgate such rules and  
72 regulations as may be necessary to implement the provisions  
73 of this subsection. Any rule or portion of a rule, as that  
74 term is defined in section 536.010, that is created under  
75 the authority delegated in this section shall become  
76 effective only if it complies with and is subject to all of  
77 the provisions of chapter 536 and, if applicable, section  
78 536.028. This section and chapter 536 are nonseverable and  
79 if any of the powers vested with the general assembly  
80 pursuant to chapter 536 to review, to delay the effective  
81 date, or to disapprove and annul a rule are subsequently  
82 held unconstitutional, then the grant of rulemaking  
83 authority and any rule proposed or adopted after August 28,  
84 2025, shall be invalid and void.

85           (7) Nothing in this section shall be construed as  
86 imposing or authorizing the imposition of any reporting,  
87 regulatory, or financial burden on an accelerated renewable  
88 buyer.

89           3. The commission, in consultation with the department  
90 and within one year of November 4, 2008, shall select a  
91 program for tracking and verifying the trading of renewable  
92 energy credits. An unused credit may exist for up to three  
93 years from the date of its creation. A credit may be used  
94 only once to comply with sections 393.1020 to 393.1030 and  
95 may not also be used to satisfy any similar nonfederal  
96 requirement. An electric utility may not use a credit  
97 derived from a green pricing program. Certificates from net-  
98 metered sources shall initially be owned by the customer-  
99 generator. The commission, except where the department is  
100 specified, shall make whatever rules are necessary to  
101 enforce the renewable energy standard. Such rules shall  
102 include:

103           (1) A maximum average retail rate increase of one  
104 percent determined by estimating and comparing the electric  
105 utility's cost of compliance with least-cost renewable  
106 generation and the cost of continuing to generate or  
107 purchase electricity from entirely nonrenewable sources,  
108 taking into proper account future environmental regulatory  
109 risk including the risk of greenhouse gas regulation.  
110 Notwithstanding the foregoing, until June 30, 2020, if the  
111 maximum average retail rate increase would be less than or  
112 equal to one percent if an electric utility's investment in  
113 solar-related projects initiated, owned or operated by the  
114 electric utility is ignored for purposes of calculating the  
115 increase, then additional solar rebates shall be paid and  
116 included in rates in an amount up to the amount that would  
117 produce a retail rate increase equal to the difference  
118 between a one percent retail rate increase and the retail  
119 rate increase calculated when ignoring an electric utility's  
120 investment in solar-related projects initiated, owned, or



121 operated by the electric utility. Notwithstanding any  
122 provision to the contrary in this section, even if the  
123 payment of additional solar rebates will produce a maximum  
124 average retail rate increase of greater than one percent  
125 when an electric utility's investment in solar-related  
126 projects initiated, owned or operated by the electric  
127 utility are included in the calculation, the additional  
128 solar rebate costs shall be included in the prudently  
129 incurred costs to be recovered as contemplated by  
130 subdivision (4) of this subsection;

131 (2) Penalties of at least twice the average market  
132 value of renewable energy credits for the compliance period  
133 for failure to meet the targets of subsection 1 of this  
134 section. An electric utility will be excused if it proves  
135 to the commission that failure was due to events beyond its  
136 reasonable control that could not have been reasonably  
137 mitigated, or that the maximum average retail rate increase  
138 has been reached. Penalties shall not be recovered from  
139 customers. Amounts forfeited under this section shall be  
140 remitted to the department to purchase renewable energy  
141 credits needed for compliance. Any excess forfeited  
142 revenues shall be used by the division of energy solely for  
143 renewable energy and energy efficiency projects;

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

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

152 [3.] 4. As provided for in this section, except for  
153 those electrical corporations that qualify for an exemption  
154 under section 393.1050, each electric utility shall make  
155 available to its retail customers a solar rebate for new or  
156 expanded solar electric systems sited on customers'  
157 premises, up to a maximum of twenty-five kilowatts per  
158 system, measured in direct current that were confirmed by  
159 the electric utility to have become operational in  
160 compliance with the provisions of section 386.890. The  
161 solar rebates shall be two dollars per watt for systems  
162 becoming operational on or before June 30, 2014; one dollar  
163 and fifty cents per watt for systems becoming operational  
164 between July 1, 2014, and June 30, 2015; one dollar per watt  
165 for systems becoming operational between July 1, 2015, and  
166 June 30, 2016; fifty cents per watt for systems becoming  
167 operational between July 1, 2016, and June 30, 2017; fifty  
168 cents per watt for systems becoming operational between July  
169 1, 2017, and June 30, 2019; twenty-five cents per watt for  
170 systems becoming operational between July 1, 2019, and June  
171 30, 2020; and zero cents per watt for systems becoming  
172 operational after June 30, 2020. An electric utility may,  
173 through its tariffs, require applications for rebates to be  
174 submitted up to one hundred eighty-two days prior to the  
175 June thirtieth operational date. Nothing in this section  
176 shall prevent an electrical corporation from offering  
177 rebates after July 1, 2020, through an approved tariff. If  
178 the electric utility determines the maximum average retail  
179 rate increase provided for in subdivision (1) of subsection  
180 [2] 3 of this section will be reached in any calendar year,  
181 the electric utility shall be entitled to cease paying  
182 rebates to the extent necessary to avoid exceeding the  
183 maximum average retail rate increase if the electrical

