

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 734

AN ACT

To repeal sections 386.370, 393.106, 393.355, 394.120, and 400.9-109, RSMo, and to enact in lieu thereof eleven new sections relating to utilities.

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

Section A. Sections 386.370, 393.106, 393.355, 394.120, and 400.9-109, RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known as sections 67.309, 386.370, 386.895, 393.106, 393.355, 393.1620, 393.1700, 393.1705, 393.1715, 394.120, and 400.9-109, to read as follows:

67.309. 1. No political subdivision of this state, including any referenced in section 386.020, shall adopt an ordinance, resolution, regulation, code, or policy that prohibits, or has the effect of prohibiting, the connection or reconnection of a utility service based upon the type or source of energy to be delivered to an individual customer. Nothing in this section shall limit the ability of a political subdivision to choose utility services for properties owned by such political subdivision.

2. For purposes of this section, utility services shall include natural gas, propane gas, electricity, and any other form of energy provided to an end user customer.

386.370. 1. The commission shall, prior to the beginning of each fiscal year beginning with the fiscal year commencing on July 1, 1947, make an estimate of the expenses

4 to be incurred by it during such fiscal year reasonably
5 attributable to the regulation of public utilities as
6 provided in chapters 386, 392 and 393 and shall also
7 separately estimate the amount of such expenses directly
8 attributable to such regulation of each of the following
9 groups of public utilities: Electrical corporations, gas
10 corporations, water corporations, heating companies and
11 telephone corporations, telegraph corporations, sewer
12 corporations, and any other public utility as defined in
13 section 386.020, as well as the amount of such expenses not
14 directly attributable to any such group. For purposes of
15 this section, water corporations and sewer corporations will
16 be combined and considered one group of public utilities.

17 2. The commission shall allocate to each such group of
18 public utilities the estimated expenses directly
19 attributable to the regulation of such group and an amount
20 equal to such proportion of the estimated expenses not
21 directly attributable to any group as the gross intrastate
22 operating revenues of such group during the preceding
23 calendar year bears to the total gross intrastate operating
24 revenues of all public utilities subject to the jurisdiction
25 of the commission, as aforesaid, during such calendar year.
26 The commission shall then assess the amount so allocated to
27 each group of public utilities, subject to reduction as
28 herein provided, to the public utilities in such group in
29 proportion to their respective gross intrastate operating
30 revenues during the preceding calendar year, except that the
31 total amount so assessed to all such public utilities shall
32 not exceed ~~[one-fourth]~~ three hundred fifteen thousandths of
33 one percent of the total gross intrastate operating revenues
34 of all utilities subject to the jurisdiction of the
35 commission.

36 3. The commission shall render a statement of such
37 assessment to each such public utility on or before July
38 first and the amount so assessed to each such public utility
39 shall be paid by it to the director of revenue in full on or
40 before July fifteenth next following the rendition of such
41 statement, except that any such public utility may at its
42 election pay such assessment in four equal installments not
43 later than the following dates next following the rendition
44 of said statement, to wit: July fifteenth, October
45 fifteenth, January fifteenth and April fifteenth. The
46 director of revenue shall remit such payments to the state
47 treasurer.

48 4. The state treasurer shall credit such payments to a
49 special fund, which is hereby created, to be known as "The
50 Public Service Commission Fund", which fund, or its
51 successor fund created pursuant to section 33.571, shall be
52 devoted solely to the payment of expenditures actually
53 incurred by the commission and attributable to the
54 regulation of such public utilities subject to the
55 jurisdiction of the commission, as aforesaid. Any amount
56 remaining in such special fund or its successor fund at the
57 end of any fiscal year shall not revert to the general
58 revenue fund, but shall be applicable by appropriation of
59 the general assembly to the payment of such expenditures of
60 the commission in the succeeding fiscal year and shall be
61 applied by the commission to the reduction of the amount to
62 be assessed to such public utilities in such succeeding
63 fiscal year, such reduction to be allocated to each group of
64 public utilities in proportion to the respective gross
65 intrastate operating revenues of the respective groups
66 during the preceding calendar year.

67 5. In order to enable the commission to make the
68 allocations and assessments herein provided for, each public

69 utility subject to the jurisdiction of the commission as
70 aforesaid shall file with the commission, within ten days
71 after August 28, 1996, and thereafter on or before March
72 thirty-first of each year, a statement under oath showing
73 its gross intrastate operating revenues for the preceding
74 calendar year, and if any public utility shall fail to file
75 such statement within the time aforesaid the commission
76 shall estimate such revenue which estimate shall be binding
77 on such public utility for the purpose of this section.

386.895. 1. As used in this section, the following
2 terms shall mean:

3 (1) "Biogas", a mixture of carbon dioxide and
4 hydrocarbons, primarily methane gas, released from the
5 biological decomposition of organic materials;

6 (2) "Biomass", has the meaning given the term
7 "qualified biomass" in section 142.028;

8 (3) "Gas corporation", the same as defined in section
9 386.020;

10 (4) "Qualified investment", any capital investment in
11 renewable natural gas infrastructure incurred by a gas
12 corporation for the purpose of providing natural gas service
13 under a renewable natural gas program;

14 (5) "Renewable energy sources", hydroelectric,
15 geothermal, solar photovoltaic, wind, tidal, wave, biomass,
16 or biogas energy sources;

17 (6) "Renewable natural gas", any of the following
18 products processed to meet pipeline quality standards or
19 transportation fuel grade requirements:

20 (a) Biogas that is upgraded to meet natural gas
21 pipeline quality standards such that it may blend with, or
22 substitute for, geologic natural gas;

23 (b) Hydrogen gas; or

24 (c) Methane gas derived from any combination of:

25 a. Biogas;
26 b. Hydrogen gas or carbon oxides derived from
27 renewable energy sources; or
28 c. Waste carbon dioxide;
29 (7) "Renewable natural gas infrastructure", all
30 equipment and facilities for the production, processing,
31 pipeline interconnection, and distribution of renewable
32 natural gas to be furnished to Missouri customers.
33 2. The commission shall adopt rules for gas
34 corporations to offer a voluntary renewable natural gas
35 program. Rules adopted by the commission under this section
36 shall include:
37 (1) Rules for reporting requirements; and
38 (2) Rules for establishing a process for gas
39 corporations to fully recover incurred costs that are
40 prudent, just, and reasonable associated with a renewable
41 natural gas program. Such recovery shall not be permitted
42 until the project is operational and produces renewable
43 natural gas for customer use.
44 3. A filing by a gas corporation pursuant to the
45 renewable natural gas program created in subsection 2 of
46 this section shall include, but is not limited to:
47 (1) A proposal to procure a total volume of renewable
48 natural gas over a specific period; and
49 (2) Identification of the qualified investments that
50 the gas corporation may make in renewable natural gas
51 infrastructure.
52 4. A gas corporation may from time to time revise the
53 filing submitted to the commission under this section no
54 more than one time per year.
55 5. Any costs incurred by a gas corporation for a
56 qualified investment that are prudent, just, and reasonable

57 may be recovered by means of an automatic rate adjustment
58 clause.

59 6. When a gas corporation makes a qualified investment
60 in the production of renewable natural gas, the costs
61 associated with such qualified investment shall include the
62 cost of capital established by the commission in the gas
63 corporation's most recent general rate case.

64 7. On or before January 1, 2023, the division of
65 energy within the department of natural resources shall
66 provide to the chair of the public service commission, the
67 speaker of the house of representatives, the president pro
68 tempore of the senate, the chair of the senate committee on
69 commerce, consumer protection, energy, and the environment,
70 and the chair of the house of representatives utility
71 committee, a report on the renewable natural gas program
72 established under this section. Such report shall include,
73 but not be limited to, the following:

74 (1) The number of projects submitted for the renewable
75 natural gas program and the number of projects approved for
76 the renewable natural gas program;

77 (2) The number of projects that are operational, and
78 the costs, projected and actual, of such projects and other
79 key metrics the division of energy deems important;

80 (3) The volume of renewable natural gas produced in
81 the state through projects that were approved by the
82 renewable natural gas program as well as the percentage of
83 renewable natural gas produced in relation to the total
84 volume of natural gas sold in the state;

85 (4) The environmental benefits of renewable natural
86 gas, including but not limited to greenhouse gas reduction
87 as a result of the production of renewable natural gas;

88 (5) The economic benefits of the renewable natural gas
89 program, including but not limited to local employment,

90 value-added production for the agricultural sector, and
91 other economic development; and

92 (6) Any economic benefits or other costs to ratepayers.

