

SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 202  
AN ACT

To repeal sections 386.370, 393.106, 394.120, and 400.9-109, RSMo, and to enact in lieu thereof eight new sections relating to electrical corporations.

---

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

Section A. Sections 386.370, 393.106, 394.120, and 400.9-  
2 109, RSMo, are repealed and eight new sections enacted in lieu  
3 thereof, to be known as sections 386.370, 393.106, 393.1620,  
4 393.1700, 393.1705, 393.1715, 394.120, and 400.9-109, to read  
5 as follows:

386.370. 1. The commission shall, prior to the  
2 beginning of each fiscal year beginning with the fiscal year  
3 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.

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

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

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

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

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

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

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

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

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

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

18           (3) "Commission", the Missouri public service  
19 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 following methods of assignment or allocation  
34 contained within a National Association of Regulatory  
35 Utility Commissioners manual or the Regulatory Assistance  
36 Project manual:

- 37           (1) Multiple coincident peak;  
38           (2) Single coincident peak; or  
39           (3) Base-intermediate peak.

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



44 modify existing debt agreements or for waivers or consents  
45 related to existing debt agreements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

165           2. (1) An electrical corporation may petition the  
166 commission for a financing order to finance energy  
167 transition costs through an issuance of securitized utility  
168 tariff bonds. The petition shall include all of the  
169 following:

170           (a) A description of the electric generating facility  
171 or facilities that the electrical corporation has retired or  
172 abandoned, or proposes to retire or abandon, prior to the  
173 date that all undepreciated investment relating thereto has  
174 been recovered through rates and the reasons for undertaking

175 such early retirement or abandonment, or if the electrical  
176 corporation is subject to a separate commission order or  
177 proceeding relating to such retirement or abandonment as  
178 contemplated by subdivision (2) of this subsection, and a  
179 description of the order or other proceeding;

180 (b) The energy transition costs;

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

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

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

198 (f) A comparison between the net present value of the  
199 costs to customers that are estimated to result from the  
200 issuance of securitized utility tariff bonds and the costs  
201 that would result from the application of the traditional  
202 method of financing and recovering the undepreciated  
203 investment of facilities that may become securitized utility  
204 tariff costs from customers. The comparison should  
205 demonstrate that the issuance of securitized utility tariff  
206 bonds and the imposition of securitized utility tariff

207 charges are expected to provide quantifiable benefits to  
208 customers;

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

217 (h) Direct testimony supporting the petition.

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

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

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

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

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

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

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

262 (g) Direct testimony supporting the petition.

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

268 a. Within fourteen days after the date the petition is  
269 filed, the commission shall establish a procedural schedule  
270 that permits a commission decision no later than one hundred  
271 eighty-five days after the date the petition is filed;

272 b. No later than one hundred eighty-five days after  
273 the date the petition is filed, the commission shall issue a  
274 financing order approving the petition or an order rejecting  
275 the petition; provided, however, that the electrical  
276 corporation shall provide notice of intent to file a  
277 petition for a financing order to the commission no less  
278 than sixty days in advance of such filing;

279 c. An adversely affected party may seek judicial  
280 review of a financing order in accordance with sections  
281 386.500 and 386.510.

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

285 a. The amount of securitized utility tariff costs to  
286 be financed using securitized utility tariff bonds and a  
287 finding that recovery of such costs is just and reasonable.  
288 The commission shall describe and estimate the amount of  
289 financing costs that may be recovered through securitized  
290 utility tariff charges and specify the period over which  
291 securitized utility tariff costs and financing costs may be  
292 recovered;

293 b. A finding that the proposed issuance of securitized  
294 utility tariff bonds and the imposition and collection of a  
295 securitized utility tariff charge are just and reasonable  
296 and are expected to provide quantifiable benefits to  
297 customers as compared to the costs to recover the  
298 securitized utility tariff costs that would have been  
299 incurred absent the issuance of securitized utility tariff  
300 bonds;

301 c. A finding that the structuring and pricing of the  
302 securitized utility tariff bonds are reasonably expected to  
303 result in the lowest securitized utility tariff charges  
304 consistent with market conditions at the time the



305 securitized utility tariff bonds are priced and the terms of  
306 the financing order;

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

320 e. A formula-based true-up mechanism for making, at  
321 least annually, expeditious periodic adjustments in the  
322 securitized utility tariff charges that customers are  
323 required to pay pursuant to the financing order and for  
324 making any adjustments that are necessary to correct for any  
325 overcollection or undercollection of the charges or to  
326 otherwise ensure the timely payment of securitized utility  
327 tariff bonds and financing costs and other required amounts  
328 and charges payable in connection with the securitized  
329 utility tariff bonds;

