

SENATE BILL NO. 740

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR CIERPIOT.

4317S.01H

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 204.300, 204.610, 393.320, 393.1030, 393.1506, 393.1700, and 640.144, RSMo, and to enact in lieu thereof eight new sections relating to utilities.

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

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2 393.1506, 393.1700, and 640.144, RSMo, are repealed and eight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

204.300. 1. In all counties except counties of the
2 first classification which have a charter form of government
3 and which contain all or any portion of a city with a
4 population of three hundred fifty thousand or more
5 inhabitants, the governing body of the county, by
6 resolution, order, or ordinance, shall appoint five
7 trustees, the majority of whom shall reside within the
8 boundaries of the district. In the event the district
9 extends into any county bordering the county in which the
10 greater portion of the district lies, the presiding
11 commissioner or other chief executive officer of the
12 adjoining county shall be an additional member of the
13 appointed board of trustees. **Subject to the provisions of**
14 **section 105.454**, the trustees may be paid reasonable
15 compensation by the district for their services [; except
16 that, any compensation schedule shall be approved by

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

17 resolution of the board of trustees] outside their duties as
18 trustees. Each trustee of the board may receive an
19 attendance fee not to exceed one hundred dollars for
20 attending each regularly called board meeting, or special
21 meeting, but shall not be paid for attending more than two
22 meetings in any calendar month, except that in a county of
23 the first classification, a trustee shall not be paid for
24 attending more than four meetings in any calendar month.
25 However, no trustee shall be paid more than one attendance
26 fee if such trustee attends more than one board meeting in a
27 calendar week. Each trustee of the board shall be
28 reimbursed for his or her actual expenditures in the
29 performance of his or her duties on behalf of the district.
30 The board of trustees shall be responsible for the control
31 and operation of the sewer district. The term of each board
32 member shall be five years; except that, members of the
33 governing body of the county sitting upon the board shall
34 not serve beyond the expiration of their term as members of
35 such governing body of the county. The first board of
36 trustees shall be appointed for terms ranging from one to
37 five years so as to establish one vacancy per year
38 thereafter. If the governing body of the county with the
39 right of appointment under this section fails to appoint a
40 trustee to fill a vacancy on the board within sixty days
41 after receiving written notice from the common sewer
42 district of the existence of such vacancy, then the vacancy
43 may be filled by a majority of the remaining members then in
44 office of the board of trustees of such common sewer
45 district. **Subject to the provisions of section 105.454**, the
46 trustees may be paid reasonable compensation by the district
47 for their services[; except that, any compensation schedule
48 shall be approved by resolution, order, or ordinance of the

49 governing body of the county. Any and all expenses incurred
50 in the performance of their duties shall be reimbursed by
51 the district] **outside their duties as trustees. Each**
52 **trustee of the board may receive an attendance fee not to**
53 **exceed one hundred dollars for attending each regularly**
54 **called board meeting, or special meeting, but shall not be**
55 **paid for attending more than two meetings in any calendar**
56 **month, except that in a county of the first classification,**
57 **a trustee shall not be paid for attending more than four**
58 **meetings in any calendar month. However, no trustee shall**
59 **be paid more than one attendance fee if such trustee attends**
60 **more than one board meeting in a calendar week. Each**
61 **trustee of the board shall be reimbursed for his or her**
62 **actual expenditures in the performance of his or her duties**
63 **on behalf of the district.** The board of trustees shall have
64 the power to employ and fix the compensation of such staff
65 as may be necessary to discharge the business and purposes
66 of the district, including clerks, attorneys, administrative
67 assistants, and any other necessary personnel. The board of
68 trustees shall select a treasurer, who may be either a
69 member of the board of trustees or another qualified
70 individual. The treasurer selected by the board shall give
71 such bond as may be required by the board of trustees. The
72 board of trustees shall appoint the sewer engineer for the
73 county in which the greater part of the district lies as
74 chief engineer for the district, and the sewer engineer
75 shall have the same powers, responsibilities and duties in
76 regard to planning, construction and maintenance of the
77 sewers, and treatment facilities of the district as he now
78 has by virtue of law in regard to the sewer facilities
79 within the county for which he is elected. If there is no
80 sewer engineer in the county in which the greater part of

81 the district lies, the board of trustees may employ a
82 registered professional engineer as chief engineer for the
83 district under such terms and conditions as may be necessary
84 to discharge the business and purposes of the district. The
85 provisions of this subsection shall not apply to any county
86 of the first classification which has a charter form of
87 government and which contains all or any portion of a city
88 with a population of three hundred fifty thousand or more
89 inhabitants.

90 2. In any county of the first classification which has
91 a charter form of government and which contains all or any
92 portion of a city with a population of three hundred fifty
93 thousand or more inhabitants, [and in any county of the
94 first classification without a charter form of government
95 and which has a population of more than sixty-three thousand
96 seven hundred but less than seventy-five thousand,] there
97 shall be a ten-member board of trustees to consist of the
98 county executive, the mayors of the five cities constituting
99 the largest users by flow during the previous fiscal year,
100 the mayors of three cities which are not among the five
101 largest users and who are members of the advisory board of
102 the district established pursuant to section 204.310, and
103 one member of the county legislature to be appointed by the
104 county executive, with the concurrence of the county
105 legislature. If the county executive does not appoint such
106 members of the county legislature to the board of trustees
107 within sixty days, the county legislature shall make the
108 appointments. The advisory board members shall be appointed
109 annually by the advisory board. In the event the district
110 extends into any county bordering the county in which the
111 greater portion of the district lies, the number of members
112 on the board of trustees shall be increased to a total of