93 8. Rules adopted by the commission under this section
94 shall not prohibit an affiliate of a gas corporation from
95 making a capital investment in a biogas production project
96 if the affiliate is not a public utility as defined in
97 section 386.020.

98 9. The public service commission may promulgate rules
99 to implement the provisions of this section. Any rule or
100 portion of a rule, as that term is defined in section
101 536.010, that is created under the authority delegated in
102 this section shall become effective only if it complies with
103 and is subject to all of the provisions of chapter 536 and,
104 if applicable, section 536.028. This section and chapter
105 536 are nonseverable and if any of the powers vested with
106 the general assembly pursuant to chapter 536 to review, to
107 delay the effective date, or to disapprove and annul a rule
108 are subsequently held unconstitutional, then the grant of
109 rulemaking authority and any rule proposed or adopted after
110 August 28, 2021, shall be invalid and void.

111 10. Pursuant to section 23.253 of the Missouri sunset
112 act, this section and any rules enacted under this section
113 shall expire nine years from the date the renewable natural
114 gas program is established, unless reauthorized by the
115 general assembly; provided that any rate adjustment
116 authorized by this section shall continue so long as the
117 renewable natural gas program remains in operation and
118 produces renewable natural gas for customer use.

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

3 (1) "Auxiliary power", the energy used to operate
4 equipment and other load that is directly related to the

5 production of energy by an independent power producer or
6 electrical corporation, obtained through generation at the
7 site or through adjacent transformation and transmission
8 interconnect, but does not include energy used for space
9 heating, lighting, air conditioning, office needs of
10 buildings, and other non-generating uses at the generation
11 site;

12 (2) "Independent power producer" or "IPP", an entity
13 that is also considered a non-utility power producer in the
14 United States. IPPs are wholesale electricity producers
15 that operate within the franchised service territories of
16 host utilities and are usually authorized to sell at market-
17 based rates. Unlike traditional electric utilities, IPPs do
18 not possess transmission facilities or sell electricity in
19 the retail market;

20 (3) "Permanent service", electrical service provided
21 through facilities which have been permanently installed on
22 a structure and which are designed to provide electric
23 service for the structure's anticipated needs for the
24 indefinite future, as contrasted with facilities installed
25 temporarily to provide electrical service during
26 construction. Service provided temporarily shall be at the
27 risk of the electrical supplier and shall not be
28 determinative of the rights of the provider or recipient of
29 permanent service;

30 [(2)] (4) "Structure" or "structures", an
31 agricultural, residential, commercial, industrial or other
32 building or a mechanical installation, machinery or
33 apparatus at which retail electric energy is being delivered
34 through a metering device which is located on or adjacent to
35 the structure and connected to the lines of an electrical
36 supplier. Such terms shall include any contiguous or
37 adjacent additions to or expansions of a particular

38 structure. Nothing in this section shall be construed to
39 confer any right on an electric supplier to serve new
40 structures on a particular tract of land because it was
41 serving an existing structure on that tract.

42 2. Once an electrical corporation or joint municipal
43 utility commission, or its predecessor in interest, lawfully
44 commences supplying retail electric energy to a structure
45 through permanent service facilities, it shall have the
46 right to continue serving such structure, and other
47 suppliers of electrical energy shall not have the right to
48 provide service to the structure except as might be
49 otherwise permitted in the context of municipal annexation,
50 pursuant to section 386.800 and section 394.080, or pursuant
51 to a territorial agreement approved under section 394.312.
52 The public service commission, upon application made by an
53 affected party, may order a change of suppliers on the basis
54 that it is in the public interest for a reason other than a
55 rate differential. The commission's jurisdiction under this
56 section is limited to public interest determinations and
57 excludes questions as to the lawfulness of the provision of
58 service, such questions being reserved to courts of
59 competent jurisdiction. Except as provided in this section,
60 nothing contained herein shall affect the rights, privileges
61 or duties of existing corporations pursuant to this
62 chapter. Nothing in this section shall be construed to make
63 lawful any provision of service which was unlawful prior to
64 July 11, 1991. Nothing in this section shall be construed
65 to make unlawful the continued lawful provision of service
66 to any structure which may have had a different supplier in
67 the past, if such a change in supplier was lawful at the
68 time it occurred. However, those customers who had
69 cancelled service with their previous supplier or had
70 requested cancellation by May 1, 1991, shall be eligible to

71 change suppliers as per previous procedures. No customer
72 shall be allowed to change electric suppliers by
73 disconnecting service between May 1, 1991, and July 11, 1991.

74 3. Notwithstanding the provisions of subsection 2 of
75 this section or any other provision of chapters 386 or 394
76 to the contrary, auxiliary power may be purchased on a
77 wholesale basis, under the applicable federal tariffs of a
78 regional transmission organization instead of under retail
79 service tariffs filed with the public service commission by
80 an electrical corporation, for use at an electric generation
81 facility located in any county of the first classification
82 with more than ninety-two thousand but fewer than one
83 hundred one thousand inhabitants which commenced commercial
84 operations prior to August 28, 2021, and which is operated
85 as an independent power producer.

393.355. 1. As used in this section, the following
2 terms shall mean:

3 (1) "Electrical corporation", the same meaning given
4 to the term in section 386.020, but shall not include an
5 electrical corporation as described in subsection 2 of
6 section 393.110;

7 (2) "Facility", a:

8 (a) Facility whose primary industry is the [smelting]
9 processing of [aluminum and] primary metals[, Standard
10 Industrial Classification Code 3334];

11 (b) Facility whose primary industry is the production
12 or fabrication of steel, North American Industrial
13 Classification System 331110; or

14 (c) Facility with a new or incremental increase in
15 load equal to or in excess of a monthly demand of fifty
16 megawatts.

17 2. Notwithstanding section 393.130 or any other
18 provision of law to the contrary, the public service

19 commission shall have the authority to approve a special
20 rate, outside a general rate proceeding, that is not based
21 on the electrical corporation's cost of service for a
22 facility if:

23 (1) The commission determines, but for the
24 authorization of the special rate the facility would not
25 commence operations, the special rate is in the interest of
26 the state of Missouri when considering the interests of the
27 customers of the electrical corporation serving the
28 facility, considering the incremental cost of serving the
29 facility to receive the special rate, and the interests of
30 the citizens of the state generally in promoting economic
31 development, improving the tax base, providing employment
32 opportunities in the state, and promoting such other
33 benefits to the state as the commission may determine are
34 created by approval of the special rate;

35 (2) After approval of the special rate, the commission
36 allocates in each general rate proceeding of the electrical
37 corporation serving the facility the reduced revenues from
38 the special rate as compared to the revenues that would have
39 been generated at the rate the facility would have paid
40 without the special rate to the electrical corporation's
41 other customers through a uniform percentage adjustment to
42 all components of the base rates of all customer classes; and

43 (3) The commission approves a tracking mechanism
44 meeting the requirements of subsection 3 of this section.

45 3. Any commission order approving a special rate
46 authorized by this section to provide service to a facility
47 in the manner specified under subsection 4 of this section
48 shall establish, as part of the commission's approval of a
49 special rate, a tracking mechanism to track changes in the
50 net margin experienced by the electrical corporation serving
51 the facility with the tracker to apply retroactively to the

52 date the electrical corporation's base rates were last set
53 in its last general rate proceeding concluded prior to June
54 14, 2017. The commission shall ensure that the changes in
55 net margin experienced by the electrical corporation between
56 the general rate proceedings as a result of serving the
57 facility are calculated in such a manner that the electrical
58 corporation's net income is neither increased nor
59 decreased. The changes in net margin shall be deferred to a
60 regulatory liability or regulatory asset, as applicable,
61 with the balance of such regulatory asset or liability to be
62 included in the revenue requirement of the electrical
63 corporation in each of its general rate proceedings through
64 an amortization of the balance over a reasonable period
65 until fully returned to or collected from the electrical
66 corporation's customers.