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

335 g. The degree of flexibility to be afforded to the  
336 electrical corporation in establishing the terms and  
337 conditions of the securitized utility tariff bonds,

338 including, but not limited to, repayment schedules, expected  
339 interest rates, and other financing costs;

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

350 i. A requirement that, after the final terms of an  
351 issuance of securitized utility tariff bonds have been  
352 established and before the issuance of securitized utility  
353 tariff bonds, the electrical corporation determines the  
354 resulting initial securitized utility tariff charge in  
355 accordance with the financing order, and that such initial  
356 securitized utility tariff charge be final and effective  
357 upon the issuance of such securitized utility tariff bonds  
358 without further commission action, so long as the  
359 securitized utility tariff charge is consistent with the  
360 financing order;

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

368 k. A statement specifying a future ratemaking process  
369 to reconcile any differences between the actual securitized  
370 utility tariff costs financed by securitized utility tariff

371 bonds and the final securitized utility tariff costs  
372 incurred by the electrical corporation or assignee provided  
373 that any such reconciliation shall not affect the amount of  
374 securitized utility tariff bonds or the associated  
375 securitized utility tariff charges paid by customers;

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

384 m. In a financing order granting authorization to  
385 securitize energy transition costs or in a financing order  
386 granting authorization to securitize qualified extraordinary  
387 costs that include retired or abandoned facility costs, a  
388 procedure for the treatment of accumulated deferred income  
389 taxes and excess deferred income taxes in connection with  
390 the retired or abandoned or to be retired or abandoned  
391 electric generating facility, or in connection with retired  
392 or abandoned facilities included in qualified extraordinary  
393 costs. The accumulated deferred income taxes, including  
394 excess deferred income taxes, shall be excluded from rate  
395 base in future general rate cases and the net tax benefits  
396 relating to amounts that will be recovered through the  
397 issuance of securitized utility tariff bonds shall be  
398 credited to retail customers by reducing the amount of such  
399 securitized utility tariff bonds that would otherwise be  
400 issued. The customer credit shall include the net present  
401 value of the tax benefits, calculated using a discount rate  
402 equal to the expected interest rate of the securitized  
403 utility tariff bonds, for the estimated accumulated and

404 excess deferred income taxes at the time of securitization  
405 including timing differences created by the issuance of  
406 securitized utility tariff bonds amortized over the period  
407 of the bonds multiplied by the expected interest rate on  
408 such securitized utility tariff bonds;

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

414 o. Include any other conditions that the commission  
415 considers appropriate and that are authorized by this  
416 section.

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

424 (d) If the commission issues a financing order, the  
425 electrical corporation shall file with the commission at  
426 least annually a petition or a letter applying the formula-  
427 based true-up mechanism and, based on estimates of  
428 consumption for each rate class and other mathematical  
429 factors, requesting administrative approval to make the  
430 applicable adjustments. The review of the filing shall be  
431 limited to determining whether there are any mathematical or  
432 clerical errors in the application of the formula-based true-  
433 up mechanism relating to the appropriate amount of any  
434 overcollection or undercollection of securitized utility  
435 tariff charges and the amount of an adjustment. The  
436 adjustments shall ensure the recovery of revenues sufficient

437 to provide for the payment of principal, interest,  
438 acquisition, defeasance, financing costs, or redemption  
439 premium and other fees, costs, and charges in respect of  
440 securitized utility tariff bonds approved under the  
441 financing order. Within thirty days after receiving an  
442 electrical corporation's request pursuant to this paragraph,  
443 the commission shall either approve the request or inform  
444 the electrical corporation of any mathematical or clerical  
445 errors in its calculation. If the commission informs the  
446 electrical corporation of mathematical or clerical errors in  
447 its calculation, the electrical corporation may correct its  
448 error and refile its request. The time frames previously  
449 described in this paragraph shall apply to a refiled request.

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

466 b. The commission, in a financing order and subject to  
467 the issuance advice letter process under subparagraph c of  
468 this paragraph, shall afford the electrical corporation  
469 flexibility in establishing the terms and conditions for the

470 securitized utility tariff bonds to accommodate changes in  
471 market conditions, including repayment schedules, interest  
472 rates, financing costs, collateral requirements, required  
473 debt service and other reserves and the ability of the  
474 electrical corporation, at its option, to effect a series of  
475 issuances of securitized utility tariff bonds and correlated  
476 assignments, sales, pledges, or other transfers of  
477 securitized utility tariff property. Any changes made under  
478 this subparagraph to terms and conditions for the  
479 securitized utility tariff bonds shall be in conformance  
480 with the financing order.