113 eleven and the presiding commissioner or county executive of
114 the adjoining county shall be an additional member of the
115 board of trustees. The trustees **of a district with an**
116 **eleven-member board and located in two counties** shall
117 receive no compensation for their services[,] but may be
118 compensated for their reasonable expenses normally incurred
119 in the performance of their duties. **Each trustee of a ten-**
120 **member board may receive an attendance fee not to exceed one**
121 **hundred dollars for attending each regularly called board**
122 **meeting, or special meeting, but shall not be paid for**
123 **attending more than two meetings in any calendar month.**
124 **However, no trustee of a ten-member board shall be paid more**
125 **than one attendance fee if such trustee attends more than**
126 **one board meeting in a calendar week. Each trustee of a ten-**
127 **member board shall be reimbursed for his or her actual**
128 **expenditures in the performance of his or her duties on**
129 **behalf of the district. Subject to the provisions of**
130 **section 105.454, the trustees of a ten-member board may be**
131 **paid reasonable compensation by the district for their**
132 **services outside their duties as trustees.** The board of
133 trustees may employ and fix the compensation of such staff
134 as may be necessary to discharge the business and purposes
135 of the district, including clerks, attorneys, administrative
136 assistants, and any other necessary personnel. The board of
137 trustees may employ and fix the duties and compensation of
138 an administrator for the district. The administrator shall
139 be the chief executive officer of the district subject to
140 the supervision and direction of the board of trustees and
141 shall exercise the powers, responsibilities and duties
142 heretofore exercised by the chief engineer prior to
143 September 28, 1983. The administrator of the district may,
144 with the approval of the board of trustees, retain

145 consulting engineers for the district under such terms and
146 conditions as may be necessary to discharge the business and
147 purposes of the district. The provisions of this subsection
148 shall only apply to counties of the first classification
149 which have a charter form of government and which contain
150 all or any portion of a city with a population of three
151 hundred fifty thousand or more inhabitants.

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

21 2. [The trustees shall receive no compensation for
22 their services but may be compensated for reasonable
23 expenses normally incurred in the performance of their
24 duties.] **Each trustee of the board may receive an**
25 **attendance fee not to exceed one hundred dollars for**

26 attending each regularly called board meeting, or special
27 meeting, but shall not be paid for attending more than two
28 meetings in any calendar month. However, no trustee shall
29 be paid more than one attendance fee if such trustee attends
30 more than one board meeting in a calendar week. Each
31 trustee of the board shall be reimbursed for his or her
32 actual expenditures in the performance of his or her duties
33 on behalf of the district. Subject to the provisions of
34 section 105.454, the trustees may be paid reasonable
35 compensation by the district for their services outside
36 their duties as trustees. The board of trustees may employ
37 and fix the compensation of such staff as may be necessary
38 to discharge the business and purposes of the district,
39 including clerks, attorneys, administrative assistants, and
40 any other necessary personnel. The board of trustees may
41 employ and fix the duties and compensation of an
42 administrator for the district. The administrator shall be
43 the chief executive officer of the district subject to the
44 supervision and direction of the board of trustees. The
45 administrator of the district may, with the approval of the
46 board of trustees, retain consulting engineers for the
47 district under such terms and conditions as may be necessary
48 to discharge the business and purposes of the district.

49 3. Except as provided in subsection 1 of this section,
50 the term of office of a trustee shall be five years. The
51 remaining trustees shall appoint a person qualified under
52 this section to fill any vacancy on the board. The initial
53 trustees appointed by the circuit court shall serve until
54 the first Tuesday after the first Monday in June or until
55 the first Tuesday after the first Monday in April, depending
56 upon the resolution of the trustees. In the event that the
57 trustees are elected, said elections shall be conducted by

58 the appropriate election authority under chapter 115.
59 Otherwise, trustees shall be appointed by the county
60 commission in accordance with the qualifications set forth
61 in subsection 1 of this section.

62 4. Notwithstanding any other provision of law, if
63 there is only one candidate for the post of trustee, then no
64 election shall be held, and the candidate shall assume the
65 responsibilities of office at the same time and in the same
66 manner as if elected. If there is no candidate for the post
67 of trustee, then no election shall be held for that post and
68 it shall be considered vacant, to be filled under the
69 provisions of subsection 3 of this section.

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

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

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

9 (b) That provides safe and adequate service but shall
10 not include a sewer district established under Section
11 30(a), Article VI of the Missouri Constitution, sewer
12 districts established under the provisions of chapter 204,
13 249, or 250, public water supply districts established under
14 the provisions of chapter 247, or municipalities that own
15 water or sewer systems;

16 (2) "Small water utility", a public utility that
17 regularly provides water service or sewer service to eight
18 thousand or fewer customer connections; a water district
19 established under the provisions of chapter 247 that
20 regularly provides water or sewer service to eight thousand

21 or fewer customer connections; a sewer district established
22 under the provisions of chapter 204, 249, or 250 that
23 regularly provides sewer service to eight thousand or fewer
24 customer connections; or a water system or sewer system
25 owned by a municipality that regularly provides water
26 service or sewer service to eight thousand or fewer customer
27 connections; and all other entities that regularly provide
28 water service or sewer service to eight thousand or fewer
29 customer connections.

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

35 3. (1) An appraisal shall be performed by three
36 appraisers. One appraiser shall be appointed by the small
37 water utility, one appraiser shall be appointed by the large
38 water public utility, and the third appraiser shall be
39 appointed by the two appraisers so appointed. Each of the
40 appraisers shall be a disinterested person who is a
41 certified general appraiser under chapter 339.

42 (2) The appraisers shall:

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

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

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

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

57 5. (1) The lesser of the purchase price or the
58 appraised value, together with the reasonable and prudent
59 transaction, closing, and transition costs incurred by the
60 large water public utility, shall constitute the ratemaking
61 rate base for the small water utility as acquired by the
62 acquiring large water public utility; provided, however,
63 that if the small water utility is a public utility subject
64 to chapter 386 and the small water utility completed a rate
65 case prior to the acquisition, the public service commission
66 may select as the ratemaking rate base for the small water
67 utility as acquired by the acquiring large water public
68 utility a ratemaking rate base in between:

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

74 (b) The ratemaking rate base of the small water
75 utility as ordered by the public service commission in the
76 small water utility's last previous rate case as adjusted by
77 improvements and depreciation reserve since the previous
78 rate case together with the transaction, closing, and
79 transition costs incurred by the large water public utility
80 unless such transaction, closing, and transition costs are
81 elsewhere recoverable in rates. If the small water utility
82 and large water public utility proceed with the sale, any

83 past-due fees due to the state from the small water utility
84 or its customers under chapter 640 or 644 shall be resolved
85 prior to the transfer of ownership or the liability for such
86 past-due fees becomes the responsibility of the large water
87 public utility. Such fees shall not be included in the
88 large water public utility's rate base.

89 (2) The public service commission shall issue its
90 decision establishing the ratemaking rate base of the small
91 water utility in its order approving the acquisition **within**
92 **six months of the submission of the application by the large**
93 **water public utility to acquire a small water utility. If**
94 **the public service commission does not issue a decision**
95 **within six months, such application shall be automatically**
96 **approved.**

97 (3) Prior to the expiration of the six-month period,
98 the public service commission staff or the office of public
99 counsel may request, upon a showing of good cause, from the
100 public service commission an extension for approval of the
101 application for an additional thirty days.