184 corporation files with the commission to suspend its rebate  
185 tariff for the remainder of that calendar year at least  
186 sixty days prior to the change taking effect. The filing  
187 with the commission to suspend the electrical corporation's  
188 rebate tariff shall include the calculation reflecting that  
189 the maximum average retail rate increase will be reached and  
190 supporting documentation reflecting that the maximum average  
191 retail rate increase will be reached. The commission shall  
192 rule on the suspension filing within sixty days of the date  
193 it is filed. If the commission determines that the maximum  
194 average retail rate increase will be reached, the commission  
195 shall approve the tariff suspension. The electric utility  
196 shall continue to process and pay applicable solar rebates  
197 until a final commission ruling; however, if the continued  
198 payment causes the electric utility to pay rebates that  
199 cause it to exceed the maximum average retail rate increase,  
200 the expenditures shall be considered prudently incurred  
201 costs as contemplated by subdivision (4) of subsection [2] 3  
202 of this section and shall be recoverable as such by the  
203 electric utility. As a condition of receiving a rebate,  
204 customers shall transfer to the electric utility all right,  
205 title, and interest in and to the renewable energy credits  
206 associated with the new or expanded solar electric system  
207 that qualified the customer for the solar rebate for a  
208 period of ten years from the date the electric utility  
209 confirmed that the solar electric system was installed and  
210 operational.

211 [4.] 5. The department shall, in consultation with the  
212 commission, establish by rule a certification process for  
213 electricity generated from renewable resources and used to  
214 fulfill the requirements of subsection 1 of this section.  
215 Certification criteria for renewable energy generation shall

216 be determined by factors that include fuel type, technology,  
217 and the environmental impacts of the generating facility.  
218 Renewable energy facilities shall not cause undue adverse  
219 air, water, or land use impacts, including impacts  
220 associated with the gathering of generation feedstocks. If  
221 any amount of fossil fuel is used with renewable energy  
222 resources, only the portion of electrical output  
223 attributable to renewable energy resources shall be used to  
224 fulfill the portfolio requirements.

225 [5.] 6. In carrying out the provisions of this  
226 section, the commission and the department shall include  
227 methane generated from the anaerobic digestion of farm  
228 animal waste and thermal depolymerization or pyrolysis for  
229 converting waste material to energy as renewable energy  
230 resources for purposes of this section.

231 [6.] 7. The commission shall have the authority to  
232 promulgate rules for the implementation of this section, but  
233 only to the extent such rules are consistent with, and do  
234 not delay the implementation of, the provisions of this  
235 section. Any rule or portion of a rule, as that term is  
236 defined in section 536.010, that is created under the  
237 authority delegated in this section shall become effective  
238 only if it complies with and is subject to all of the  
239 provisions of chapter 536 and, if applicable, section  
240 536.028. This section and chapter 536 are nonseverable and  
241 if any of the powers vested with the general assembly  
242 pursuant to chapter 536 to review, to delay the effective  
243 date, or to disapprove and annul a rule are subsequently  
244 held unconstitutional, then the grant of rulemaking  
245 authority and any rule proposed or adopted after August 28,  
246 2013, shall be invalid and void.

393.1400. 1. For purposes of this section, the following terms shall mean:

(1) "Commission", the public service commission;

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

(3) "Qualifying electric plant", all rate-base additions, except rate-base additions for new coal-fired generating units, new nuclear generating units, [new natural gas units,] or rate-base additions that increase revenues by allowing service to new customer premises;

(4) "Rate-base cutoff date", the date rate-base additions are accounted for in a general rate proceeding. In the absence of a commission order that specifies the rate-base cutoff date, such date as reflected in any jointly proposed procedural schedule submitted by the parties in the applicable general rate proceeding, or as otherwise agreed to by such parties, shall be used;

(5) "Weighted average cost of capital", the return on rate base used to determine the revenue requirement in the electrical corporation's most recently completed general rate proceeding; provided, that in the absence of a commission determination of the return on rate base within the three-year period prior to August 28, [2022] 2024, the weighted average cost of capital shall be determined using the electrical corporation's actual capital structure as of December 31, [2021] 2023, excluding short-term debt, the electrical corporation's actual cost of long-term debt and preferred stock as of December 31, 2021, and a cost of common equity of nine and one-half percent.

2. (1) Notwithstanding any other provision of this chapter to the contrary, electrical corporations shall defer

33 to a regulatory asset [eighty-five] **ninety** percent of all  
34 depreciation expense and return associated with all  
35 qualifying electric plant recorded to plant-in-service on  
36 the utility's books commencing on or after August 28, 2018,  
37 if the electrical corporation has made the election provided  
38 for by subsection 5 of this section by that date, or on the  
39 date such election is made if the election is made after  
40 August 28, 2018. In each general rate proceeding concluded  
41 after August 28, 2018, the balance of the regulatory asset  
42 as of the rate-base cutoff date shall, subject only to the  
43 cap provided for in section 393.1655 or section 393.1656, as  
44 applicable, be included in the electrical corporation's rate  
45 base without any offset, reduction, or adjustment based upon  
46 consideration of any other factor, other than as provided  
47 for in subdivision (2) of this subsection, with the  
48 regulatory asset balance arising from deferrals associated  
49 with qualifying electric plant placed in service after the  
50 rate-base cutoff date to be included in rate base in the  
51 next general rate proceeding. The expiration of this  
52 section shall not affect the continued inclusion in rate  
53 base and amortization of regulatory asset balances that  
54 arose under this section prior to such expiration.

55 (2) The regulatory asset balances arising under this  
56 section shall be adjusted to reflect any prudence  
57 disallowances ordered by the commission. The provisions of  
58 this section shall not be construed to affect existing law  
59 respecting the burdens of production and persuasion in  
60 general rate proceedings for rate-base additions.

61 (3) Parts of regulatory asset balances created under  
62 this section that are not yet being recovered through rates  
63 shall include carrying costs at the electrical corporation's  
64 weighted average cost of capital, plus applicable federal,

65 state, and local income or excise taxes. Regulatory asset  
66 balances arising under this section and included in rate  
67 base shall be recovered in rates through a twenty-year  
68 amortization beginning on the date new rates reflecting such  
69 amortization take effect.