481 c. As the actual structure and pricing of the  
482 securitized utility tariff bonds will be unknown at the time  
483 the financing order is issued, the electrical corporation  
484 that intends to cause the issuance of such bonds shall  
485 provide to the commission, prior to the issuance of each  
486 series of bonds, an issuance advice letter following the  
487 determination of the final terms of such series of bonds no  
488 later than one day after the pricing of the securitized  
489 utility tariff bonds. The commission shall have the  
490 authority to designate a representative from commission  
491 staff, who may be advised by a financial adviser contracted  
492 with the commission, to observe all facets of the process  
493 undertaken by the electrical corporation to place the  
494 securitized utility tariff bonds to market so the  
495 commission's representative can be prepared, if requested,  
496 to provide the commission with an opinion on the  
497 reasonableness of the pricing, terms, and conditions of the  
498 securitized utility tariff bonds on an expedited basis. The  
499 form of such issuance advice letter shall be included in the  
500 financing order and shall indicate the final structure of  
501 the securitized utility tariff bonds and provide the best  
502 available estimate of total ongoing financing costs. The

503 issuance advice letter shall report the initial securitized  
504 utility tariff charges and other information specific to the  
505 securitized utility tariff bonds to be issued, as the  
506 commission may require. Unless an earlier date is specified  
507 in the financing order, the electrical corporation may  
508 proceed with the issuance of the securitized utility tariff  
509 bonds unless, prior to noon on the fourth business day after  
510 the commission receives the issuance advice letter, the  
511 commission issues a disapproval letter directing that the  
512 bonds as proposed shall not be issued and the basis for that  
513 disapproval. The financing order may provide such  
514 additional provisions relating to the issuance advice letter  
515 process as the commission considers appropriate and as are  
516 authorized by this section.

517 (4) (a) In performing the responsibilities of this  
518 section in connection with the issuance of a financing  
519 order, the commission shall undertake due diligence as it  
520 deems appropriate prior to the issuance of the financing  
521 order pursuant to which the commission may request  
522 additional information from the electrical corporation and  
523 may engage a financial advisor and counsel as the commission  
524 deems necessary. Any financial advisor or counsel engaged  
525 by the commission shall have a fiduciary duty with respect  
526 to the proposed issuance of securitized utility bonds solely  
527 to the commission. All expenses associated with such  
528 services shall be included as part of the financing costs of  
529 the securitized utility tariff bonds and shall be included  
530 in the securitized utility tariff charge.

531 (b) If an electrical corporation's petition for a  
532 financing order is denied or withdrawn, or for any reason  
533 securitized utility tariff bonds are not issued, any costs  
534 of retaining a financial advisor and counsel on behalf of  
535 the commission shall be paid by the petitioning electrical

536 corporation and shall be eligible for full recovery,  
537 including carrying costs, in the electrical corporation's  
538 future rates.

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

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

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

562 3. (1) The commission may not, in exercising its  
563 powers and carrying out its duties regarding any matter  
564 within its authority, consider the securitized utility  
565 tariff bonds issued pursuant to a financing order to be the  
566 debt of the electrical corporation other than for federal  
567 and state income tax purposes, consider the securitized  
568 utility tariff charges paid under the financing order to be



569 the revenue of the electrical corporation for any purpose,  
570 consider the securitized utility tariff costs or financing  
571 costs specified in the financing order to be the costs of  
572 the electrical corporation, nor may the commission determine  
573 any action taken by an electrical corporation which is  
574 consistent with the financing order to be unjust or  
575 unreasonable, and section 386.300 shall not apply to the  
576 issuance of securitized utility tariff bonds.

577 (2) Securitized utility tariff charges shall not be  
578 utilized or accounted for in determining the electrical  
579 corporation's average overall rate, as defined in section  
580 393.1655 and as used to determine the maximum retail rate  
581 impact limitations provided for by subsections 3 and 4 of  
582 section 393.1655.