102 6. Upon the date of the acquisition of a small water
103 utility by a large water public utility, whether or not the
104 procedures for establishing ratemaking rate base provided by
105 this section have been utilized, the small water utility
106 shall, for ratemaking purposes, become part of an existing
107 service area, as defined by the public service commission,
108 of the acquiring large water public utility that is either
109 contiguous to the small water utility, the closest
110 geographically to the small water utility, or best suited
111 due to operational or other factors. This consolidation
112 shall be approved by the public service commission in its
113 order approving the acquisition.

114 7. Any new permit issued pursuant to chapters 640 and
115 644, when a small water utility is acquired by a large water
116 public utility, shall include a plan to resolve all
117 outstanding permit compliance issues. After the transfer of
118 ownership, the acquiring large public water utility shall
119 continue providing service to all customers that were served
120 by the small water utility at the time of sale.

121 8. This section is intended for the specific and
122 unique purpose of determining the ratemaking rate base of
123 small water utilities and shall be exclusively applied to
124 large water public utilities in the acquisition of a small
125 water utility. This section is not intended to apply beyond
126 its specific purpose and shall not be construed in any
127 manner to apply to electric corporations, natural gas
128 corporations, or any other utility regulated by the public
129 service commission.

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

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

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

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

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

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

24 **2. (1) This subsection applies to electric utilities**
25 **with more than two hundred fifty thousand but less than one**
26 **million retail customers in Missouri as of the end of the**
27 **calendar year 2023.**

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

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

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

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

45 **(3) The accelerated renewable buyer shall be exempt**
46 **from any renewable energy standard compliance costs as may**
47 **be established by the utility and approved by the**

48 commission, based on the amount of renewable energy
49 certificates retired pursuant to this subsection in
50 proportion to the accelerated renewable buyer's total
51 electric energy consumption, on an annual basis.

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

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

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

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

71 (6) The commission may promulgate such rules and
72 regulations as may be necessary to implement the provisions
73 of this subsection. Any rule or portion of a rule, as that
74 term is defined in section 536.010, that is created under
75 the authority delegated in this section shall become
76 effective only if it complies with and is subject to all of
77 the provisions of chapter 536 and, if applicable, section
78 536.028. This section and chapter 536 are nonseverable and
79 if any of the powers vested with the general assembly

80 pursuant to chapter 536 to review, to delay the effective
81 date, or to disapprove and annul a rule are subsequently
82 held unconstitutional, then the grant of rulemaking
83 authority and any rule proposed or adopted after August 28,
84 2024, shall be invalid and void.

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

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

103 (1) A maximum average retail rate increase of one
104 percent determined by estimating and comparing the electric
105 utility's cost of compliance with least-cost renewable
106 generation and the cost of continuing to generate or
107 purchase electricity from entirely nonrenewable sources,
108 taking into proper account future environmental regulatory
109 risk including the risk of greenhouse gas regulation.
110 Notwithstanding the foregoing, until June 30, 2020, if the
111 maximum average retail rate increase would be less than or

112 equal to one percent if an electric utility's investment in
113 solar-related projects initiated, owned or operated by the
114 electric utility is ignored for purposes of calculating the
115 increase, then additional solar rebates shall be paid and
116 included in rates in an amount up to the amount that would
117 produce a retail rate increase equal to the difference
118 between a one percent retail rate increase and the retail
119 rate increase calculated when ignoring an electric utility's
120 investment in solar-related projects initiated, owned, or
121 operated by the electric utility. Notwithstanding any
122 provision to the contrary in this section, even if the
123 payment of additional solar rebates will produce a maximum
124 average retail rate increase of greater than one percent
125 when an electric utility's investment in solar-related
126 projects initiated, owned or operated by the electric
127 utility are included in the calculation, the additional
128 solar rebate costs shall be included in the prudently
129 incurred costs to be recovered as contemplated by
130 subdivision (4) of this subsection;

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

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

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

152 [3.] 4. As provided for in this section, except for
153 those electrical corporations that qualify for an exemption
154 under section 393.1050, each electric utility shall make
155 available to its retail customers a solar rebate for new or
156 expanded solar electric systems sited on customers'
157 premises, up to a maximum of twenty-five kilowatts per
158 system, measured in direct current that were confirmed by
159 the electric utility to have become operational in
160 compliance with the provisions of section 386.890. The
161 solar rebates shall be two dollars per watt for systems
162 becoming operational on or before June 30, 2014; one dollar
163 and fifty cents per watt for systems becoming operational
164 between July 1, 2014, and June 30, 2015; one dollar per watt
165 for systems becoming operational between July 1, 2015, and
166 June 30, 2016; fifty cents per watt for systems becoming
167 operational between July 1, 2016, and June 30, 2017; fifty
168 cents per watt for systems becoming operational between July
169 1, 2017, and June 30, 2019; twenty-five cents per watt for
170 systems becoming operational between July 1, 2019, and June
171 30, 2020; and zero cents per watt for systems becoming
172 operational after June 30, 2020. An electric utility may,
173 through its tariffs, require applications for rebates to be
174 submitted up to one hundred eighty-two days prior to the
175 June thirtieth operational date. Nothing in this section

176 shall prevent an electrical corporation from offering
177 rebates after July 1, 2020, through an approved tariff. If
178 the electric utility determines the maximum average retail
179 rate increase provided for in subdivision (1) of subsection
180 [2] 3 of this section will be reached in any calendar year,
181 the electric utility shall be entitled to cease paying
182 rebates to the extent necessary to avoid exceeding the
183 maximum average retail rate increase if the electrical
184 corporation files with the commission to suspend its rebate
185 tariff for the remainder of that calendar year at least
186 sixty days prior to the change taking effect. The filing
187 with the commission to suspend the electrical corporation's
188 rebate tariff shall include the calculation reflecting that
189 the maximum average retail rate increase will be reached and
190 supporting documentation reflecting that the maximum average
191 retail rate increase will be reached. The commission shall
192 rule on the suspension filing within sixty days of the date
193 it is filed. If the commission determines that the maximum
194 average retail rate increase will be reached, the commission
195 shall approve the tariff suspension. The electric utility
196 shall continue to process and pay applicable solar rebates
197 until a final commission ruling; however, if the continued
198 payment causes the electric utility to pay rebates that
199 cause it to exceed the maximum average retail rate increase,
200 the expenditures shall be considered prudently incurred
201 costs as contemplated by subdivision (4) of subsection [2] 3
202 of this section and shall be recoverable as such by the
203 electric utility. As a condition of receiving a rebate,
204 customers shall transfer to the electric utility all right,
205 title, and interest in and to the renewable energy credits
206 associated with the new or expanded solar electric system
207 that qualified the customer for the solar rebate for a

208 period of ten years from the date the electric utility
209 confirmed that the solar electric system was installed and
210 operational.