70 3. (1) Depreciation expense deferred under this  
71 section shall account for all qualifying electric plant  
72 placed into service less retirements of plant replaced by  
73 such qualifying electric plant.

74 (2) Return deferred under this section shall be  
75 determined using the weighted average cost of capital  
76 applied to the change in plant-related rate base caused by  
77 the qualifying electric plant, plus applicable federal,  
78 state, and local income or excise taxes. In determining the  
79 return deferred, the electrical corporation shall account  
80 for changes in all plant-related accumulated deferred income  
81 taxes and changes in accumulated depreciation, excluding  
82 retirements.

83 4. Beginning February 28, 2019, and by each February  
84 twenty-eighth thereafter while the electrical corporation is  
85 allowed to make the deferrals provided for by subsection 2  
86 of this section, electrical corporations that defer  
87 depreciation expense and return authorized under this  
88 section shall submit to the commission a five-year capital  
89 investment plan setting forth the general categories of  
90 capital expenditures the electrical corporation will pursue  
91 in furtherance of replacing, modernizing, and securing its  
92 infrastructure. The plan shall also include a specific  
93 capital investment plan for the first year of the five-year  
94 plan consistent with the level of specificity used for  
95 annual capital budgeting purposes. For each project in the  
96 specific capital investment plan on which construction

97 commences on or after January first of the year in which the  
98 plan is submitted, and where the cost of the project is  
99 estimated to exceed twenty million dollars, the electrical  
100 corporation shall identify all costs and benefits that can  
101 be quantitatively evaluated and shall further identify how  
102 those costs and benefits are quantified. For any cost or  
103 benefit with respect to such a project that the electrical  
104 corporation believes cannot be quantitatively evaluated, the  
105 electrical corporation shall state the reasons the cost or  
106 benefit cannot be quantitatively evaluated, and how the  
107 electrical corporation addresses such costs and benefits  
108 when reviewing and deciding to pursue such a project. No  
109 such project shall be based solely on costs and benefits  
110 that the electrical corporation believes cannot be  
111 quantitatively evaluated. Any quantification for such a  
112 project that does not produce quantified benefits exceeding  
113 the costs shall be accompanied by additional justification  
114 in support of the project. For each of the first five years  
115 that an electrical corporation is allowed to make the  
116 deferrals provided for by subsection 2 of this section, the  
117 purchase and installation of smart meters shall constitute  
118 no more than six percent of the electrical corporation's  
119 total capital expenditures during any given year under the  
120 corporation's specific capital investment plan. At least  
121 twenty-five percent of the cost of **the investments reflected**  
122 **in each year's capital investment plan, which for the**  
123 **purposes of this subsection shall exclude the costs of**  
124 **investments in new generating units and energy storage**  
125 **systems**, shall be comprised of grid modernization projects,  
126 including but not limited to:



127 (1) Increased use of digital information and controls  
128 technology to improve reliability, security, and efficiency  
129 of the electric grid;

130 (2) Dynamic optimization of grid operations and  
131 resources, with full cybersecurity;

132 (3) Deployment and integration of distributed  
133 resources and generation, including renewable resources;

134 (4) Development and incorporation of demand response,  
135 demand-side resources, and energy-efficiency resources;

136 (5) Deployment of smart technologies (real-time,  
137 automated, interactive technologies that optimize the  
138 physical operation of appliances and consumer devices) for  
139 metering, communications, concerning grid operations and  
140 status, and distribution automation;

141 (6) Integration of smart appliances and devices;

142 (7) Deployment and integration of advanced electricity  
143 storage and peak-shaving technologies, including plug-in  
144 electric and hybrid electric vehicles, and thermal storage  
145 air conditioning;

146 (8) Provision of timely information and control  
147 options to consumer;

148 (9) Development of standards for communication and  
149 interoperability of appliances and equipment connected to  
150 the electric grid, including the infrastructure serving the  
151 grid; and

152 (10) Identification and lowering of unreasonable or  
153 unnecessary barriers to adoption of smart grid technologies,  
154 practices, and services.

155 Project specific information need not be included for the  
156 five-year period covered by the plan. Within thirty days of  
157 the filing of any capital investment plan or annual update

158 to an existing plan, the electrical corporation shall host a  
159 public stakeholder meeting to answer questions and receive  
160 feedback about the plan. After feedback is received, the  
161 electrical corporation shall file a notice with the  
162 commission of any modifications to the capital investment  
163 plan it has accepted. Changes to the plan, its  
164 implementation, or the level of investments made shall not  
165 constitute evidence of imprudence of the investments made  
166 under such plan. The submission of a capital investment  
167 plan under this section shall not affect in any way the  
168 commission's authority with respect to the grant or denial  
169 of a certificate of convenience and necessity under section  
170 393.170. By February twenty-eighth following each year in  
171 which the electrical corporation submits a capital  
172 investment plan, the electrical corporation shall submit a  
173 report to the commission detailing actual capital  
174 investments made the previous year, the quantitatively  
175 evaluated benefits and costs generated by each of those  
176 investments that exceeded twenty million dollars, and any  
177 efficiencies achieved as a result of those investments.