583 (3) No electrical corporation is required to file a  
584 petition for a financing order under this section or  
585 otherwise utilize this section. An electrical corporation's  
586 decision not to file a petition for a financing order under  
587 this section or otherwise utilize this section shall not be  
588 admissible in any commission proceeding nor shall it be  
589 otherwise utilized or relied on by the commission in any  
590 proceeding respecting the electrical corporation's rates or  
591 its accounting, including, without limitation, any general  
592 rate proceeding, fuel adjustment clause docket, or  
593 proceedings relating to accounting authority, whether  
594 initiated by the electrical corporation or otherwise. The  
595 commission may not order or otherwise directly or indirectly  
596 require an electrical corporation to use securitized utility  
597 tariff bonds to recover securitized utility tariff costs or  
598 to finance any project, addition, plant, facility,  
599 extension, capital improvement, equipment, or any other  
600 expenditure. After the issuance of a financing order, the  
601 electrical corporation retains sole discretion regarding

602 whether to cause the securitized utility tariff bonds to be  
603 issued, including the right to defer or postpone such sale,  
604 assignment, transfer, or issuance. Nothing shall prevent  
605 the electrical corporation from abandoning the issuance of  
606 securitized utility tariff bonds under the financing order  
607 by filing with the commission a statement of abandonment and  
608 the reasons therefor; provided, that the electrical  
609 corporation's abandonment decision shall not be deemed  
610 imprudent because of the potential availability of  
611 securitized utility tariff bond financing.

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

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

627 (6) The commission may not, directly or indirectly,  
628 consider the existence of securitized utility tariff bonds  
629 or the potential use of securitized utility tariff bond  
630 financing proceeds in determining the electrical  
631 corporation's authorized rate of return used to determine  
632 the electrical corporation's revenue requirement used to set  
633 its rates.

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

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

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

658           5. (1) (a) All securitized utility tariff property  
659 that is specified in a financing order constitutes an  
660 existing, present intangible property right or interest  
661 therein, notwithstanding that the imposition and collection  
662 of securitized utility tariff charges depends on the  
663 electrical corporation, to which the financing order is  
664 issued, performing its servicing functions relating to the  
665 collection of securitized utility tariff charges and on  
666 future electricity consumption. The property exists:

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

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

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

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

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

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

720           (f) Any successor to an electrical corporation,  
721 whether pursuant to any reorganization, bankruptcy, or other  
722 insolvency proceeding or whether pursuant to any merger or  
723 acquisition, sale, or other business combination, or  
724 transfer by operation of law, as a result of electrical  
725 corporation restructuring or otherwise, shall perform and  
726 satisfy all obligations of, and have the same rights under a  
727 financing order as, the electrical corporation under the  
728 financing order in the same manner and to the same extent as  
729 the electrical corporation, including collecting and paying  
730 to the person entitled to receive the revenues, collections,  
731 payments, or proceeds of the securitized utility tariff

732 property. Nothing in this section is intended to limit or  
733 impair any authority of the commission concerning the  
734 transfer or succession of interests of public utilities.

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

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

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

751 a. The financing order is issued;

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

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

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

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

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

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

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

793           (f) If a default occurs under the securitized utility  
794 tariff bonds that are secured by a security interest in  
795 securitized utility tariff property, the financing parties  
796 or their representatives may exercise the rights and  
797 remedies available to a secured party under the code,

798 including the rights and remedies available under part 6 of  
799 article 9 of the code. The commission may also order  
800 amounts arising from securitized utility tariff charges be  
801 transferred to a separate account for the financing parties'  
802 benefit, to which their lien and security interest shall  
803 apply. On application by or on behalf of the financing  
804 parties, the circuit court for the county or city in which  
805 the electrical corporation's headquarters is located shall  
806 order the sequestration and payment to them of revenues  
807 arising from the securitized utility tariff charges.

808 (3) (a) Any sale, assignment, or other transfer of  
809 securitized utility tariff property shall be an absolute  
810 transfer and true sale of, and not a pledge of or secured  
811 transaction relating to, the seller's right, title, and  
812 interest in, to, and under the securitized utility tariff  
813 property if the documents governing the transaction  
814 expressly state that the transaction is a sale or other  
815 absolute transfer other than for federal and state income  
816 tax purposes. For all purposes other than federal and state  
817 income tax purposes, the parties' characterization of a  
818 transaction as a sale of an interest in securitized utility  
819 tariff property shall be conclusive that the transaction is  
820 a true sale and that ownership has passed to the party  
821 characterized as the purchaser, regardless of whether the  
822 purchaser has possession of any documents evidencing or  
823 pertaining to the interest. A sale or similar outright  
824 transfer of an interest in securitized utility tariff  
825 property may occur only when all of the following have  
826 occurred:

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



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

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

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

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

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

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

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

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

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

859 f. The transferor acting as the servicer of the  
860 securitized utility tariff charges or the existence of any  
861 contract that authorizes or requires the electrical