211 [4.] 5. The department shall, in consultation with the
212 commission, establish by rule a certification process for
213 electricity generated from renewable resources and used to
214 fulfill the requirements of subsection 1 of this section.
215 Certification criteria for renewable energy generation shall
216 be determined by factors that include fuel type, technology,
217 and the environmental impacts of the generating facility.
218 Renewable energy facilities shall not cause undue adverse
219 air, water, or land use impacts, including impacts
220 associated with the gathering of generation feedstocks. If
221 any amount of fossil fuel is used with renewable energy
222 resources, only the portion of electrical output
223 attributable to renewable energy resources shall be used to
224 fulfill the portfolio requirements.

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

231 [6.] 7. The commission shall have the authority to
232 promulgate rules for the implementation of this section, but
233 only to the extent such rules are consistent with, and do
234 not delay the implementation of, the provisions of this
235 section. Any rule or portion of a rule, as that term is
236 defined in section 536.010, that is created under the
237 authority delegated in this section shall become effective
238 only if it complies with and is subject to all of the
239 provisions of chapter 536 and, if applicable, section

240 536.028. This section and chapter 536 are nonseverable and
241 if any of the powers vested with the general assembly
242 pursuant to chapter 536 to review, to delay the effective
243 date, or to disapprove and annul a rule are subsequently
244 held unconstitutional, then the grant of rulemaking
245 authority and any rule proposed or adopted after August 28,
246 2013, shall be invalid and void.

393.1506. 1. Notwithstanding any provisions of
2 chapter 386 and this chapter to the contrary, a water or
3 sewer corporation that provides water [or sewer] service to
4 more than eight thousand customer connections, **sewer service**
5 **to more than eight thousand customer connections, or a**
6 **combination of either to more than eight thousand customer**
7 **connections** may file a petition and proposed rate schedules
8 with the commission to establish or change a WSIRA that will
9 provide for the recovery of the appropriate pretax revenues
10 associated with the eligible infrastructure system projects,
11 less the appropriate pretax revenues associated with any
12 retired utility plant that is being replaced by the eligible
13 infrastructure system projects. The WSIRA shall not produce
14 revenues in excess of fifteen percent of the water or sewer
15 corporation's base revenue requirement approved by the
16 commission in the water or sewer corporation's most recent
17 general rate proceeding; provided, however, that neither
18 WSIRA revenues attributable to replacement of customer-owned
19 lead service lines, nor any reconciliation amounts described
20 in subdivision (2) of subsection 5 of section 393.1509,
21 shall count toward the program cap. The WSIRA and any
22 future changes thereto shall be calculated and implemented
23 in accordance with the provisions of sections 393.1503 to
24 393.1509. WSIRA revenues shall be subject to refund based

25 upon a finding and order of the commission, to the extent
26 provided in subsections 5 and 8 of section 393.1509.

27 2. The commission shall not approve a WSIRA for a
28 water or sewer corporation that has not had a general rate
29 proceeding decided or dismissed by issuance of a commission
30 order within the past three years of the filing of a
31 petition pursuant to this section unless the water or sewer
32 corporation has filed for or is the subject of a new general
33 rate proceeding.

34 3. In no event shall a water or sewer corporation
35 collect a WSIRA for a period exceeding three years unless
36 the water or sewer corporation has filed for or is the
37 subject of a pending general rate proceeding; provided that
38 the WSIRA may be collected until the effective date of new
39 rate schedules established as a result of the new general
40 rate proceeding or until the subject general rate proceeding
41 is otherwise decided or dismissed by issuance of a
42 commission order without new rates being established.

43 4. Except as provided in this subsection, in no event
44 shall a water or sewer corporation collect a WSIRA if also
45 collecting revenues from a commission approved
46 infrastructure system replacement surcharge as provided in
47 sections 393.1000 to 393.1006. In no event shall a customer
48 be charged both an infrastructure system replacement
49 surcharge as provided in sections 393.1000 to 393.1006 and a
50 WSIRA. In the event a water or sewer corporation is
51 collecting infrastructure system replacement surcharge
52 revenues under sections 393.1000 to 393.1006, that was
53 approved prior to August 28, 2021, when the initial WSIRA is
54 filed, the approved infrastructure system replacement
55 surcharge revenues shall be included in the new WSIRA filing.

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

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

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

18 To obtain one of the discounts set forth in subdivision (1)
19 or (2) of this subsection, the customer's load shall be
20 incremental, net of any offsetting load reductions due to
21 the termination of other accounts of the customer or an
22 affiliate of the customer within twelve months prior to the
23 commencement of service to the new load, the customer shall
24 receive an economic development incentive from the local,
25 regional, state, or federal government, or from an agency or
26 program of any such government, in conjunction with the
27 incremental load, and the customer shall meet the criteria
28 set forth in the gas corporation's economic development
29 rider tariff sheet, as approved by the commission, that are
30 not inconsistent with the provisions of this subsection.
31 Unless otherwise provided for by the gas corporation's

32 tariff, the applicable discount shall be a percentage
33 applied to all variable base-rate components of the bill.
34 The discount shall be applied to such incremental load from
35 the date when the meter has been permanently set until the
36 date that such incremental load no longer meets the criteria
37 required to qualify for the discount as determined under the
38 provisions of subsection 2 of this section, or a maximum of
39 four years. The gas corporation may include in its tariff
40 additional or alternative terms and conditions to a
41 customer's utilization of the discount, subject to approval
42 of such terms and conditions by the commission. The
43 customer, on forms supplied by the gas corporation, shall
44 apply for the applicable discount provided for by this
45 subsection at least ninety days prior to the date the
46 customer requests that the incremental usage receive one of
47 the discounts provided for by this subsection and shall
48 enter into a written agreement with the gas corporation
49 reflecting the discount percentages and other pertinent
50 details prior to which no discount will be available. If
51 the incremental usage is not separately metered, the gas
52 corporation's determination of the incremental usage shall
53 control. The gas corporation shall verify the customer's
54 consumption annually to determine continued qualification
55 for the applicable discount. Notwithstanding the foregoing
56 provisions of this subsection, the cents-per-CCF realization
57 resulting from application of any discounted rates as
58 calculated shall be higher than the gas corporation's
59 variable cost to serve such incremental usage and the
60 applicable discounted rate also shall make a positive
61 contribution to fixed costs associated with service to such
62 incremental usage. If in a subsequent general rate
63 proceeding the commission determines that application of a