178 5. This section shall only apply to any electrical  
179 corporation that has filed a notice with the commission of  
180 the electrical corporation's election to make the deferrals  
181 for which this section provides. An electrical corporation  
182 may provide notice to the commission one time under this  
183 subsection if such corporation has applied to the commission  
184 under subsection 2 of section 386.266, provided the  
185 corporation shall not concurrently utilize deferrals under  
186 this subsection and the electric rate adjustments set forth  
187 in subsection 3 of section 386.266. An electrical  
188 corporation's election shall allow it to make the deferrals  
189 provided for by subsection 2 of this section until December

190 31, [2028] 2035. Notwithstanding the immediately preceding  
191 sentence, an electrical corporation may seek permission to  
192 continue to make the deferrals provided for by subsection 2  
193 of this section for an additional five years beyond December  
194 31, [2028] 2035, by filing an application with the  
195 commission seeking such permission by December 31, [2026]  
196 2033, which application shall be ruled upon by the  
197 commission within one hundred eighty days after its filing.  
198 In deciding whether to grant such permission to continue the  
199 commission shall have the authority, consistent with its  
200 statutory authority outside this section, to consider such  
201 factors as in its judgment it deems necessary and may  
202 condition the permission on factors that are relevant to the  
203 deferrals authorized by subsection 2 of this section. The  
204 commission shall make the determination of whether to grant  
205 such permission to continue after a hearing. An electrical  
206 corporation making deferrals provided for by subsection 2 of  
207 this section on and after January 1, 2024, shall be subject  
208 to the revenue requirement impact cap set forth under  
209 section 393.1656. Failure to obtain such commission  
210 permission to continue shall not affect deferrals made  
211 through the date for which permission has been granted, or  
212 the regulatory and ratemaking treatment of the regulatory  
213 assets arising from such deferrals as provided for by this  
214 section.

215 6. The commission may take into account any change in  
216 business risk to the corporation resulting from  
217 implementation of the deferrals in setting the corporation's  
218 allowed return in any rate proceeding, in addition to any  
219 other changes in business risk experienced by the  
220 corporation.

221           7. This section shall expire on December 31, [2033]  
222 **2040**, except that the amortization of the regulatory asset  
223 balances arising under this section shall continue to be  
224 reflected in the electrical corporation's rates and  
225 remaining regulatory asset balances shall be included in the  
226 electrical corporation's rate base consistent with the  
227 ratemaking treatment and amortization previously approved by  
228 the commission pursuant to this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

82           (f) Any costs associated with performance of the  
83 commission's responsibilities under this section in  
84 connection with approving, approving subject to conditions,  
85 or rejecting a petition for a financing order, and in  
86 performing its duties in connection with the issuance advice

87 letter process, including costs to retain counsel, one or  
88 more financial advisors, or other consultants as deemed  
89 appropriate by the commission and paid pursuant to this  
90 section;

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

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

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

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

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

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

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

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



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

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

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

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

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

171           2. (1) An electrical corporation may petition the  
172 commission for a financing order to finance energy  
173 transition costs through an issuance of securitized utility  
174 tariff bonds. The petition shall include all of the  
175 following:

176           (a) A description of the electric generating facility  
177 or facilities that the electrical corporation has retired or  
178 abandoned, or proposes to retire or abandon, prior to the  
179 date that all undepreciated investment relating thereto has

180 been recovered through rates and the reasons for undertaking  
181 such early retirement or abandonment, or if the electrical  
182 corporation is subject to a separate commission order or  
183 proceeding relating to such retirement or abandonment as  
184 contemplated by subdivision (2) of this subsection, and a  
185 description of the order or other proceeding;

186 (b) The energy transition costs;

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

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

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

204 (f) A comparison between the net present value of the  
205 costs to customers that are estimated to result from the  
206 issuance of securitized utility tariff bonds and the costs  
207 that would result from the application of the traditional  
208 method of financing and recovering the undepreciated  
209 investment of facilities that may become securitized utility  
210 tariff costs from customers. The comparison should  
211 demonstrate that the issuance of securitized utility tariff

212 bonds and the imposition of securitized utility tariff  
213 charges are expected to provide quantifiable net present  
214 value benefits to customers;

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

223 (h) Direct testimony supporting the petition.

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

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

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

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

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

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

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

268 (g) Direct testimony supporting the petition.

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

274 a. The commission shall establish a procedural  
275 schedule that permits a commission decision no later than

276 two hundred fifteen days after the date the petition is  
277 filed;

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

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

288       (b) In performing its responsibilities under this  
289 section in approving, approving subject to conditions, or  
290 rejecting a petition for a financing order, the commission  
291 may retain counsel, one or more financial advisors, or other  
292 consultants as it deems appropriate. Such outside counsel,  
293 advisor or advisors, or consultants shall owe a duty of  
294 loyalty solely to the commission and shall have no interest  
295 in the proposed securitized utility tariff bonds. The costs  
296 associated with any such engagements shall be paid by the  
297 petitioning corporation and shall be included as financed  
298 costs in the securitized utility tariff charge and shall not  
299 be an obligation of the state and shall be assigned solely  
300 to the subject transaction. **The commission may directly**  
301 **contract counsel, financial advisors, or other consultants**  
302 **as necessary for effectuating the purposes of this section.**  
303 **Such contracting procedures shall not be subject to the**  
304 **provisions of chapter 34, however the commission shall**  
305 **establish a policy for the bid process. Such policy shall**  
306 **be publicly available and any information related to**

307 **contracts under the established policy shall be included in**  
308 **publicly available rate case documentation.**

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

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

320 b. A finding that the proposed issuance of securitized  
321 utility tariff bonds and the imposition and collection of a  
322 securitized utility tariff charge are just and reasonable  
323 and in the public interest and are expected to provide  
324 quantifiable net present value benefits to customers as  
325 compared to recovery of the components of securitized  
326 utility tariff costs that would have been incurred absent  
327 the issuance of securitized utility tariff bonds.