862 corporation, to the extent that any interest in securitized  
863 utility tariff property is sold or assigned, to contract  
864 with the assignee or any financing party that it will  
865 continue to operate its system to provide service to its  
866 customers, will collect amounts in respect of the  
867 securitized utility tariff charges for the benefit and  
868 account of such assignee or financing party, and will  
869 account for and remit such amounts to or for the account of  
870 such assignee or financing party;

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

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

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

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

890 a. The issuance of a financing order;

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

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

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

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

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

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

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

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

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

931 6. The description of securitized utility tariff  
932 property being transferred to an assignee in any sale  
933 agreement, purchase agreement, or other transfer agreement,  
934 granted or pledged to a pledgee in any security agreement,  
935 pledge agreement, or other security document, or indicated  
936 in any financing statement is only sufficient if such  
937 description or indication refers to the financing order that  
938 created the securitized utility tariff property and states  
939 that the agreement or financing statement covers all or part  
940 of the property described in the financing order. This  
941 section applies to all purported transfers of, and all  
942 purported grants or liens or security interests in,  
943 securitized utility tariff property, regardless of whether  
944 the related sale agreement, purchase agreement, other  
945 transfer agreement, security agreement, pledge agreement, or  
946 other security document was entered into, or any financing  
947 statement was filed.

948 7. The secretary of state shall maintain any financing  
949 statement filed to perfect a sale or other transfer of  
950 securitized utility tariff property and any security  
951 interest in securitized utility tariff property under this  
952 section in the same manner that the secretary of state  
953 maintains financing statements filed under the code to  
954 perfect a security interest in collateral owned by a  
955 transmitting utility. Except as otherwise provided in this  
956 section, all financing statements filed pursuant to this  
957 section shall be governed by the provisions regarding

958 financing statements and the filing thereof under the code,  
959 including part 5 of article 9 of the code. A security  
960 interest in securitized utility tariff property may be  
961 perfected only by the filing of a financing statement in  
962 accordance with this section, and no other method of  
963 perfection shall be effective. Notwithstanding any  
964 provision of the code to the contrary, a financing statement  
965 filed pursuant to this section is effective until a  
966 termination statement is filed under the code, and no  
967 continuation statement need be filed to maintain its  
968 effectiveness. A financing statement filed pursuant to this  
969 section may indicate that the debtor is a transmitting  
970 utility, and without regard to whether the debtor is an  
971 electrical corporation, an assignee or otherwise qualifies  
972 as a transmitting utility under the code, but the failure to  
973 make such indication shall not impair the duration and  
974 effectiveness of the financing statement.

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

980 9. Neither the state nor its political subdivisions  
981 are liable on any securitized utility tariff bonds, and the  
982 bonds are not a debt or a general obligation of the state or  
983 any of its political subdivisions, agencies, or  
984 instrumentalities, nor are they special obligations or  
985 indebtedness of the state or any agency or political  
986 subdivision. An issue of securitized utility tariff bonds  
987 does not, directly, indirectly, or contingently, obligate  
988 the state or any agency, political subdivision, or  
989 instrumentality of the state to levy any tax or make any  
990 appropriation for payment of the securitized utility tariff

991 bonds, other than in their capacity as consumers of  
992 electricity. All securitized utility tariff bonds shall  
993 contain on the face thereof a statement to the following  
994 effect: "Neither the full faith and credit nor the taxing  
995 power of the state of Missouri is pledged to the payment of  
996 the principal of, or interest on, this bond."

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

1000 (1) Subject to applicable statutory restrictions on  
1001 state or local investment authority, the state, units of  
1002 local government, political subdivisions, public bodies, and  
1003 public officers, except for members of the commission, the  
1004 commission's technical advisory and other staff, or  
1005 employees of the office of the public counsel;

1006 (2) Banks and bankers, savings and loan associations,  
1007 credit unions, trust companies, savings banks and  
1008 institutions, investment companies, insurance companies,  
1009 insurance associations, and other persons carrying on a  
1010 banking or insurance business;

1011 (3) Personal representatives, guardians, trustees, and  
1012 other fiduciaries;

1013 (4) All other persons authorized to invest in bonds or  
1014 other obligations of a similar nature.