67 4. Notwithstanding the provisions of section 393.170,
68 an electrical corporation is authorized to provide electric
69 service to a facility at a special rate for the new or
70 incremental load authorized by the commission:

71 (1) Under a rate schedule reflecting the special rate
72 approved by the commission; or

73 (2) If the facility is located outside the electrical
74 corporation's certificated service territory, the facility
75 shall be treated as if it is in the electrical corporation's
76 certified service territory, subject to a commission-
77 approved rate schedule incorporating the special rate under
78 the contract.

79 5. To receive a special rate, the electrical
80 corporation serving the facility, or facility if the
81 facility is located outside of the electrical corporation's
82 certified service territory, shall file a written
83 application with the commission specifying the requested
84 special rate and any terms or conditions proposed by the

85 facility respecting the requested special rate and provide
86 information regarding how the requested special rate meets
87 the criteria specified in subdivision (1) of subsection 2 of
88 this section. A special rate provided for by this section
89 shall be effective for no longer than ten years from the
90 date such special rate is authorized. The commission may
91 impose such conditions, including but not limited to any
92 conditions in a memorandum of understanding between the
93 facility and the electrical corporation, on the special rate
94 as it deems appropriate so long as it otherwise complies
95 with the provisions of this section.

96 6. Any entity which has been granted a special rate
97 under this section may reapply to the commission for a
98 special rate under this section.

2 393.1620. 1. For the purposes of this section, the
3 following terms shall mean:

4 (1) "Average and excess method", a method for
5 allocation of production plant costs using factors that
6 consider the classes' average demands and excess demands,
7 determined by subtracting the average demands from the non-
8 coincident peak demands, for the four months with the
9 highest system peak loads. The production plant costs are
10 allocated using the class average and excess demands
11 proportionally based on the system load factor, where the
12 system load factor determines the percentage of production
13 plant costs allocated using the average demands, and the
14 remainder of production plant costs are allocated using the
15 excess demands;

16 (2) "Class cost of service study", a study designed to
17 allocate a utility's costs to each customer class on the
18 basis of which customer class causes the costs;

19 (3) "Commission", the Missouri public service
commission;

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

23 (5) "Production plant costs", fixed costs reflected on
24 the electrical corporation's accounting books for the
25 applicable test period, as updated or trued-up, associated
26 with the production or purchase of electricity.

27 2. In determining the allocation of an electrical
28 corporation's total revenue requirement in a general rate
29 case, the commission shall only consider class cost of
30 service study results that allocate the electrical
31 corporation's production plant costs from nuclear and fossil
32 generating units using the average and excess method or one
33 of the methods of assignment or allocation contained within
34 the National Association of Regulatory Utility Commissioners
35 1992 manual or subsequent manual.

36 3. This section shall expire on August 28, 2031.

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.

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

304 a. The amount of securitized utility tariff costs to
305 be financed using securitized utility tariff bonds and a
306 finding that recovery of such costs is just and reasonable
307 and in the public interest. The commission shall describe
308 and estimate the amount of financing costs that may be
309 recovered through securitized utility tariff charges and

310 specify the period over which securitized utility tariff
311 costs and financing costs may be recovered;

312 b. A finding that the proposed issuance of securitized
313 utility tariff bonds and the imposition and collection of a
314 securitized utility tariff charge are just and reasonable
315 and in the public interest and are expected to provide
316 quantifiable net present value benefits to customers as
317 compared to recovery of the components of securitized
318 utility tariff costs that would have been incurred absent
319 the issuance of securitized utility tariff bonds.

320 Notwithstanding any provisions of this section to the
321 contrary, in considering whether to find the proposed
322 issuance of securitized utility tariff bonds and the
323 imposition and collection of a securitized utility tariff
324 charge are just and reasonable and in the public interest,
325 the commission may consider previous instances where it has
326 issued financing orders to the petitioning electrical
327 corporation and such electrical corporation has previously
328 issued securitized utility tariff bonds;

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

335 d. A requirement that, for so long as the securitized
336 utility tariff bonds are outstanding and until all financing
337 costs have been paid in full, the imposition and collection
338 of securitized utility tariff charges authorized under a
339 financing order shall be nonbypassable and paid by all
340 existing and future retail customers receiving electrical
341 service from the electrical corporation or its successors or
342 assignees under commission-approved rate schedules except

343 for customers receiving electrical service under special
344 contracts on August 28, 2021, even if a retail customer
345 elects to purchase electricity from an alternative electric
346 supplier following a fundamental change in regulation of
347 public utilities in this state;

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

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

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

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

376 as detailed in the commission's order from the electrical
377 corporation's most recent general rate proceeding;

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

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

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

403 l. A procedure that shall allow the electrical
404 corporation to earn a return, at the cost of capital
405 authorized from time to time by the commission in the
406 electrical corporation's rate proceedings, on any moneys
407 advanced by the electrical corporation to fund reserves, if
408 any, or capital accounts established under the terms of any

409 indenture, ancillary agreement, or other financing documents
410 pertaining to the securitized utility tariff bonds;
411 m. In a financing order granting authorization to
412 securitize energy transition costs or in a financing order
413 granting authorization to securitize qualified extraordinary
414 costs that include retired or abandoned facility costs, a
415 procedure for the treatment of accumulated deferred income
416 taxes and excess deferred income taxes in connection with
417 the retired or abandoned or to be retired or abandoned
418 electric generating facility, or in connection with retired
419 or abandoned facilities included in qualified extraordinary
420 costs. The accumulated deferred income taxes, including
421 excess deferred income taxes, shall be excluded from rate
422 base in future general rate cases and the net tax benefits
423 relating to amounts that will be recovered through the
424 issuance of securitized utility tariff bonds shall be
425 credited to retail customers by reducing the amount of such
426 securitized utility tariff bonds that would otherwise be
427 issued. The customer credit shall include the net present
428 value of the tax benefits, calculated using a discount rate
429 equal to the expected interest rate of the securitized
430 utility tariff bonds, for the estimated accumulated and
431 excess deferred income taxes at the time of securitization
432 including timing differences created by the issuance of
433 securitized utility tariff bonds amortized over the period
434 of the bonds multiplied by the expected interest rate on
435 such securitized utility tariff bonds;
436 n. An outside date, which shall not be earlier than
437 one year after the date the financing order is no longer
438 subject to appeal, when the authority to issue securitized
439 utility tariff bonds granted in such financing order shall
440 expire; and

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

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

451 (e) If the commission issues a financing order, the
452 electrical corporation shall file with the commission at
453 least annually a petition or a letter applying the formula-
454 based true-up mechanism and, based on estimates of
455 consumption for each rate class and other mathematical
456 factors, requesting administrative approval to make the
457 applicable adjustments. The review of the filing shall be
458 limited to determining whether there are any mathematical or
459 clerical errors in the application of the formula-based true-
460 up mechanism relating to the appropriate amount of any
461 overcollection or undercollection of securitized utility
462 tariff charges and the amount of an adjustment. The
463 adjustments shall ensure the recovery of revenues sufficient
464 to provide for the payment of principal, interest,
465 acquisition, defeasance, financing costs, or redemption
466 premium and other fees, costs, and charges in respect of
467 securitized utility tariff bonds approved under the
468 financing order. Within thirty days after receiving an
469 electrical corporation's request pursuant to this paragraph,
470 the commission shall either approve the request or inform
471 the electrical corporation of any mathematical or clerical
472 errors in its calculation. If the commission informs the
473 electrical corporation of mathematical or clerical errors in

474 its calculation, the electrical corporation shall correct
475 its error and refile its request. The time frames
476 previously described in this paragraph shall apply to a
477 refiled request.

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

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

507 and conditions for the securitized utility tariff bonds
508 shall be in conformance with the financing order.