328 Notwithstanding any provisions of this section to the  
329 contrary, in considering whether to find the proposed  
330 issuance of securitized utility tariff bonds and the  
331 imposition and collection of a securitized utility tariff  
332 charge are just and reasonable and in the public interest,  
333 the commission may consider previous instances where it has  
334 issued financing orders to the petitioning electrical  
335 corporation and such electrical corporation has previously  
336 issued securitized utility tariff bonds;

337 c. A finding that the proposed structuring and pricing  
338 of the securitized utility tariff bonds are reasonably

339 expected to result in the lowest securitized utility tariff  
340 charges consistent with market conditions at the time the  
341 securitized utility tariff bonds are priced and the terms of  
342 the financing order;

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

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

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

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

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

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

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



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

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

419 m. In a financing order granting authorization to  
420 securitize energy transition costs or in a financing order  
421 granting authorization to securitize qualified extraordinary  
422 costs that include retired or abandoned facility costs, a  
423 procedure for the treatment of accumulated deferred income  
424 taxes and excess deferred income taxes in connection with  
425 the retired or abandoned or to be retired or abandoned  
426 electric generating facility, or in connection with retired  
427 or abandoned facilities included in qualified extraordinary  
428 costs. The accumulated deferred income taxes, including  
429 excess deferred income taxes, shall be excluded from rate  
430 base in future general rate cases and the net tax benefits  
431 relating to amounts that will be recovered through the  
432 issuance of securitized utility tariff bonds shall be  
433 credited to retail customers by reducing the amount of such  
434 securitized utility tariff bonds that would otherwise be

435 issued. The customer credit shall include the net present  
436 value of the tax benefits, calculated using a discount rate  
437 equal to the expected interest rate of the securitized  
438 utility tariff bonds, for the estimated accumulated and  
439 excess deferred income taxes at the time of securitization  
440 including timing differences created by the issuance of  
441 securitized utility tariff bonds amortized over the period  
442 of the bonds multiplied by the expected interest rate on  
443 such securitized utility tariff bonds;

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

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

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

459 (e) If the commission issues a financing order, the  
460 electrical corporation shall file with the commission at  
461 least annually a petition or a letter applying the formula-  
462 based true-up mechanism and, based on estimates of  
463 consumption for each rate class and other mathematical  
464 factors, requesting administrative approval to make the  
465 applicable adjustments. The review of the filing shall be  
466 limited to determining whether there are any mathematical or

467 clerical errors in the application of the formula-based true-  
468 up mechanism relating to the appropriate amount of any  
469 overcollection or undercollection of securitized utility  
470 tariff charges and the amount of an adjustment. The  
471 adjustments shall ensure the recovery of revenues sufficient  
472 to provide for the payment of principal, interest,  
473 acquisition, defeasance, financing costs, or redemption  
474 premium and other fees, costs, and charges in respect of  
475 securitized utility tariff bonds approved under the  
476 financing order. Within thirty days after receiving an  
477 electrical corporation's request pursuant to this paragraph,  
478 the commission shall either approve the request or inform  
479 the electrical corporation of any mathematical or clerical  
480 errors in its calculation. If the commission informs the  
481 electrical corporation of mathematical or clerical errors in  
482 its calculation, the electrical corporation shall correct  
483 its error and refile its request. The time frames  
484 previously described in this paragraph shall apply to a  
485 refiled request.

486 (f) At the time of any transfer of securitized utility  
487 tariff property to an assignee or the issuance of  
488 securitized utility tariff bonds authorized thereby,  
489 whichever is earlier, a financing order is irrevocable and,  
490 except for changes made pursuant to the formula-based true-  
491 up mechanism authorized in this section, the commission may  
492 not amend, modify, or terminate the financing order by any  
493 subsequent action or reduce, impair, postpone, terminate, or  
494 otherwise adjust securitized utility tariff charges approved  
495 in the financing order. After the issuance of a financing  
496 order, the electrical corporation retains sole discretion  
497 regarding whether to assign, sell, or otherwise transfer  
498 securitized utility tariff property or to cause securitized

499 utility tariff bonds to be issued, including the right to  
500 defer or postpone such assignment, sale, transfer, or  
501 issuance.

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

517 (h) As the actual structure and pricing of the  
518 securitized utility tariff bonds will be unknown at the time  
519 the financing order is issued, prior to the issuance of each  
520 series of bonds, an issuance advice letter shall be provided  
521 to the commission by the electrical corporation following  
522 the determination of the final terms of such series of bonds  
523 no later than one day after the pricing of the securitized  
524 utility tariff bonds. The commission shall have the  
525 authority to designate a representative or representatives  
526 from commission staff, who may be advised by a financial  
527 advisor or advisors contracted with the commission, to  
528 provide input to the electrical corporation and collaborate  
529 with the electrical corporation in all facets of the process  
530 undertaken by the electrical corporation to place the

531 securitized utility tariff bonds to market so the  
532 commission's representative or representatives can provide  
533 the commission with an opinion on the reasonableness of the  
534 pricing, terms, and conditions of the securitized utility  
535 tariff bonds on an expedited basis. Neither the designated  
536 representative or representatives from the commission staff  
537 nor one or more financial advisors advising commission staff  
538 shall have authority to direct how the electrical  
539 corporation places the bonds to market although they shall  
540 be permitted to attend all meetings convened by the  
541 electrical corporation to address placement of the bonds to  
542 market. The form of such issuance advice letter shall be  
543 included in the financing order and shall indicate the final  
544 structure of the securitized utility tariff bonds and  
545 provide the best available estimate of total ongoing  
546 financing costs. The issuance advice letter shall report  
547 the initial securitized utility tariff charges and other  
548 information specific to the securitized utility tariff bonds  
549 to be issued, as the commission may require. Unless an  
550 earlier date is specified in the financing order, the  
551 electrical corporation may proceed with the issuance of the  
552 securitized utility tariff bonds unless, prior to noon on  
553 the fourth business day after the commission receives the  
554 issuance advice letter, the commission issues a disapproval  
555 letter directing that the bonds as proposed shall not be  
556 issued and the basis for that disapproval. The financing  
557 order may provide such additional provisions relating to the  
558 issuance advice letter process as the commission considers  
559 appropriate and as are not inconsistent with this section.