1015 11. (1) The state and its agencies, including the  
1016 commission, pledge and agree with bondholders, the owners of  
1017 the securitized utility tariff property, and other financing  
1018 parties that the state and its agencies will not take any  
1019 action listed in this subdivision. This subdivision does  
1020 not preclude limitation or alteration if full compensation  
1021 is made by law for the full protection of the securitized  
1022 utility tariff charges collected pursuant to a financing  
1023 order and of the bondholders and any assignee or financing

1024 party entering into a contract with the electrical  
1025 corporation. The prohibited actions are as follows:

1026 (a) Alter the provisions of this section, which  
1027 authorize the commission to create an irrevocable contract  
1028 right or chose in action by the issuance of a financing  
1029 order, to create securitized utility tariff property, and  
1030 make the securitized utility tariff charges imposed by a  
1031 financing order irrevocable, binding, or nonbypassable  
1032 charges for all existing and future retail customers of the  
1033 electrical corporation except its existing special contract  
1034 customers;

1035 (b) Take or permit any action that impairs or would  
1036 impair the value of securitized utility tariff property or  
1037 the security for the securitized utility tariff bonds or  
1038 revises the securitized utility tariff costs for which  
1039 recovery is authorized;

1040 (c) In any way impair the rights and remedies of the  
1041 bondholders, assignees, and other financing parties;

1042 (d) Except for changes made pursuant to the formula-  
1043 based true-up mechanism authorized under this section,  
1044 reduce, alter, or impair securitized utility tariff charges  
1045 that are to be imposed, billed, charged, collected, and  
1046 remitted for the benefit of the bondholders, any assignee,  
1047 and any other financing parties until any and all principal,  
1048 interest, premium, financing costs and other fees, expenses,  
1049 or charges incurred, and any contracts to be performed, in  
1050 connection with the related securitized utility tariff bonds  
1051 have been paid and performed in full.

1052 (2) Any person or entity that issues securitized  
1053 utility tariff bonds may include the language specified in  
1054 this subsection in the securitized utility tariff bonds and  
1055 related documentation.

1056 12. An assignee or financing party is not an  
1057 electrical corporation or person providing electric service  
1058 by virtue of engaging in the transactions described in this  
1059 section.

1060 13. If there is a conflict between this section and  
1061 any other law regarding the attachment, assignment, or  
1062 perfection, or the effect of perfection, or priority of,  
1063 assignment or transfer of, or security interest in  
1064 securitized utility tariff property, this section shall  
1065 govern.

1066 14. If any provision of this section is held invalid  
1067 or is invalidated, superseded, replaced, repealed, or  
1068 expires for any reason, that occurrence does not affect the  
1069 validity of any action allowed under this section which is  
1070 taken by an electrical corporation, an assignee, a financing  
1071 party, a collection agent, or a party to an ancillary  
1072 agreement; and any such action remains in full force and  
1073 effect with respect to all securitized utility tariff bonds  
1074 issued or authorized in a financing order issued under this  
1075 section before the date that such provision is held invalid  
1076 or is invalidated, superseded, replaced, or repealed, or  
1077 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) Unless the commission has, prior to August 28,  
52 2021, issued an order or orders acknowledging retirement by  
53 an electrical corporation of specific electric generating  
54 facilities and an order or orders authorizing construction  
55 by such electrical corporation of generating facilities in  
56 place of such retired electric generating facilities, the  
57 commission shall approve investment in replacement resources  
58 by the electrical corporation of an amount that is  
59 approximately equal to the undepreciated investment in the  
60 electric generating facilities covered by such petition to  
61 acquire or build an existing or new renewable energy  
62 resource to replace the retired or abandoned or to be  
63 retired or abandoned unit. There is no requirement that the  
64 replacement resource's capacity or energy production match  
65 the energy or capacity production of the retired or  
66 abandoned unit. Such approval shall constitute an  
67 affirmative and binding determination by the commission, to  
68 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 electrical corporation  
90 is the subject of the petition and base rates are changed as  
91 the result of a general rate proceeding where the rate base  
92 cutoff date in that general rate proceeding occurs on or  
93 after the retirement or abandonment. For purposes of this  
94 subdivision, the changes in the electrical corporation's  
95 revenue requirement that shall be deferred shall only  
96 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 of the unit;

106 (d) Depreciation expense on the replacement resources  
107 starting with the date it is recorded to plant in-service on  
108 the electrical corporation's books;

109 (e) Labor and benefits costs for employees or  
110 contractors who work at the replacement resources; and

111 (f) Nonlabor, nonfuel operations, and maintenance  
112 costs of the replacement resources.