509 (h) As the actual structure and pricing of the
510 securitized utility tariff bonds will be unknown at the time
511 the financing order is issued, prior to the issuance of each
512 series of bonds, an issuance advice letter shall be provided
513 to the commission by the electrical corporation following
514 the determination of the final terms of such series of bonds
515 no later than one day after the pricing of the securitized
516 utility tariff bonds. The commission shall have the
517 authority to designate a representative or representatives
518 from commission staff, who may be advised by a financial
519 advisor or advisors contracted with the commission, to
520 provide input to the electrical corporation and collaborate
521 with the electrical corporation in all facets of the process
522 undertaken by the electrical corporation to place the
523 securitized utility tariff bonds to market so the
524 commission's representative or representatives can provide
525 the commission with an opinion on the reasonableness of the
526 pricing, terms, and conditions of the securitized utility
527 tariff bonds on an expedited basis. Neither the designated
528 representative or representatives from the commission staff
529 nor one or more financial advisors advising commission staff
530 shall have authority to direct how the electrical
531 corporation places the bonds to market although they shall
532 be permitted to attend all meetings convened by the
533 electrical corporation to address placement of the bonds to
534 market. The form of such issuance advice letter shall be
535 included in the financing order and shall indicate the final
536 structure of the securitized utility tariff bonds and
537 provide the best available estimate of total ongoing
538 financing costs. The issuance advice letter shall report
539 the initial securitized utility tariff charges and other

540 information specific to the securitized utility tariff bonds
541 to be issued, as the commission may require. Unless an
542 earlier date is specified in the financing order, the
543 electrical corporation may proceed with the issuance of the
544 securitized utility tariff bonds unless, prior to noon on
545 the fourth business day after the commission receives the
546 issuance advice letter, the commission issues a disapproval
547 letter directing that the bonds as proposed shall not be
548 issued and the basis for that disapproval. The financing
549 order may provide such additional provisions relating to the
550 issuance advice letter process as the commission considers
551 appropriate and as are not inconsistent with this section.

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

570 (b) If an electrical corporation's petition for a
571 financing order is denied or withdrawn, or for any reason
572 securitized utility tariff bonds are not issued, any costs

573 of retaining one or more financial advisors, one or more
574 consultants, and counsel on behalf of the commission shall
575 be paid by the petitioning electrical corporation and shall
576 be eligible for full recovery, including carrying costs, if
577 approved by the commission in the electrical corporation's
578 future rates.

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

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

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

602 3. (1) The commission may not, in exercising its
603 powers and carrying out its duties regarding any matter
604 within its authority, consider the securitized utility
605 tariff bonds issued pursuant to a financing order to be the

606 debt of the electrical corporation other than for federal
607 and state income tax purposes, consider the securitized
608 utility tariff charges paid under the financing order to be
609 the revenue of the electrical corporation for any purpose,
610 consider the securitized utility tariff costs or financing
611 costs specified in the financing order to be the costs of
612 the electrical corporation, nor may the commission determine
613 any action taken by an electrical corporation which is
614 consistent with the financing order to be unjust or
615 unreasonable, and section 386.300 shall not apply to the
616 issuance of securitized utility tariff bonds.

617 (2) Securitized utility tariff charges shall not be
618 utilized or accounted for in determining the electrical
619 corporation's average overall rate, as defined in section
620 393.1655 and as used to determine the maximum retail rate
621 impact limitations provided for by subsections 3 and 4 of
622 section 393.1655.

623 (3) No electrical corporation is required to file a
624 petition for a financing order under this section or
625 otherwise utilize this section. An electrical corporation's
626 decision not to file a petition for a financing order under
627 this section shall not be admissible in any commission
628 proceeding nor shall it be otherwise utilized or relied on
629 by the commission in any proceeding respecting the
630 electrical corporation's rates or its accounting, including,
631 without limitation, any general rate proceeding, fuel
632 adjustment clause docket, or proceedings relating to
633 accounting authority, whether initiated by the electrical
634 corporation or otherwise. The commission may not order or
635 otherwise directly or indirectly require an electrical
636 corporation to use securitized utility tariff bonds to
637 recover securitized utility tariff costs or to finance any

638 project, addition, plant, facility, extension, capital
639 improvement, equipment, or any other expenditure.

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

648 (5) After the issuance of a financing order with or
649 without conditions, the electrical corporation retains sole
650 discretion regarding whether to cause the securitized
651 utility tariff bonds to be issued, including the right to
652 defer or postpone such sale, assignment, transfer, or
653 issuance. Nothing shall prevent the electrical corporation
654 from abandoning the issuance of securitized utility tariff
655 bonds under the financing order by filing with the
656 commission a statement of abandonment and the reasons
657 therefor; provided, that the electrical corporation's
658 abandonment decision shall not be deemed imprudent because
659 of the potential availability of securitized utility tariff
660 bond financing; and provided further, that an electrical
661 corporation's decision to abandon issuance of such bonds may
662 be raised by any party, including the commission, as a
663 reason the commission should not authorize, or should
664 modify, the rate-making treatment proposed by the electrical
665 corporation of the costs associated with the electric
666 generating facility that was the subject of a petition under
667 this section that would have been securitized as energy
668 transition costs had such abandonment decision not been
669 made, but only if the electrical corporation requests non-

670 standard plant retirement treatment of such costs for rate-
671 making purposes.

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

679 (7) The commission may not, directly or indirectly,
680 consider the existence of securitized utility tariff bonds
681 or the potential use of securitized utility tariff bond
682 financing proceeds in determining the electrical
683 corporation's authorized rate of return used to determine
684 the electrical corporation's revenue requirement used to set
685 its rates.

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

695 (1) Explicitly reflect that a portion of the charges
696 on such bill represents securitized utility tariff charges
697 approved in a financing order issued to the electrical
698 corporation and, if the securitized utility tariff property
699 has been transferred to an assignee, shall include a
700 statement to the effect that the assignee is the owner of
701 the rights to securitized utility tariff charges and that
702 the electrical corporation or other entity, if applicable,

703 is acting as a collection agent or servicer for the
704 assignee. The tariff applicable to customers shall indicate
705 the securitized utility tariff charge and the ownership of
706 the charge;

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

710 5. (1) (a) All securitized utility tariff property
711 that is specified in a financing order constitutes an
712 existing, present intangible property right or interest
713 therein, notwithstanding that the imposition and collection
714 of securitized utility tariff charges depends on the
715 electrical corporation, to which the financing order is
716 issued, performing its servicing functions relating to the
717 collection of securitized utility tariff charges and on
718 future electricity consumption. The property exists:

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

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

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

732 (c) All or any portion of securitized utility tariff
733 property specified in a financing order issued to an
734 electrical corporation may be transferred, sold, conveyed,
735 or assigned to a successor or assignee that is wholly owned,

736 directly or indirectly, by the electrical corporation and
737 created for the limited purpose of acquiring, owning, or
738 administering securitized utility tariff property or issuing
739 securitized utility tariff bonds under the financing order.
740 All or any portion of securitized utility tariff property
741 may be pledged to secure securitized utility tariff bonds
742 issued pursuant to the financing order, amounts payable to
743 financing parties and to counterparties under any ancillary
744 agreements, and other financing costs. Any transfer, sale,
745 conveyance, assignment, grant of a security interest in or
746 pledge of securitized utility tariff property by an
747 electrical corporation, or an affiliate of the electrical
748 corporation, to an assignee, to the extent previously
749 authorized in a financing order, does not require the prior
750 consent and approval of the commission.

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

763 (e) The interest of a transferee, purchaser, acquirer,
764 assignee, or pledgee in securitized utility tariff property
765 specified in a financing order issued to an electrical
766 corporation, and in the revenue and collections arising from
767 that property, is not subject to setoff, counterclaim,
768 surcharge, or defense by the electrical corporation or any

769 other person or in connection with the reorganization,
770 bankruptcy, or other insolvency of the electrical
771 corporation or any other entity.

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

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

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

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

803 a. The financing order is issued;

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

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

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

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

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

830 (d) The priority of a security interest in securitized
831 utility tariff property is not affected by the commingling
832 of securitized utility tariff charges with other amounts.

833 Any pledgee or secured party shall have a perfected security
834 interest in the amount of all securitized utility tariff
835 charges that are deposited in any cash or deposit account of
836 the qualifying electrical corporation in which securitized
837 utility tariff charges have been commingled with other funds
838 and any other security interest that may apply to those
839 funds shall be terminated when they are transferred to a
840 segregated account for the assignee or a financing party.