64 discounted rate is not adequate to cover the gas
65 corporation's variable cost to serve the accounts in
66 question and provide a positive contribution to fixed costs,
67 then the commission shall reduce the discount for those
68 accounts prospectively to the extent necessary to do so.

69 2. In each general rate proceeding concluded after
70 August 28, 2024, the difference in revenues generated by
71 applying the discounted rates provided for by this section
72 and the revenues that would have been generated without such
73 discounts shall not be imputed into the gas corporation's
74 revenue requirement, but instead such revenue requirement
75 shall be set using the revenues generated by such discounted
76 rates, and the impact of the discounts provided for by this
77 section shall be allocated to all the gas corporation's
78 customer classes, including the classes with customers that
79 qualify for discounts under this section, through the
80 application of a uniform percentage adjustment to the
81 revenue requirement responsibility of all customer classes.
82 To qualify for the discounted rates provided for in this
83 section, customers shall meet the applicable criteria within
84 twenty-four months of initially receiving discounts based on
85 metering data for calendar months thirteen through twenty-
86 four and annually thereafter. If such data indicates that
87 the customer did not meet the applicable criteria for any
88 subsequent twelve-month period, it shall thereafter no
89 longer qualify for a discounted rate. Customer usage
90 existing at the time the customer makes application for
91 discounted rates under this section shall not constitute
92 incremental usage. The discounted rates provided for by
93 this section apply only to variable base-rate components,
94 with charges or credits arising from any rate adjustment
95 mechanism authorized by law to be applied to customers

96 **qualifying for discounted rates under this section in the**
97 **same manner as such rate adjustments would apply in absence**
98 **of this section.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

118 (15) "Securitized utility tariff bonds", bonds,
119 debentures, notes, certificates of participation,
120 certificates of beneficial interest, certificates of
121 ownership, or other evidences of indebtedness or ownership
122 that are issued by an electrical corporation or an assignee

123 pursuant to a financing order, the proceeds of which are
124 used directly or indirectly to recover, finance, or
125 refinance commission-approved securitized utility tariff
126 costs and financing costs, and that are secured by or
127 payable from securitized utility tariff property. If
128 certificates of participation or ownership are issued,
129 references in this section to principal, interest, or
130 premium shall be construed to refer to comparable amounts
131 under those certificates;

132 (16) "Securitized utility tariff charge", the amounts
133 authorized by the commission to repay, finance, or refinance
134 securitized utility tariff costs and financing costs and
135 that are, except as otherwise provided for in this section,
136 nonbypassable charges imposed on and part of all retail
137 customer bills, collected by an electrical corporation or
138 its successors or assignees, or a collection agent, in full,
139 separate and apart from the electrical corporation's base
140 rates, and paid by all existing or future retail customers
141 receiving electrical service from the electrical corporation
142 or its successors or assignees under commission-approved
143 rate schedules, except for customers receiving electrical
144 service under special contracts as of August 28, 2021, even
145 if a retail customer elects to purchase electricity from an
146 alternative electricity supplier following a fundamental
147 change in regulation of public utilities in this state. **Any**
148 **customer receiving electrical service under a commission-**
149 **approved market-based tariff with a load of at least eighty**
150 **megawatts, where the servicing electrical corporation has a**
151 **commission-approved market-based tariff as of the end of**
152 **calendar year 2023, is exempt from any securitized utility**
153 **tariff charges if the charge was approved by the commission**
154 **prior to customer energization and from any future**

155 **securitized utility tariff charges if the customer directly**
156 **incurred the costs being financed through the commission-**
157 **approved market-based tariff;**

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

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

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

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

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

181 2. (1) An electrical corporation may petition the
182 commission for a financing order to finance energy
183 transition costs through an issuance of securitized utility
184 tariff bonds. The petition shall include all of the
185 following:

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

196 (b) The energy transition costs;

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

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

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

214 (f) A comparison between the net present value of the
215 costs to customers that are estimated to result from the
216 issuance of securitized utility tariff bonds and the costs
217 that would result from the application of the traditional

218 method of financing and recovering the undepreciated
219 investment of facilities that may become securitized utility
220 tariff costs from customers. The comparison should
221 demonstrate that the issuance of securitized utility tariff
222 bonds and the imposition of securitized utility tariff
223 charges are expected to provide quantifiable net present
224 value benefits to customers;

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

233 (h) Direct testimony supporting the petition.

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

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

243 (b) An indicator of whether the electrical corporation
244 proposes to finance all or a portion of the qualified
245 extraordinary costs using securitized utility tariff bonds.
246 If the electrical corporation proposes to finance a portion
247 of the costs, the electrical corporation shall identify the
248 specific portion in the petition. By electing not to
249 finance all or any portion of such qualified extraordinary

250 costs using securitized utility tariff bonds, an electrical
251 corporation shall not be deemed to waive its right to
252 reflect such costs in its retail rates pursuant to a
253 separate proceeding with the commission;

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

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

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

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

278 (g) Direct testimony supporting the petition.