113 The base against which changes under paragraphs (a), (b),  
114 and (c) of this subdivision shall be the values of each such  
115 item used to set the electrical corporation's base electric  
116 rates in its last general rate proceeding concluded prior to  
117 the time the deferrals are made, provided, if the docketed  
118 record in such general rate proceeding does not specify one  
119 or more necessary revenue requirement parameters to  
120 establish the base for an item because of a "black box"  
121 settlement or otherwise, the commission shall, in the docket  
122 created by a petition filed under this section and based on  
123 the docketed record in such prior general rate proceeding,  
124 establish the missing parameters, which shall then be used  
125 to accomplish the deferrals. The base with respect to  
126 paragraphs (d), (e), and (f) of this subdivision shall be  
127 zero.

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

140 (a) Return on the electrical corporation's  
141 undepreciated investment in the unit that was retired or  
142 abandoned at the electrical corporation's weighted average  
143 cost of capital, plus applicable federal, state, and local

144 income or excise taxes, used to establish the electrical  
145 corporation's revenue requirement last used to set its base  
146 rates;

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

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

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

154 Notwithstanding the foregoing provisions of this  
155 subdivision, deferrals to the regulatory asset created by  
156 this subdivision shall cease at the earlier of the date the  
157 electrical corporation's base rates are first changed after  
158 the replacement resource is recorded to plant in service on  
159 the electrical corporation's books where the rate base  
160 cutoff date in that general rate proceeding occurred on or  
161 after the retirement or abandonment, or the effective date  
162 of rates from a base rate case that shall be filed no later  
163 than one year after the unit was retired or abandoned. If  
164 there is more than one replacement resource for the retired  
165 or abandoned plant and if one or more such replacement  
166 resource is placed in service prior to the rate base cutoff  
167 date in the general rate proceeding described in subdivision  
168 (2) of this subsection, the deferrals called for under this  
169 subdivision shall be reduced as needed to reflect that  
170 event. The weighted average cost of capital to be deferred  
171 under paragraph (a) of this subdivision shall be the value  
172 used to set the electrical corporation's base electric rates  
173 in its last general rate proceeding concluded prior to the  
174 time the deferrals are made, provided, if the docketed  
175 record in such general rate proceeding does not specify one  
176 or more necessary revenue requirement parameters to

177 establish the base for an item because of a "black box"  
178 settlement or otherwise, the commission shall, in the docket  
179 created by a petition filed under this section and based on  
180 the docketed record in such prior general rate proceeding,  
181 establish the missing parameters, which shall then be used  
182 to accomplish the deferrals. The base with respect to  
183 paragraphs (b), (c), and (d) of this subdivision shall be  
184 zero.

185 (4) It is the intention of this subsection to the  
186 maximum extent practicable that electrical corporation  
187 earnings shall not be materially reduced or increased on  
188 account of the retirement or abandonment of the unit during  
189 the interval between when the unit is retired or abandoned  
190 and the date when the electrical corporation's base rates  
191 are changed to reflect the investment in a replacement  
192 resource, subject to the requirement that deferrals under  
193 subdivision (3) of this subsection end no later than the  
194 date base rates are reset in a general rate proceeding filed  
195 no later than one year after the unit was retired or  
196 abandoned.

197 (5) Notwithstanding the provisions of section 393.1400  
198 to the contrary, a replacement resource shall not constitute  
199 "qualifying electric plant" for purposes of section  
200 393.1400, nor shall it constitute a renewable energy  
201 resource under section 393.1030, during the period when a  
202 deferral is occurring under subdivision (2) or (3) of this  
203 subsection. In addition, and notwithstanding the provisions  
204 of section 393.1400 to the contrary, deferrals required by  
205 this section relating to the electrical corporation's  
206 undepreciated investment in the retired or abandoned unit  
207 shall not constitute a change in accumulated depreciation  
208 when determining the return deferred on qualifying electric  
209 plant under section 393.1400.

210 (6) Parts of regulatory asset or liability balances  
211 created under this section that are not yet being recovered  
212 or returned through rates shall include carrying costs at  
213 the electrical corporation's weighted average cost of  
214 capital last used to set its base electric service rates or,  
215 if such cost of capital was not specified for the revenue  
216 requirement last used to set such electric service rates at  
217 the weighted average cost of capital determined by the  
218 commission under subdivision (3) of this subsection, in each  
219 case plus applicable federal, state, and local income or  
220 excise taxes. All regulatory asset or liability balances  
221 from deferrals under this subsection shall be recovered in  
222 base rates over a period equal to the remaining useful life  
223 of the replacement resource.