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

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

860 (3) (a) Any sale, assignment, or other transfer of
861 securitized utility tariff property shall be an absolute
862 transfer and true sale of, and not a pledge of or secured
863 transaction relating to, the seller's right, title, and
864 interest in, to, and under the securitized utility tariff
865 property if the documents governing the transaction

866 expressly state that the transaction is a sale or other
867 absolute transfer other than for federal and state income
868 tax purposes. For all purposes other than federal and state
869 income tax purposes, the parties' characterization of a
870 transaction as a sale of an interest in securitized utility
871 tariff property shall be conclusive that the transaction is
872 a true sale and that ownership has passed to the party
873 characterized as the purchaser, regardless of whether the
874 purchaser has possession of any documents evidencing or
875 pertaining to the interest. A sale or similar outright
876 transfer of an interest in securitized utility tariff
877 property may occur only when all of the following have
878 occurred:

- 879 a. The financing order creating the securitized
880 utility tariff property has become effective;
- 881 b. The documents evidencing the transfer of
882 securitized utility tariff property have been executed by
883 the assignor and delivered to the assignee; and
- 884 c. Value is received for the securitized utility
885 tariff property.

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

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

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

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

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

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

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

911 f. The transferor acting as the servicer of the
912 securitized utility tariff charges or the existence of any
913 contract that authorizes or requires the electrical
914 corporation, to the extent that any interest in securitized
915 utility tariff property is sold or assigned, to contract
916 with the assignee or any financing party that it will
917 continue to operate its system to provide service to its
918 customers, will collect amounts in respect of the
919 securitized utility tariff charges for the benefit and
920 account of such assignee or financing party, and will
921 account for and remit such amounts to or for the account of
922 such assignee or financing party;

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

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

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

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

942 a. The issuance of a financing order;
943 b. The assignor having rights in such securitized
944 utility tariff property or the power to transfer rights in
945 such securitized utility tariff property to an assignee;
946 c. The execution and delivery by the assignor of
947 transfer documents in connection with the issuance of
948 securitized utility tariff bonds; and

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

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

958 (d) The priority of a transfer perfected under this
959 section is not impaired by any later modification of the
960 financing order or securitized utility tariff property or by
961 the commingling of funds arising from securitized utility
962 tariff property with other funds. Any other security
963 interest that may apply to those funds, other than a

964 security interest perfected under this section, is
965 terminated when they are transferred to a segregated account
966 for the assignee or a financing party. If securitized
967 utility tariff property has been transferred to an assignee
968 or financing party, any proceeds of that property shall be
969 held in trust for the assignee or financing party.

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

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

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

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

983 6. The description of securitized utility tariff
984 property being transferred to an assignee in any sale
985 agreement, purchase agreement, or other transfer agreement,
986 granted or pledged to a pledgee in any security agreement,
987 pledge agreement, or other security document, or indicated
988 in any financing statement is only sufficient if such
989 description or indication refers to the financing order that
990 created the securitized utility tariff property and states
991 that the agreement or financing statement covers all or part
992 of the property described in the financing order. This
993 section applies to all purported transfers of, and all
994 purported grants or liens or security interests in,
995 securitized utility tariff property, regardless of whether
996 the related sale agreement, purchase agreement, other

997 transfer agreement, security agreement, pledge agreement, or
998 other security document was entered into, or any financing
999 statement was filed.

1000 7. The secretary of state shall maintain any financing
1001 statement filed to perfect a sale or other transfer of
1002 securitized utility tariff property and any security
1003 interest in securitized utility tariff property under this
1004 section in the same manner that the secretary of state
1005 maintains financing statements filed under the code to
1006 perfect a security interest in collateral owned by a
1007 transmitting utility. Except as otherwise provided in this
1008 section, all financing statements filed pursuant to this
1009 section shall be governed by the provisions regarding
1010 financing statements and the filing thereof under the code,
1011 including part 5 of article 9 of the code. A security
1012 interest in securitized utility tariff property may be
1013 perfected only by the filing of a financing statement in
1014 accordance with this section, and no other method of
1015 perfection shall be effective. Notwithstanding any
1016 provision of the code to the contrary, a financing statement
1017 filed pursuant to this section is effective until a
1018 termination statement is filed under the code, and no
1019 continuation statement need be filed to maintain its
1020 effectiveness. A financing statement filed pursuant to this
1021 section may indicate that the debtor is a transmitting
1022 utility, and without regard to whether the debtor is an
1023 electrical corporation, an assignee or otherwise qualifies
1024 as a transmitting utility under the code, but the failure to
1025 make such indication shall not impair the duration and
1026 effectiveness of the financing statement.

1027 8. The law governing the validity, enforceability,
1028 attachment, perfection, priority, and exercise of remedies
1029 with respect to the transfer of an interest or right or the

1030 pledge or creation of a security interest in any securitized
1031 utility tariff property shall be the laws of this state.

1032 9. Neither the state nor its political subdivisions
1033 are liable on any securitized utility tariff bonds, and the
1034 bonds are not a debt or a general obligation of the state or
1035 any of its political subdivisions, agencies, or
1036 instrumentalities, nor are they special obligations or
1037 indebtedness of the state or any agency or political
1038 subdivision. An issue of securitized utility tariff bonds
1039 does not, directly, indirectly, or contingently, obligate
1040 the state or any agency, political subdivision, or
1041 instrumentality of the state to levy any tax or make any
1042 appropriation for payment of the securitized utility tariff
1043 bonds, other than in their capacity as consumers of
1044 electricity. All securitized utility tariff bonds shall
1045 contain on the face thereof a statement to the following
1046 effect: "Neither the full faith and credit nor the taxing
1047 power of the state of Missouri is pledged to the payment of
1048 the principal of, or interest on, this bond."

1049 10. All of the following entities may legally invest
1050 any sinking funds, moneys, or other funds in securitized
1051 utility tariff bonds:

1052 (1) Subject to applicable statutory restrictions on
1053 state or local investment authority, the state, units of
1054 local government, political subdivisions, public bodies, and
1055 public officers, except for members of the commission, the
1056 commission's technical advisory and other staff, or
1057 employees of the office of the public counsel;

1058 (2) Banks and bankers, savings and loan associations,
1059 credit unions, trust companies, savings banks and
1060 institutions, investment companies, insurance companies,
1061 insurance associations, and other persons carrying on a
1062 banking or insurance business;

1063 (3) Personal representatives, guardians, trustees, and
1064 other fiduciaries;

1065 (4) All other persons authorized to invest in bonds or
1066 other obligations of a similar nature.

1067 11. (1) The state and its agencies, including the
1068 commission, pledge and agree with bondholders, the owners of
1069 the securitized utility tariff property, and other financing
1070 parties that the state and its agencies will not take any
1071 action listed in this subdivision. This subdivision does
1072 not preclude limitation or alteration if full compensation
1073 is made by law for the full protection of the securitized
1074 utility tariff charges collected pursuant to a financing
1075 order and of the bondholders and any assignee or financing
1076 party entering into a contract with the electrical
1077 corporation. The prohibited actions are as follows:

1078 (a) Alter the provisions of this section, which
1079 authorize the commission to create an irrevocable contract
1080 right or chose in action by the issuance of a financing
1081 order, to create securitized utility tariff property, and
1082 make the securitized utility tariff charges imposed by a
1083 financing order irrevocable, binding, or nonbypassable
1084 charges for all existing and future retail customers of the
1085 electrical corporation except its existing special contract
1086 customers;

1087 (b) Take or permit any action that impairs or would
1088 impair the value of securitized utility tariff property or
1089 the security for the securitized utility tariff bonds or
1090 revises the securitized utility tariff costs for which
1091 recovery is authorized;

1092 (c) In any way impair the rights and remedies of the
1093 bondholders, assignees, and other financing parties;

1094 (d) Except for changes made pursuant to the formula-
1095 based true-up mechanism authorized under this section,

1096 reduce, alter, or impair securitized utility tariff charges
1097 that are to be imposed, billed, charged, collected, and
1098 remitted for the benefit of the bondholders, any assignee,
1099 and any other financing parties until any and all principal,
1100 interest, premium, financing costs and other fees, expenses,
1101 or charges incurred, and any contracts to be performed, in
1102 connection with the related securitized utility tariff bonds
1103 have been paid and performed in full.