279 (3) (a) Proceedings on a petition submitted pursuant
280 to this subsection begin with the petition by an electrical
281 corporation and shall be disposed of in accordance with the

282 requirements of this section and the rules of the
283 commission, except as follows:

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

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

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

298 (b) In performing its responsibilities under this
299 section in approving, approving subject to conditions, or
300 rejecting a petition for a financing order, the commission
301 may retain counsel, one or more financial advisors, or other
302 consultants as it deems appropriate. Such outside counsel,
303 advisor or advisors, or consultants shall owe a duty of
304 loyalty solely to the commission and shall have no interest
305 in the proposed securitized utility tariff bonds. The costs
306 associated with any such engagements shall be paid by the
307 petitioning corporation and shall be included as financed
308 costs in the securitized utility tariff charge and shall not
309 be an obligation of the state and shall be assigned solely
310 to the subject transaction. **The commission may directly**
311 **contract counsel, financial advisors, or other consultants**
312 **as necessary for effectuating the purposes of this section.**
313 **Such contracting procedures shall not be subject to the**

314 **provisions of chapter 34, however the commission shall**
315 **establish a policy for the bid process. Such policy shall**
316 **be publicly available and any information related to**
317 **contracts under the established policy shall be included in**
318 **publicly available rate case documentation.**

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

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

330 b. A finding that the proposed issuance of securitized
331 utility tariff bonds and the imposition and collection of a
332 securitized utility tariff charge are just and reasonable
333 and in the public interest and are expected to provide
334 quantifiable net present value benefits to customers as
335 compared to recovery of the components of securitized
336 utility tariff costs that would have been incurred absent
337 the issuance of securitized utility tariff bonds.

338 Notwithstanding any provisions of this section to the
339 contrary, in considering whether to find the proposed
340 issuance of securitized utility tariff bonds and the
341 imposition and collection of a securitized utility tariff
342 charge are just and reasonable and in the public interest,
343 the commission may consider previous instances where it has
344 issued financing orders to the petitioning electrical

345 corporation and such electrical corporation has previously
346 issued securitized utility tariff bonds;

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

353 d. A requirement that, for so long as the securitized
354 utility tariff bonds are outstanding and until all financing
355 costs have been paid in full, the imposition and collection
356 of securitized utility tariff charges authorized under a
357 financing order shall be nonbypassable and paid by all
358 existing and future retail customers receiving electrical
359 service from the electrical corporation or its successors or
360 assignees under commission-approved rate schedules except
361 for customers receiving electrical service under special
362 contracts on August 28, 2021, even if a retail customer
363 elects to purchase electricity from an alternative electric
364 supplier following a fundamental change in regulation of
365 public utilities in this state. **Any customer receiving**
366 **electrical service under a commission-approved market-based**
367 **tariff with a load of at least eighty megawatts, where the**
368 **servicing electrical corporation has a commission-approved**
369 **market-based tariff as of the end of calendar year 2023, is**
370 **exempt from any securitized utility tariff charges if the**
371 **charge was approved by the commission prior to customer**
372 **energization and from any future securitized utility tariff**
373 **charges if the customer directly incurred the costs being**
374 **financed through the commission-approved market-based tariff;**
375 e. A formula-based true-up mechanism for making, at
376 least annually, expeditious periodic adjustments in the

377 securitized utility tariff charges that customers are
378 required to pay pursuant to the financing order and for
379 making any adjustments that are necessary to correct for any
380 overcollection or undercollection of the charges or to
381 otherwise ensure the timely payment of securitized utility
382 tariff bonds and financing costs and other required amounts
383 and charges payable under the securitized utility tariff
384 bonds;

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

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

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

405 i. A requirement that, after the final terms of an
406 issuance of securitized utility tariff bonds have been
407 established and before the issuance of securitized utility
408 tariff bonds, the electrical corporation determines the

409 resulting initial securitized utility tariff charge in
410 accordance with the financing order, and that such initial
411 securitized utility tariff charge be final and effective
412 upon the issuance of such securitized utility tariff bonds
413 with such charge to be reflected on a compliance tariff
414 sheet bearing such charge;

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

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

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

438 m. In a financing order granting authorization to
439 securitize energy transition costs or in a financing order
440 granting authorization to securitize qualified extraordinary

441 costs that include retired or abandoned facility costs, a
442 procedure for the treatment of accumulated deferred income
443 taxes and excess deferred income taxes in connection with
444 the retired or abandoned or to be retired or abandoned
445 electric generating facility, or in connection with retired
446 or abandoned facilities included in qualified extraordinary
447 costs. The accumulated deferred income taxes, including
448 excess deferred income taxes, shall be excluded from rate
449 base in future general rate cases and the net tax benefits
450 relating to amounts that will be recovered through the
451 issuance of securitized utility tariff bonds shall be
452 credited to retail customers by reducing the amount of such
453 securitized utility tariff bonds that would otherwise be
454 issued. The customer credit shall include the net present
455 value of the tax benefits, calculated using a discount rate
456 equal to the expected interest rate of the securitized
457 utility tariff bonds, for the estimated accumulated and
458 excess deferred income taxes at the time of securitization
459 including timing differences created by the issuance of
460 securitized utility tariff bonds amortized over the period
461 of the bonds multiplied by the expected interest rate on
462 such securitized utility tariff bonds;

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

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

471 (d) A financing order issued to an electrical
472 corporation may provide that creation of the electrical

473 corporation's securitized utility tariff property is
474 conditioned upon, and simultaneous with, the sale or other
475 transfer of the securitized utility tariff property to an
476 assignee and the pledge of the securitized utility tariff
477 property to secure securitized utility tariff bonds.

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

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

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

536 (h) As the actual structure and pricing of the
537 securitized utility tariff bonds will be unknown at the time
538 the financing order is issued, prior to the issuance of each
539 series of bonds, an issuance advice letter shall be provided
540 to the commission by the electrical corporation following
541 the determination of the final terms of such series of bonds
542 no later than one day after the pricing of the securitized
543 utility tariff bonds. The commission shall have the
544 authority to designate a representative or representatives
545 from commission staff, who may be advised by a financial
546 advisor or advisors contracted with the commission, to
547 provide input to the electrical corporation and collaborate
548 with the electrical corporation in all facets of the process
549 undertaken by the electrical corporation to place the
550 securitized utility tariff bonds to market so the
551 commission's representative or representatives can provide
552 the commission with an opinion on the reasonableness of the
553 pricing, terms, and conditions of the securitized utility
554 tariff bonds on an expedited basis. Neither the designated
555 representative or representatives from the commission staff
556 nor one or more financial advisors advising commission staff
557 shall have authority to direct how the electrical
558 corporation places the bonds to market although they shall
559 be permitted to attend all meetings convened by the
560 electrical corporation to address placement of the bonds to
561 market. The form of such issuance advice letter shall be
562 included in the financing order and shall indicate the final
563 structure of the securitized utility tariff bonds and
564 provide the best available estimate of total ongoing
565 financing costs. The issuance advice letter shall report
566 the initial securitized utility tariff charges and other
567 information specific to the securitized utility tariff bonds

568 to be issued, as the commission may require. Unless an
569 earlier date is specified in the financing order, the
570 electrical corporation may proceed with the issuance of the
571 securitized utility tariff bonds unless, prior to noon on
572 the fourth business day after the commission receives the
573 issuance advice letter, the commission issues a disapproval
574 letter directing that the bonds as proposed shall not be
575 issued and the basis for that disapproval. The financing
576 order may provide such additional provisions relating to the
577 issuance advice letter process as the commission considers
578 appropriate and as are not inconsistent with this section.