224 (7) In each general rate proceeding concluded after a  
225 deferral commences under subdivision (2) or (3) of this  
226 subsection, the regulatory asset or liability balances  
227 arising from such deferrals, as of the rate base cutoff  
228 date, shall be included in the electrical corporation's rate  
229 base without any offset, reduction, or adjustment based upon  
230 consideration of any other factor, other than to reflect any  
231 prudence disallowances ordered by the commission, with the  
232 regulatory asset balances arising from such deferrals that  
233 occur after the rate base cutoff date to be included in rate  
234 base in the next general rate proceeding. The provisions of  
235 this section shall not be construed to affect existing law  
236 respecting burdens of production and persuasion in general  
237 rate proceedings.

238 3. Proceedings on a petition submitted pursuant to  
239 this section begin with the filing of a petition by an  
240 electrical corporation under this section that is filed  
241 concurrently with a petition submitted under section  
242 393.1700, and shall be disposed of in accordance with the

243 requirements of chapters 386 and 393 and the rules of the  
244 commission, except as follows:

245 (1) Within fourteen days after the date the petition  
246 is filed, the commission shall establish a procedural  
247 schedule that permits a commission decision no later than  
248 one hundred eighty-five days after the date the petition is  
249 filed. Such procedural schedule shall contain the same  
250 milestones and requirements as the procedural schedule  
251 adopted in a proceeding seeking approval of a financing  
252 order under section 393.1700 and shall run concurrently  
253 therewith;

254 (2) No later than one hundred eighty-five days after  
255 the date the petition is filed, the commission shall issue  
256 an order approving the petition or rejecting the petition.  
257 Any adversely affected party may seek judicial review in  
258 accordance with sections 386.500 and 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 one or more of the electrical corporation's  
7 generating facilities. Without limiting the foregoing, such  
8 principles and treatment may also establish the retirement  
9 date and useful life parameters used to set depreciation  
10 rates for such facilities. Except as provided for in  
11 subsection 4 of this section, the ratemaking principles and  
12 treatment approved by the commission under this section for  
13 such facilities shall apply to the determination of the  
14 revenue requirement in each of the electrical corporation's  
15 post-determination general rate proceedings until such time  
16 as such facility is fully depreciated on the electrical  
17 corporation's books.



18           2. If the commission fails to issue a determination  
19 within one hundred eighty-five 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 do not reach agreement on changes to the  
80 ratemaking principles and treatment within ninety days of  
81 the date the electrical corporation filed its notice,  
82 whether the previously approved ratemaking and treatment

83 will be changed shall be determined by the commission. If a  
84 party to the docket in which the approved ratemaking  
85 principles and treatment were approved believes that one or  
86 more major factor or circumstance has changed in a manner  
87 that warrants a change in the approved ratemaking principles  
88 and treatment and if the electrical corporation does not  
89 agree the principles and treatment should be changed, such  
90 party shall file a notice in the docket in which the  
91 approved ratemaking principles and treatment were  
92 established within forty-five days of any such  
93 determination. In its notification, such party shall:

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

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

100 (c) Provide detailed workpapers that support the  
101 evaluation and the process whereby proposed changes were  
102 developed.

103 (4) If a party, including the electrical corporation,  
104 has concerns regarding the proposed changes, that party  
105 shall file a notice of its concerns within thirty days of  
106 the other party's filing. If the parties do not reach  
107 agreement on changes to the ratemaking principles and  
108 treatment within ninety days of the date the notice was  
109 filed, whether the previously approved ratemaking and  
110 treatment will be changed shall be determined by the  
111 commission.

112 5. A determination of ratemaking principles and  
113 treatment under this section does not preclude an electrical  
114 corporation from also petitioning the commission under  
115 either or both of sections 393.1700 and 393.1705, provided

116 that any costs to which such ratemaking principles and  
117 treatment would have applied in the electrical corporation's  
118 general rate proceedings which become funded by securitized  
119 utility tariff bond proceeds from a securitized utility  
120 tariff bond issued under section 393.1700 shall not  
121 thereafter be reflected in the electrical corporation's base  
122 rates.

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

134 7. The commission may promulgate rules necessary to  
135 implement the provisions of sections 393.1700 to 393.1715.  
136 Any rule or portion of a rule, as that term is defined in  
137 section 536.010, that is created under the authority  
138 delegated in this section shall become effective only if it  
139 complies with and is subject to all of the provisions of  
140 chapter 536 and, if applicable, section 536.028. This  
141 section and chapter 536 are nonseverable and if any of the  
142 powers vested with the general assembly pursuant to chapter  
143 536 to review, to delay the effective date, or to disapprove  
144 and annul a rule are subsequently held unconstitutional,  
145 then the grant of rulemaking authority and any rule proposed  
146 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  
13 bylaws. The bylaws may prescribe additional qualifications  
14 and 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.