1104 (2) Any person or entity that issues securitized
1105 utility tariff bonds may include the language specified in
1106 this subsection in the securitized utility tariff bonds and
1107 related documentation.

1108 12. An assignee or financing party is not an
1109 electrical corporation or person providing electric service
1110 by virtue of engaging in the transactions described in this
1111 section.

1112 13. If there is a conflict between this section and
1113 any other law regarding the attachment, assignment, or
1114 perfection, or the effect of perfection, or priority of,
1115 assignment or transfer of, or security interest in
1116 securitized utility tariff property, this section shall
1117 govern.

1118 14. If any provision of this section is held invalid
1119 or is invalidated, superseded, replaced, repealed, or
1120 expires for any reason, that occurrence does not affect the
1121 validity of any action allowed under this section which is
1122 taken by an electrical corporation, an assignee, a financing
1123 party, a collection agent, or a party to an ancillary
1124 agreement; and any such action remains in full force and
1125 effect with respect to all securitized utility tariff bonds
1126 issued or authorized in a financing order issued under this
1127 section before the date that such provision is held invalid

1128 or is invalidated, superseded, replaced, or repealed, or
1129 expires for any reason.

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

3 (1) Renewable generation facilities which produce
4 electric energy from wind, solar thermal sources,
5 photovoltaic cells and panels, dedicated crops grown for
6 energy production, cellulosic agricultural residues, plant
7 residues, methane from landfills, from agricultural
8 operations, or from wastewater treatment, thermal
9 depolymerization or pyrolysis for converting waste material
10 to energy, clean and untreated wood such as pallets,
11 hydropower, not including pumped storage, that does not
12 require a new diversion or impoundment of water and that has
13 a nameplate rating of ten megawatts or less, and fuel cells
14 using hydrogen produced by one of the above-named
15 replacement sources;

16 (2) Generation facilities which produce electric
17 energy from natural gas that enable the electrical
18 corporation to:

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

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

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

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

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

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

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

36 (4) Transmission facilities that enable the delivery
37 of electric energy from renewable generation facilities or
38 energy storage facilities, including but not limited to,
39 interconnection, network upgrades, voltage and reactive
40 power support, and transmission facilities needed to
41 maintain reliability as a result of the retirement of
42 generation facilities.

43 2. If requested by an electrical corporation in a
44 petition filed concurrently with a petition filed under
45 subsection 2 of section 393.1700 to recover securitized
46 utility tariff costs and notwithstanding any other provision
47 of chapter 386 or 393 to the contrary, including section
48 393.170 which section shall not apply to the construction of
49 replacement resources as defined in subsection 1 of this
50 section:

51 (1) Except for electric generating facilities retired
52 or abandoned prior to August 28, 2021, unless the commission
53 issues an order rejecting a petition for a financing order
54 filed under the provisions of section 393.1700 that was
55 accompanied by a petition for approval of investment in
56 replacement resources filed under the provisions of this
57 section, the commission shall approve investment in
58 replacement resources by the electrical corporation of an
59 amount that is approximately equal to the undepreciated
60 investment in the electric generating facilities covered by
61 such petition to acquire or build an existing or new
62 replacement resource to replace the retired or abandoned or
63 to be retired or abandoned unit. There is no requirement
64 that the replacement resource's capacity or energy

65 production match the energy or capacity production of the
66 retired or abandoned unit. Such approval shall constitute
67 an affirmative and binding determination by the commission,
68 to be applied in all subsequent proceedings respecting the
69 rates of the electrical corporation, that such investment is
70 prudent and reasonable, that the replacement resource is
71 necessary for the electrical corporation's provision of
72 electric service to its customers, and that such investment
73 shall be reflected in the revenue requirement used to set
74 the electrical corporation's base rates, subject only to the
75 commission's authority to determine that the electrical
76 corporation did not manage or execute the project in a
77 reasonable and prudent manner in some respect and its
78 authority to disallow for ratemaking purposes only that
79 portion of the investment that would not have been incurred
80 had the unreasonable or imprudent management or execution of
81 the project not occurred; and

82 (2) The commission shall create a deferral mechanism
83 by which the electrical corporation shall defer, to a
84 regulatory asset or regulatory liability as appropriate, the
85 changes in the electrical corporation's revenue requirement
86 used to last set its base rates as specified in this
87 subdivision. Such changes shall be deferred during the
88 period starting on the date of retirement or abandonment of
89 the subject unit and ending when the base rates of the
90 electrical corporation that is the subject of the petition
91 are changed as the result of a general rate proceeding where
92 the rate base cutoff date in that general rate proceeding
93 occurs on or after the retirement or abandonment. For
94 purposes of this subdivision, the changes in the electrical
95 corporation's revenue requirement that shall be deferred
96 shall only consist of:

97 (a) Changes in depreciation expense associated with
98 the retired or abandoned unit;
99 (b) Changes in labor and benefit costs for employees
100 or contractors no longer employed or retained by the
101 electrical corporation who formerly worked at the retired or
102 abandoned unit, net of severance and relocation costs of the
103 electrical corporation paid to such employees or contractors;
104 (c) Changes in nonlabor, nonfuel operations, and
105 maintenance costs caused by the retirement or abandonment of
106 the unit;
107 (d) The return on the retired or abandoned unit once
108 it is removed from plant-in-service on the electrical
109 corporation's books at the electrical corporation's weighted
110 average cost of capital, plus applicable federal, state, and
111 local income or excise taxes, used to establish the
112 electrical corporation's revenue requirement last used to
113 set its base rates;
114 (e) Depreciation expense on the replacement resources
115 starting with the date it is recorded to plant-in-service on
116 the electrical corporation's books;
117 (f) Labor and benefits costs for employees or
118 contractors who work at the replacement resources;
119 (g) Nonlabor, nonfuel operations, and maintenance
120 costs of the replacement resources; and
121 (h) The return on the replacement resources once they
122 are recorded to plant-in-service on the electrical
123 corporation's books at the electrical corporation's weighted
124 average cost of capital, plus applicable federal, state, and
125 local income or excise taxes, used to establish the
126 electrical corporation's revenue requirement last used to
127 set its base rates.

128 The base against which changes under paragraphs (a), (b),
129 and (c) of this subdivision shall be the values of each such

130 item used to set the electrical corporation's base electric
131 rates in its last general rate proceeding concluded prior to
132 the time the deferrals are made, provided, if the docketed
133 record in such general rate proceeding does not specify one
134 or more necessary revenue requirement parameters to
135 establish the base for paragraphs (a) to (c) of this
136 subdivision because of a "black box" settlement or
137 otherwise, the commission shall, in the docket created by a
138 petition filed under this section and based on the docketed
139 record in such prior general rate proceeding, establish the
140 missing parameters, which shall then be used to accomplish
141 the deferrals. The base with respect to paragraphs (e),
142 (f), and (g) of this subdivision shall be zero.
143 Notwithstanding the foregoing provisions of this
144 subdivision, deferrals created by this subdivision shall
145 cease on the effective date of rates from a base rate case
146 that shall be filed no later than one year after the subject
147 electric generating unit was retired or abandoned. For
148 purposes of this subdivision, the return in paragraphs (d)
149 and (h) shall equal the weighted average cost of capital
150 used to set the electrical corporation's base electrical
151 rates in its last general rate proceeding concluded prior to
152 the time the deferrals are made, provided, if the docketed
153 record in such general rate proceeding does not specify one
154 or more necessary revenue requirement parameters to
155 establish the base for an item because of a "black box"
156 settlement or otherwise, the commission shall, in the docket
157 created by a petition filed under this section and based on
158 the docketed record in such general rate proceeding,
159 establish the missing parameters, which shall then be used
160 to accomplish the deferrals.