560 (4) (a) In performing the responsibilities of this  
561 section in connection with the issuance of a financing  
562 order, approving the petition, an order approving the

563 petition subject to conditions, or an order rejecting the  
564 petition, the commission shall undertake due diligence as it  
565 deems appropriate prior to the issuance of the order  
566 regarding the petition pursuant to which the commission may  
567 request additional information from the electrical  
568 corporation and may engage one or more financial advisors,  
569 one or more consultants, and counsel as the commission deems  
570 necessary. Any financial advisor or advisors, counsel, and  
571 consultants engaged by the commission shall have a fiduciary  
572 duty with respect to the proposed issuance of securitized  
573 utility bonds solely to the commission. All expenses  
574 associated with such services shall be included as part of  
575 the financing costs of the securitized utility tariff bonds  
576 and shall be included in the securitized utility tariff  
577 charge.

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

587 (5) At the request of an electrical corporation, the  
588 commission may commence a proceeding and issue a subsequent  
589 financing order that provides for refinancing, retiring, or  
590 refunding securitized utility tariff bonds issued pursuant  
591 to the original financing order if the commission finds that  
592 the subsequent financing order satisfies all of the criteria  
593 specified in this section for a financing order. Effective  
594 upon retirement of the refunded securitized utility tariff

595 bonds and the issuance of new securitized utility tariff  
596 bonds, the commission shall adjust the related securitized  
597 utility tariff charges accordingly.

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

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

610 3. (1) The commission may not, in exercising its  
611 powers and carrying out its duties regarding any matter  
612 within its authority, consider the securitized utility  
613 tariff bonds issued pursuant to a financing order to be the  
614 debt of the electrical corporation other than for federal  
615 and state income tax purposes, consider the securitized  
616 utility tariff charges paid under the financing order to be  
617 the revenue of the electrical corporation for any purpose,  
618 consider the securitized utility tariff costs or financing  
619 costs specified in the financing order to be the costs of  
620 the electrical corporation, nor may the commission determine  
621 any action taken by an electrical corporation which is  
622 consistent with the financing order to be unjust or  
623 unreasonable, and section 386.300 shall not apply to the  
624 issuance of securitized utility tariff bonds.

625 (2) Securitized utility tariff charges shall not be  
626 utilized or accounted for in determining the electrical

627 corporation's average overall rate, as defined in section  
628 393.1655 and as used to determine the maximum retail rate  
629 impact limitations provided for by subsections 3 and 4 of  
630 section 393.1655.

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

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

656 (5) After the issuance of a financing order with or  
657 without conditions, the electrical corporation retains sole  
658 discretion regarding whether to cause the securitized



659 utility tariff bonds to be issued, including the right to  
660 defer or postpone such sale, assignment, transfer, or  
661 issuance. Nothing shall prevent the electrical corporation  
662 from abandoning the issuance of securitized utility tariff  
663 bonds under the financing order by filing with the  
664 commission a statement of abandonment and the reasons  
665 therefor; provided, that the electrical corporation's  
666 abandonment decision shall not be deemed imprudent because  
667 of the potential availability of securitized utility tariff  
668 bond financing; and provided further, that an electrical  
669 corporation's decision to abandon issuance of such bonds may  
670 be raised by any party, including the commission, as a  
671 reason the commission should not authorize, or should  
672 modify, the rate-making treatment proposed by the electrical  
673 corporation of the costs associated with the electric  
674 generating facility that was the subject of a petition under  
675 this section that would have been securitized as energy  
676 transition costs had such abandonment decision not been  
677 made, but only if the electrical corporation requests  
678 nonstandard plant retirement treatment of such costs for  
679 rate-making purposes.

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

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

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

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

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

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

718 5. (1) (a) All securitized utility tariff property  
719 that is specified in a financing order constitutes an  
720 existing, present intangible property right or interest  
721 therein, notwithstanding that the imposition and collection  
722 of securitized utility tariff charges depends on the

723 electrical corporation, to which the financing order is  
724 issued, performing its servicing functions relating to the  
725 collection of securitized utility tariff charges and on  
726 future electricity consumption. The property exists:

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

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

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

740       (c) All or any portion of securitized utility tariff  
741 property specified in a financing order issued to an  
742 electrical corporation may be transferred, sold, conveyed,  
743 or assigned to a successor or assignee that is wholly owned,  
744 directly or indirectly, by the electrical corporation and  
745 created for the limited purpose of acquiring, owning, or  
746 administering securitized utility tariff property or issuing  
747 securitized utility tariff bonds under the financing order.  
748 All or any portion of securitized utility tariff property  
749 may be pledged to secure securitized utility tariff bonds  
750 issued pursuant to the financing order, amounts payable to  
751 financing parties and to counterparties under any ancillary  
752 agreements, and other financing costs. Any transfer, sale,  
753 conveyance, assignment, grant of a security interest in or  
754 pledge of securitized utility tariff property by an

755 electrical corporation, or an affiliate of the electrical  
756 corporation, to an assignee, to the extent previously  
757 authorized in a financing order, does not require the prior  
758 consent and approval of the commission.