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

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

600 of retaining one or more financial advisors, one or more
601 consultants, and counsel on behalf of the commission shall
602 be paid by the petitioning electrical corporation and shall
603 be eligible for full recovery, including carrying costs, if
604 approved by the commission in the electrical corporation's
605 future rates.

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

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

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

629 3. (1) The commission may not, in exercising its
630 powers and carrying out its duties regarding any matter
631 within its authority, consider the securitized utility

632 tariff bonds issued pursuant to a financing order to be the
633 debt of the electrical corporation other than for federal
634 and state income tax purposes, consider the securitized
635 utility tariff charges paid under the financing order to be
636 the revenue of the electrical corporation for any purpose,
637 consider the securitized utility tariff costs or financing
638 costs specified in the financing order to be the costs of
639 the electrical corporation, nor may the commission determine
640 any action taken by an electrical corporation which is
641 consistent with the financing order to be unjust or
642 unreasonable, and section 386.300 shall not apply to the
643 issuance of securitized utility tariff bonds.

644 (2) Securitized utility tariff charges shall not be
645 utilized or accounted for in determining the electrical
646 corporation's average overall rate, as defined in section
647 393.1655 and as used to determine the maximum retail rate
648 impact limitations provided for by subsections 3 and 4 of
649 section 393.1655.

650 (3) No electrical corporation is required to file a
651 petition for a financing order under this section or
652 otherwise utilize this section. An electrical corporation's
653 decision not to file a petition for a financing order under
654 this section shall not be admissible in any commission
655 proceeding nor shall it be otherwise utilized or relied on
656 by the commission in any proceeding respecting the
657 electrical corporation's rates or its accounting, including,
658 without limitation, any general rate proceeding, fuel
659 adjustment clause docket, or proceedings relating to
660 accounting authority, whether initiated by the electrical
661 corporation or otherwise. The commission may not order or
662 otherwise directly or indirectly require an electrical
663 corporation to use securitized utility tariff bonds to

664 recover securitized utility tariff costs or to finance any
665 project, addition, plant, facility, extension, capital
666 improvement, equipment, or any other expenditure.

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

675 (5) After the issuance of a financing order with or
676 without conditions, the electrical corporation retains sole
677 discretion regarding whether to cause the securitized
678 utility tariff bonds to be issued, including the right to
679 defer or postpone such sale, assignment, transfer, or
680 issuance. Nothing shall prevent the electrical corporation
681 from abandoning the issuance of securitized utility tariff
682 bonds under the financing order by filing with the
683 commission a statement of abandonment and the reasons
684 therefor; provided, that the electrical corporation's
685 abandonment decision shall not be deemed imprudent because
686 of the potential availability of securitized utility tariff
687 bond financing; and provided further, that an electrical
688 corporation's decision to abandon issuance of such bonds may
689 be raised by any party, including the commission, as a
690 reason the commission should not authorize, or should
691 modify, the rate-making treatment proposed by the electrical
692 corporation of the costs associated with the electric
693 generating facility that was the subject of a petition under
694 this section that would have been securitized as energy
695 transition costs had such abandonment decision not been

696 made, but only if the electrical corporation requests
697 nonstandard plant retirement treatment of such costs for
698 rate-making purposes.

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

706 (7) The commission may not, directly or indirectly,
707 consider the existence of securitized utility tariff bonds
708 or the potential use of securitized utility tariff bond
709 financing proceeds in determining the electrical
710 corporation's authorized rate of return used to determine
711 the electrical corporation's revenue requirement used to set
712 its rates.

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

722 (1) Explicitly reflect that a portion of the charges
723 on such bill represents securitized utility tariff charges
724 approved in a financing order issued to the electrical
725 corporation and, if the securitized utility tariff property
726 has been transferred to an assignee, shall include a
727 statement to the effect that the assignee is the owner of

728 the rights to securitized utility tariff charges and that
729 the electrical corporation or other entity, if applicable,
730 is acting as a collection agent or servicer for the
731 assignee. The tariff applicable to customers shall indicate
732 the securitized utility tariff charge and the ownership of
733 the charge;

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

737 5. (1) (a) All securitized utility tariff property
738 that is specified in a financing order constitutes an
739 existing, present intangible property right or interest
740 therein, notwithstanding that the imposition and collection
741 of securitized utility tariff charges depends on the
742 electrical corporation, to which the financing order is
743 issued, performing its servicing functions relating to the
744 collection of securitized utility tariff charges and on
745 future electricity consumption. The property exists:

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

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

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

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

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

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

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

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

819 (2) (a) The creation, perfection, priority, and
820 enforcement of any security interest in securitized utility
821 tariff property to secure the repayment of the principal and

822 interest and other amounts payable in respect of securitized
823 utility tariff bonds, amounts payable under any ancillary
824 agreement and other financing costs are governed by this
825 section and not by the provisions of the code, except as
826 otherwise provided in this section.

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

830 a. The financing order is issued;

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

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

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

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

844 (c) Upon the filing of a financing statement with the
845 office of the secretary of state as provided in this
846 section, a security interest in securitized utility tariff
847 property shall be perfected against all parties having
848 claims of any kind in tort, contract, or otherwise against
849 the person granting the security interest, and regardless of
850 whether the parties have notice of the security interest.
851 Without limiting the foregoing, upon such filing a security
852 interest in securitized utility tariff property shall be

853 perfected against all claims of lien creditors, and shall
854 have priority over all competing security interests and
855 other claims other than any security interest previously
856 perfected in accordance with this section.

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

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

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

885 order the sequestration and payment to them of revenues
886 arising from the securitized utility tariff charges.