161 (3) The commission shall also create a deferral
162 mechanism by which the electrical corporation shall defer to

163 a regulatory asset the changes in the electrical
164 corporation's revenue requirement last used to set its base
165 rates as specified in this subdivision. Such changes shall
166 be deferred during the period beginning on the date
167 deferrals cease under subdivision (2) of this subsection and
168 ending when the electrical corporation's base rates are next
169 changed as a result of a general rate proceeding. For
170 purposes of this subdivision, such changes in the electrical
171 corporation's revenue requirement that shall be deferred
172 shall only consist of:

173 (a) Return on the replacement resources once they go
174 into service on the electrical corporation's books at the
175 electrical corporation's weighted average cost of capital,
176 plus applicable federal, state, and local income or excise
177 taxes, used to establish the electrical corporation's
178 revenue requirement last used to set its base rates;

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

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

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

186 Notwithstanding the foregoing provisions of this
187 subdivision, deferrals to the regulatory asset created by
188 this subdivision shall cease at the earlier of the date the
189 electrical corporation's base rates are first changed after
190 the replacement resource is recorded to plant in service on
191 the electrical corporation's books where the rate base
192 cutoff date in that general rate proceeding occurred on or
193 after the retirement or abandonment, or the effective date
194 of rates from a base rate case that shall be filed no later
195 than one year after the unit was retired or abandoned. If

196 there is more than one replacement resource for the retired
197 or abandoned plant and if one or more such replacement
198 resource is placed in service prior to the rate base cutoff
199 date in the general rate proceeding described in subdivision
200 (2) of this subsection, the deferrals called for under this
201 subdivision shall be reduced as needed to reflect that
202 event. The base with respect to paragraphs (b) and (c) of
203 this subdivision shall be zero. For purposes of this
204 subdivision, the return in paragraph (a) shall equal the
205 weighted average cost of capital used to set the electrical
206 corporation's base electric rates in its last general rate
207 proceeding concluded prior to the time the deferrals are
208 made, provided, if the docketed record in such general rate
209 proceeding does not specify one or more necessary revenue
210 requirement parameters to establish the base for an item
211 because of a "black box" settlement or otherwise, the
212 commission shall, in the docket created by a petition filed
213 under this section and based on the docketed record in such
214 prior general rate proceeding, establish the missing
215 parameters, which shall then be used to accomplish the
216 deferrals.

217 (4) Notwithstanding the provisions of section 393.1400
218 to the contrary, a replacement resource shall not constitute
219 "qualifying electric plant" for purposes of section
220 393.1400, nor shall it constitute a renewable energy
221 resource under section 393.1030, during the period when a
222 deferral is occurring under subdivision (2) or (3) of this
223 subsection. In addition, and notwithstanding the provisions
224 of section 393.1400 to the contrary, deferrals required by
225 this section relating to the electrical corporation's
226 undepreciated investment in the retired or abandoned unit
227 shall not constitute a change in accumulated depreciation

228 when determining the return deferred on qualifying electric
229 plant under section 393.1400.

230 (5) Parts of regulatory asset or liability balances
231 created under this section that are not yet being recovered
232 or returned through rates shall include carrying costs at
233 the electrical corporation's weighted average cost of
234 capital last used to set its base electric service rates or,
235 if such cost of capital was not specified for the revenue
236 requirement last used to set such electric service rates at
237 the weighted average cost of capital determined by the
238 commission under subdivision (3) of this subsection, in each
239 case plus applicable federal, state, and local income or
240 excise taxes. All regulatory asset or liability balances
241 from deferrals under this subsection shall be recovered in
242 base rates over a period equal to the remaining useful life
243 of the replacement resource.

244 (6) In each general rate proceeding concluded after a
245 deferral commences under subdivision (2) or (3) of this
246 subsection, the regulatory asset or liability balances
247 arising from such deferrals, as of the rate base cutoff
248 date, shall be included in the electrical corporation's rate
249 base without any offset, reduction, or adjustment based upon
250 consideration of any other factor, other than to reflect any
251 prudence disallowances ordered by the commission, with the
252 regulatory asset balances arising from such deferrals that
253 occur after the rate base cutoff date to be included in rate
254 base in the next general rate proceeding. The provisions of
255 this section shall not be construed to affect existing law
256 respecting burdens of production and persuasion in general
257 rate proceedings.

258 3. Proceedings on a petition submitted pursuant to
259 this section begin with the filing of a petition by an
260 electrical corporation under this section that is filed

261 concurrently with a petition submitted under section
262 393.1700, and shall be disposed of in accordance with the
263 requirements of chapters 386 and 393 and the rules of the
264 commission, except as follows:

265 (1) The commission shall establish a procedural
266 schedule that permits a commission decision no later than
267 two hundred fifteen days after the date the petition is
268 filed. Such procedural schedule adopted by the commission
269 in connection with a petition filed under this section shall
270 contain the same milestones and requirements as the
271 procedural schedule adopted in a proceeding seeking approval
272 of a financing order under section 393.1700 and shall run
273 concurrently therewith;

274 (2) No later than two hundred fifteen days after the
275 date the petition is filed, the commission shall issue an
276 order approving the petition or, if it also rejects the
277 accompanying petition for a financing order filed under
278 section 393.1700, rejecting the petition. Judicial review
279 may be had only in accordance with sections 386.500 and
280 386.510.

393.1715. 1. An electrical corporation may petition
2 the commission for a determination of the ratemaking
3 principles and treatment, as proposed by the electrical
4 corporation, that will apply to the reflection in base rates
5 of the electrical corporation's capital and noncapital costs
6 associated with the proposed retirement of one or more of
7 the electrical corporation's generating facilities. Without
8 limiting the foregoing, such principles and treatment may
9 also establish the retirement date and useful life
10 parameters used to set depreciation rates for such
11 facilities. Except as provided for in subsection 4 of this
12 section, the ratemaking principles and treatment approved by
13 the commission under this section for such facilities shall

14 apply to the determination of the revenue requirement in
15 each of the electrical corporation's post-determination
16 general rate proceedings until such time as such facility is
17 fully depreciated on the electrical corporation's books.

18 2. If the commission fails to issue a determination
19 within two hundred fifteen days that a petition for
20 determination of ratemaking principles and treatment is
21 filed, the ratemaking principles and treatment proposed by
22 the petitioning electrical corporation shall be deemed to
23 have been approved by the commission.

24 3. Subject to the provisions of subsection 4 of this
25 section, ratemaking principles and treatment approved by the
26 commission, or deemed to have been approved under subsection
27 2 of this section, shall be binding for ratemaking purposes.

28 4. (1) An electrical corporation with ratemaking
29 principles and treatment approved by the commission, or
30 deemed to have been approved under subsection 2 of this
31 section, shall monitor the major factors and circumstances
32 relating to the facility to which such principles and
33 treatment apply. Such factors and circumstances include,
34 but are not limited to:

35 (a) Terrorist activity or an act of God;

36 (b) A significant change in federal or state tax laws;

37 (c) A significant change in federal utility laws or
38 regulations or a significant change in generally accepted
39 accounting principles;

40 (d) An unexpected, extended outage or shutdown of a
41 major generating unit, other than any major generating unit
42 shut down due to an extended outage at the time of the
43 approval of the ratemaking principles and treatment;

44 (e) A significant change in the cost or reliability of
45 power generation technologies;

46 (f) A significant change in fuel prices and wholesale
47 electric market conditions;

48 (g) A significant change in the cost or effectiveness
49 of emission control technologies;

50 (h) A significant change in the price of emission
51 allowances;

52 (i) A significant change in the electrical
53 corporation's load forecast;

54 (j) A significant change in capital market conditions;

55 (k) A significant change in the scope or effective
56 dates of environmental regulations; or

57 (l) A significant change in federal or state
58 environmental laws.

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

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

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

73 (c) Provide detailed workpapers that support the
74 evaluation and the process whereby proposed changes were
75 developed.

76 (3) If a party has concerns regarding the proposed
77 changes, that party shall file a notice of its concerns
78 within thirty days of the electrical corporation's filing.