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

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

780 (f) Any successor to an electrical corporation,  
781 whether pursuant to any reorganization, bankruptcy, or other  
782 insolvency proceeding or whether pursuant to any merger or  
783 acquisition, sale, or other business combination, or  
784 transfer by operation of law, as a result of electrical  
785 corporation restructuring or otherwise, shall perform and  
786 satisfy all obligations of, and have the same rights under a

787 financing order as, the electrical corporation under the  
788 financing order in the same manner and to the same extent as  
789 the electrical corporation, including collecting and paying  
790 to the person entitled to receive the revenues, collections,  
791 payments, or proceeds of the securitized utility tariff  
792 property. Nothing in this section is intended to limit or  
793 impair any authority of the commission concerning the  
794 transfer or succession of interests of public utilities.

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

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

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

811 a. The financing order is issued;

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

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

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

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

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

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

849 (e) No application of the formula-based true-up  
850 mechanism as provided in this section will affect the

851 validity, perfection, or priority of a security interest in  
852 or transfer of securitized utility tariff property.

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

868 (3) (a) Any sale, assignment, or other transfer of  
869 securitized utility tariff property shall be an absolute  
870 transfer and true sale of, and not a pledge of or secured  
871 transaction relating to, the seller's right, title, and  
872 interest in, to, and under the securitized utility tariff  
873 property if the documents governing the transaction  
874 expressly state that the transaction is a sale or other  
875 absolute transfer other than for federal and state income  
876 tax purposes. For all purposes other than federal and state  
877 income tax purposes, the parties' characterization of a  
878 transaction as a sale of an interest in securitized utility  
879 tariff property shall be conclusive that the transaction is  
880 a true sale and that ownership has passed to the party  
881 characterized as the purchaser, regardless of whether the  
882 purchaser has possession of any documents evidencing or

883 pertaining to the interest. A sale or similar outright  
884 transfer of an interest in securitized utility tariff  
885 property may occur only when all of the following have  
886 occurred:

- 887       a. The financing order creating the securitized  
888 utility tariff property has become effective;
- 889       b. The documents evidencing the transfer of  
890 securitized utility tariff property have been executed by  
891 the assignor and delivered to the assignee; and
- 892       c. Value is received for the securitized utility  
893 tariff property.

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

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

- 904       a. Commingling of securitized utility tariff charges  
905 with other amounts;
- 906       b. The retention by the seller of (i) a partial or  
907 residual interest, including an equity interest, in the  
908 securitized utility tariff property, whether direct or  
909 indirect, or whether subordinate or otherwise, or (ii) the  
910 right to recover costs associated with taxes, franchise  
911 fees, or license fees imposed on the collection of  
912 securitized utility tariff charges;



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

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

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

919 f. The transferor acting as the servicer of the  
920 securitized utility tariff charges or the existence of any  
921 contract that authorizes or requires the electrical  
922 corporation, to the extent that any interest in securitized  
923 utility tariff property is sold or assigned, to contract  
924 with the assignee or any financing party that it will  
925 continue to operate its system to provide service to its  
926 customers, will collect amounts in respect of the  
927 securitized utility tariff charges for the benefit and  
928 account of such assignee or financing party, and will  
929 account for and remit such amounts to or for the account of  
930 such assignee or financing party;

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

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

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

941 (c) Any right that an electrical corporation has in  
942 the securitized utility tariff property before its pledge,  
943 sale, or transfer or any other right created under this  
944 section or created in the financing order and assignable

945 under this section or assignable pursuant to a financing  
946 order is property in the form of a contract right or a chose  
947 in action. Transfer of an interest in securitized utility  
948 tariff property to an assignee is enforceable only upon the  
949 later of:

950 a. The issuance of a financing order;

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

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

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

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

966 (d) The priority of a transfer perfected under this  
967 section is not impaired by any later modification of the  
968 financing order or securitized utility tariff property or by  
969 the commingling of funds arising from securitized utility  
970 tariff property with other funds. Any other security  
971 interest that may apply to those funds, other than a  
972 security interest perfected under this section, is  
973 terminated when they are transferred to a segregated account  
974 for the assignee or a financing party. If securitized  
975 utility tariff property has been transferred to an assignee

976 or financing party, any proceeds of that property shall be  
977 held in trust for the assignee or financing party.

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

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

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

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

991 6. The description of securitized utility tariff  
992 property being transferred to an assignee in any sale  
993 agreement, purchase agreement, or other transfer agreement,  
994 granted or pledged to a pledgee in any security agreement,  
995 pledge agreement, or other security document, or indicated  
996 in any financing statement is only sufficient if such  
997 description or indication refers to the financing order that  
998 created the securitized utility tariff property and states  
999 that the agreement or financing statement covers all or part  
1000 of the property described in the financing order. This  
1001 section applies to all purported transfers of, and all  
1002 purported grants or liens or security interests in,  
1003 securitized utility tariff property, regardless of whether  
1004 the related sale agreement, purchase agreement, other  
1005 transfer agreement, security agreement, pledge agreement, or  
1006 other security document was entered into, or any financing  
1007 statement was filed.

1008           7. The secretary of state shall maintain any financing  
1009 statement filed to perfect a sale or other transfer of  
1010 securitized utility tariff property and any security  
1011 interest in securitized utility tariff property under this  
1012 section in the same manner that the secretary of state  
1013 maintains financing statements filed under the code to  
1014 perfect a security interest in collateral owned by a  
1015 transmitting utility. Except as otherwise provided in this  
1016 section, all financing statements filed pursuant to this  
1017 section shall be governed by the provisions regarding  
1018 financing statements and the filing thereof under the code,  
1019 including part 5 of article 9 of the code. A security  
1020 interest in securitized utility tariff property may be  
1021 perfected only by the filing of a financing statement in  
1022 accordance with this section, and no other method of  
1023 perfection shall be effective. Notwithstanding any  
1024 provision of the code to the contrary, a financing statement  
1025 filed pursuant to this section is effective until a  
1026 termination statement is filed under the code, and no  
1027 continuation statement need be filed to maintain its  
1028 effectiveness. A financing statement filed pursuant to this  
1029 section may indicate that the debtor is a transmitting  
1030 utility, and without regard to whether the debtor is an  
1031 electrical corporation, an assignee or otherwise qualifies  
1032 as a transmitting utility under the code, but the failure to  
1033 make such indication shall not impair the duration and  
1034 effectiveness of the financing statement.

1035           8. The law governing the validity, enforceability,  
1036 attachment, perfection, priority, and exercise of remedies  
1037 with respect to the transfer of an interest or right or the  
1038 pledge or creation of a security interest in any securitized  
1039 utility tariff property shall be the laws of this state.

1040           9. Neither the state nor its political subdivisions  
1041 are liable on any securitized utility tariff bonds, and the  
1042 bonds are not a debt or a general obligation of the state or  
1043 any of its political subdivisions, agencies, or  
1044 instrumentalities, nor are they special obligations or  
1045 indebtedness of the state or any agency or political  
1046 subdivision. An issue of securitized utility tariff bonds  
1047 does not, directly, indirectly, or contingently, obligate  
1048 the state or any agency, political subdivision, or  
1049 instrumentality of the state to levy any tax or make any  
1050 appropriation for payment of the securitized utility tariff  
1051 bonds, other than in their capacity as consumers of  
1052 electricity. All securitized utility tariff bonds shall  
1053 contain on the face thereof a statement to the following  
1054 effect: "Neither the full faith and credit nor the taxing  
1055 power of the state of Missouri is pledged to the payment of  
1056 the principal of, or interest on, this bond."

1057           10. All of the following entities may legally invest  
1058 any sinking funds, moneys, or other funds in securitized  
1059 utility tariff bonds:

1060           (1) Subject to applicable statutory restrictions on  
1061 state or local investment authority, the state, units of  
1062 local government, political subdivisions, public bodies, and  
1063 public officers, except for members of the commission, the  
1064 commission's technical advisory and other staff, or  
1065 employees of the office of the public counsel;

1066           (2) Banks and bankers, savings and loan associations,  
1067 credit unions, trust companies, savings banks and  
1068 institutions, investment companies, insurance companies,  
1069 insurance associations, and other persons carrying on a  
1070 banking or insurance business;

1071 (3) Personal representatives, guardians, trustees, and  
1072 other fiduciaries;

1073 (4) All other persons authorized to invest in bonds or  
1074 other obligations of a similar nature.

1075 11. (1) The state and its agencies, including the  
1076 commission, pledge and agree with bondholders, the owners of  
1077 the securitized utility tariff property, and other financing  
1078 parties that the state and its agencies will not take any  
1079 action listed in this subdivision. This subdivision does  
1080 not preclude limitation or alteration if full compensation  
1081 is made by law for the full protection of the securitized  
1082 utility tariff charges collected pursuant to a financing  
1083 order and of the bondholders and any assignee or financing  
1084 party entering into a contract with the electrical  
1085 corporation. The prohibited actions are as follows:

1086 (a) Alter the provisions of this section, which  
1087 authorize the commission to create an irrevocable contract  
1088 right or chose in action by the issuance of a financing  
1089 order, to create securitized utility tariff property, and  
1090 make the securitized utility tariff charges imposed by a  
1091 financing order irrevocable, binding, or nonbypassable  
1092 charges for all existing and future retail customers of the  
1093 electrical corporation except its existing special contract  
1094 customers;

1095 (b) Take or permit any action that impairs or would  
1096 impair the value of securitized utility tariff property or  
1097 the security for the securitized utility tariff bonds or  
1098 revises the securitized utility tariff costs for which  
1099 recovery is authorized;

1100 (c) In any way impair the rights and remedies of the  
1101 bondholders, assignees, and other financing parties;

1102           (d) Except for changes made pursuant to the formula-  
1103 based true-up mechanism authorized under this section,  
1104 reduce, alter, or impair securitized utility tariff charges  
1105 that are to be imposed, billed, charged, collected, and  
1106 remitted for the benefit of the bondholders, any assignee,  
1107 and any other financing parties until any and all principal,  
1108 interest, premium, financing costs and other fees, expenses,  
1109 or charges incurred, and any contracts to be performed, in  
1110 connection with the related securitized utility tariff bonds  
1111 have been paid and performed in full.

1112           (2) Any person or entity that issues securitized  
1113 utility tariff bonds may include the language specified in  
1114 this subsection in the securitized utility tariff bonds and  
1115 related documentation.

1116           12. An assignee or financing party is not an  
1117 electrical corporation or person providing electric service  
1118 by virtue of engaging in the transactions described in this  
1119 section.

1120           13. If there is a conflict between this section and  
1121 any other law regarding the attachment, assignment, or  
1122 perfection, or the effect of perfection, or priority of,  
1123 assignment or transfer of, or security interest in  
1124 securitized utility tariff property, this section shall  
1125 govern.

1126           14. If any provision of this section is held invalid  
1127 or is invalidated, superseded, replaced, repealed, or  
1128 expires for any reason, that occurrence does not affect the  
1129 validity of any action allowed under this section which is  
1130 taken by an electrical corporation, an assignee, a financing  
1131 party, a collection agent, or a party to an ancillary  
1132 agreement; and any such action remains in full force and  
1133 effect with respect to all securitized utility tariff bonds

1134 issued or authorized in a financing order issued under this  
1135 section before the date that such provision is held invalid  
1136 or is invalidated, superseded, replaced, or repealed, or  
1137 expires for any reason.

✓