79 If the parties agree on a resolution of the concerns, the
80 agreement shall be submitted to the commission for approval.
81 If the parties do not reach agreement on changes to the
82 ratemaking principles and treatment within ninety days of
83 the date the electrical corporation filed its notice,
84 whether the previously approved ratemaking and treatment
85 will be changed shall be determined by the commission. If a
86 party to the docket in which the approved ratemaking
87 principles and treatment were approved believes that one or
88 more major factor or circumstance has changed in a manner
89 that warrants a change in the approved ratemaking principles
90 and treatment and if the electrical corporation does not
91 agree the principles and treatment should be changed, such
92 party shall file a notice in the docket in which the
93 approved ratemaking principles and treatment were
94 established within forty-five days of any such
95 determination. In its notification, such party shall:
96 (a) Explain and specify the changes it contends are
97 appropriate to the ratemaking principles and treatment and
98 the reasons for the proposed changes;
99 (b) Provide a description of the alternatives that it
100 evaluated and the process that it went through in developing
101 its proposed changes; and
102 (c) Provide detailed workpapers that support the
103 evaluation and the process whereby proposed changes were
104 developed.
105 (4) If a party, including the electrical corporation,
106 has concerns regarding the proposed changes, that party
107 shall file a notice of its concerns within thirty days of
108 the other party's filing. If the parties do not reach
109 agreement on changes to the ratemaking principles and
110 treatment within ninety days of the date the notice was
111 filed, whether the previously approved ratemaking and

112 treatment will be changed shall be determined by the
113 commission.

114 5. A determination of ratemaking principles and
115 treatment under this section does not preclude an electrical
116 corporation from also petitioning the commission under
117 either or both of sections 393.1700 and 393.1705, provided
118 that any costs to which such ratemaking principles and
119 treatment would have applied in the electrical corporation's
120 general rate proceedings which become funded by securitized
121 utility tariff bond proceeds from a securitized utility
122 tariff bond issued under section 393.1700 shall not
123 thereafter be reflected in the electrical corporation's base
124 rates.

125 6. If determined by the commission to be just,
126 reasonable, and necessary for the provision of safe and
127 adequate service, the electrical corporation may be
128 permitted to retain coal-fired generating assets in rate
129 base and recover costs associated with operating the coal-
130 fired assets that remain in service to provide greater
131 certainty that generating capacity will be available to
132 provide essential service to customers, including during
133 extreme weather events, and the commission shall not
134 disallow any portion of such cost recovery on the basis that
135 such coal-fired generating assets operate at a low capacity
136 factor, or are off-line and providing capacity only, during
137 normal operating conditions.

138 7. The commission may promulgate rules necessary to
139 implement the provisions of sections 393.1700 to 393.1715.
140 Any rule or portion of a rule, as that term is defined in
141 section 536.010, that is created under the authority
142 delegated in this section shall become effective only if it
143 complies with and is subject to all of the provisions of
144 chapter 536 and, if applicable, section 536.028. This

145 section and chapter 536 are nonseverable and if any of the
146 powers vested with the general assembly pursuant to chapter
147 536 to review, to delay the effective date, or to disapprove
148 and annul a rule are subsequently held unconstitutional,
149 then the grant of rulemaking authority and any rule proposed
150 or adopted after August 28, 2021, shall be invalid and void.

394.120. 1. No person shall become a member of a
2 cooperative unless such person shall agree to use electric
3 energy furnished by the cooperative when such electric
4 energy shall be available through its facilities. The
5 bylaws of a cooperative may provide that any person,
6 including an incorporator, shall cease to be a member
7 thereof if he or she shall fail or refuse to use electric
8 energy made available by the cooperative or if electric
9 energy shall not be made available to such person by the
10 cooperative within a specified time after such person shall
11 have become a member thereof. Membership in the cooperative
12 shall not be transferable, except as provided in the bylaws.
13 The bylaws may prescribe additional qualifications and
14 limitations in respect of membership.

15 2. An annual meeting of the members shall be held at
16 such time as shall be provided in the bylaws.

17 3. Special meetings of the members may be called by
18 the board of directors, by any three directors, by not less
19 than ten percent of the members, or by the president.

20 4. Meetings of members shall be held at such place as
21 may be provided in the bylaws. In the absence of any such
22 provisions, all meetings shall be held in the city or town
23 in which the principal office of the cooperative is located.

24 5. Except as herein otherwise provided, written or
25 printed notice stating the time and place of each meeting of
26 members and, in the case of a special meeting, the purpose
27 or purposes for which the meeting is called, shall be given

28 to each member, either personally or by mail, not less than
29 ten nor more than twenty-five days before the date of the
30 meeting.

31 6. Two percent of the first two thousand members and
32 one percent of the remaining members, present in person, or
33 if the bylaws so provide, participating electronically or by
34 mail, shall constitute a quorum for the transaction of
35 business at all meetings of the members, unless the bylaws
36 prescribe the presence of a greater percentage of the
37 members for a quorum. If less than a quorum is present at
38 any meeting, a majority of those present in person may
39 adjourn the meeting from time to time without further notice.

40 7. Each member shall be entitled to one vote on each
41 matter submitted to a vote at a meeting. Voting shall be in
42 person, but, if the bylaws so provide, may also be by proxy,
43 by electronic means, by mail, or any combination thereof.
44 If the bylaws provide for voting by proxy, by electronic
45 means, or by mail, they shall also prescribe the conditions
46 under which proxy, electronic, or mail voting shall be
47 exercised. In any event, no person shall vote as proxy for
48 more than two members at any meeting of the members.

49 8. Notwithstanding the provisions of subsections 2 and
50 7 of this section, the board of directors shall have the
51 power to set the time and place of the annual meeting and
52 also to provide for voting by proxy, electronic means, by
53 mail, or any combination thereof, and to prescribe the
54 conditions under which such voting shall be exercised. The
55 meeting requirement provided in this section may be
56 satisfied through virtual means. The provisions of this
57 subsection shall expire on August 28, 2022.

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

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

6 (2) An agricultural lien;

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

9 (4) A consignment;

10 (5) A security interest arising under section 400.2-
11 401, 400.2-505, 400.2-711(3) or 400.2A-508(5), as provided
12 in section 400.9-110; and

13 (6) A security interest arising under section 400.4-
14 210 or 400.5-118.

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

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

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

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

26 (3) A statute of another state, a foreign country, or
27 a governmental unit of another state or a foreign country,
28 other than a statute generally applicable to security
29 interests, expressly governs creation, perfection, priority,
30 or enforcement of a security interest created by the state,
31 country, or governmental unit; or

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

35 (d) This article does not apply to:

- 36 (1) A landlord's lien, other than an agricultural lien;
- 37 (2) A lien, other than an agricultural lien, given by
38 statute or other rule of law for services or materials, but
39 section 400.9-333 applies with respect to priority of the
40 lien;
- 41 (3) An assignment of a claim for wages, salary, or
42 other compensation of an employee;
- 43 (4) A sale of accounts, chattel paper, payment
44 intangibles, or promissory notes as part of a sale of the
45 business out of which they arose;
- 46 (5) An assignment of accounts, chattel paper, payment
47 intangibles, or promissory notes which is for the purpose of
48 collection only;
- 49 (6) An assignment of a right to payment under a
50 contract to an assignee that is also obligated to perform
51 under the contract;
- 52 (7) An assignment of a single account, payment
53 intangible, or promissory note to an assignee in full or
54 partial satisfaction of a preexisting indebtedness;
- 55 (8) A transfer of an interest in or an assignment of a
56 claim under a policy of insurance, other than an assignment
57 by or to a health-care provider of a health-care-insurance
58 receivable and any subsequent assignment of the right to
59 payment, but sections 400.9-315 and 400.9-322 apply with
60 respect to proceeds and priorities in proceeds;
- 61 (9) An assignment of a right represented by a
62 judgment, other than a judgment taken on a right to payment
63 that was collateral;
- 64 (10) A right of recoupment or set-off, but:
- 65 (A) Section 400.9-340 applies with respect to the
66 effectiveness of rights of recoupment or set-off against
67 deposit accounts; and

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

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

73 (A) Liens on real property in sections 400.9-203 and
74 400.9-308;

75 (B) Fixtures in section 400.9-334;

76 (C) Fixture filings in sections 400.9-501, 400.9-502,
77 400.9-512, 400.9-516 and 400.9-519; and

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

80 (12) An assignment of a claim arising in tort, other
81 than a commercial tort claim, but sections 400.9-315 and
82 400.9-322 apply with respect to proceeds and priorities in
83 proceeds; [or]

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

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

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

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

97 (17) The creation, attachment, perfection, priority,
98 or enforcement of any security interest in, or the sale,
99 assignment, or other transfer of, any securitized utility
100 tariff property as defined in section 393.1700, or any

101 interest therein or any portion thereof, in each case except
102 as otherwise expressly provided in section 393.1700.