887 (3) (a) Any sale, assignment, or other transfer of
888 securitized utility tariff property shall be an absolute
889 transfer and true sale of, and not a pledge of or secured
890 transaction relating to, the seller's right, title, and
891 interest in, to, and under the securitized utility tariff
892 property if the documents governing the transaction
893 expressly state that the transaction is a sale or other
894 absolute transfer other than for federal and state income
895 tax purposes. For all purposes other than federal and state
896 income tax purposes, the parties' characterization of a
897 transaction as a sale of an interest in securitized utility
898 tariff property shall be conclusive that the transaction is
899 a true sale and that ownership has passed to the party
900 characterized as the purchaser, regardless of whether the
901 purchaser has possession of any documents evidencing or
902 pertaining to the interest. A sale or similar outright
903 transfer of an interest in securitized utility tariff
904 property may occur only when all of the following have
905 occurred:

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

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

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

913 After such a transaction, the securitized utility tariff
914 property is not subject to any claims of the transferor or
915 the transferor's creditors, other than creditors holding a

916 prior security interest in the securitized utility tariff
917 property perfected in accordance with this section.

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

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

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

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

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

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

938 f. The transferor acting as the servicer of the
939 securitized utility tariff charges or the existence of any
940 contract that authorizes or requires the electrical
941 corporation, to the extent that any interest in securitized
942 utility tariff property is sold or assigned, to contract
943 with the assignee or any financing party that it will
944 continue to operate its system to provide service to its
945 customers, will collect amounts in respect of the
946 securitized utility tariff charges for the benefit and
947 account of such assignee or financing party, and will

948 account for and remit such amounts to or for the account of
949 such assignee or financing party;

950 g. The treatment of the sale, conveyance, assignment,
951 or other transfer for tax, financial reporting, or other
952 purposes;

953 h. The granting or providing to bondholders a
954 preferred right to the securitized utility tariff property
955 or credit enhancement by the electrical corporation or its
956 affiliates with respect to such securitized utility tariff
957 bonds;

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

960 (c) Any right that an electrical corporation has in
961 the securitized utility tariff property before its pledge,
962 sale, or transfer or any other right created under this
963 section or created in the financing order and assignable
964 under this section or assignable pursuant to a financing
965 order is property in the form of a contract right or a chose
966 in action. Transfer of an interest in securitized utility
967 tariff property to an assignee is enforceable only upon the
968 later of:

969 a. The issuance of a financing order;

970 b. The assignor having rights in such securitized
971 utility tariff property or the power to transfer rights in
972 such securitized utility tariff property to an assignee;

973 c. The execution and delivery by the assignor of
974 transfer documents in connection with the issuance of
975 securitized utility tariff bonds; and

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

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

985 (d) The priority of a transfer perfected under this
986 section is not impaired by any later modification of the
987 financing order or securitized utility tariff property or by
988 the commingling of funds arising from securitized utility
989 tariff property with other funds. Any other security
990 interest that may apply to those funds, other than a
991 security interest perfected under this section, is
992 terminated when they are transferred to a segregated account
993 for the assignee or a financing party. If securitized
994 utility tariff property has been transferred to an assignee
995 or financing party, any proceeds of that property shall be
996 held in trust for the assignee or financing party.

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

1000 a. Conflicting perfected interests or rights of
1001 assignees rank according to priority in time of perfection.
1002 Priority dates from the time a filing covering the transfer
1003 is made in accordance with subsection 7 of this section;

1004 b. A perfected interest or right of an assignee has
1005 priority over a conflicting unperfected interest or right of
1006 an assignee;

1007 c. A perfected interest or right of an assignee has
1008 priority over a person who becomes a lien creditor after the
1009 perfection of such assignee's interest or right.

1010 6. The description of securitized utility tariff
1011 property being transferred to an assignee in any sale
1012 agreement, purchase agreement, or other transfer agreement,
1013 granted or pledged to a pledgee in any security agreement,
1014 pledge agreement, or other security document, or indicated
1015 in any financing statement is only sufficient if such
1016 description or indication refers to the financing order that
1017 created the securitized utility tariff property and states
1018 that the agreement or financing statement covers all or part
1019 of the property described in the financing order. This
1020 section applies to all purported transfers of, and all
1021 purported grants or liens or security interests in,
1022 securitized utility tariff property, regardless of whether
1023 the related sale agreement, purchase agreement, other
1024 transfer agreement, security agreement, pledge agreement, or
1025 other security document was entered into, or any financing
1026 statement was filed.

1027 7. The secretary of state shall maintain any financing
1028 statement filed to perfect a sale or other transfer of
1029 securitized utility tariff property and any security
1030 interest in securitized utility tariff property under this
1031 section in the same manner that the secretary of state
1032 maintains financing statements filed under the code to
1033 perfect a security interest in collateral owned by a
1034 transmitting utility. Except as otherwise provided in this
1035 section, all financing statements filed pursuant to this
1036 section shall be governed by the provisions regarding
1037 financing statements and the filing thereof under the code,
1038 including part 5 of article 9 of the code. A security
1039 interest in securitized utility tariff property may be
1040 perfected only by the filing of a financing statement in
1041 accordance with this section, and no other method of

1042 perfection shall be effective. Notwithstanding any
1043 provision of the code to the contrary, a financing statement
1044 filed pursuant to this section is effective until a
1045 termination statement is filed under the code, and no
1046 continuation statement need be filed to maintain its
1047 effectiveness. A financing statement filed pursuant to this
1048 section may indicate that the debtor is a transmitting
1049 utility, and without regard to whether the debtor is an
1050 electrical corporation, an assignee or otherwise qualifies
1051 as a transmitting utility under the code, but the failure to
1052 make such indication shall not impair the duration and
1053 effectiveness of the financing statement.

1054 8. The law governing the validity, enforceability,
1055 attachment, perfection, priority, and exercise of remedies
1056 with respect to the transfer of an interest or right or the
1057 pledge or creation of a security interest in any securitized
1058 utility tariff property shall be the laws of this state.

1059 9. Neither the state nor its political subdivisions
1060 are liable on any securitized utility tariff bonds, and the
1061 bonds are not a debt or a general obligation of the state or
1062 any of its political subdivisions, agencies, or
1063 instrumentalities, nor are they special obligations or
1064 indebtedness of the state or any agency or political
1065 subdivision. An issue of securitized utility tariff bonds
1066 does not, directly, indirectly, or contingently, obligate
1067 the state or any agency, political subdivision, or
1068 instrumentality of the state to levy any tax or make any
1069 appropriation for payment of the securitized utility tariff
1070 bonds, other than in their capacity as consumers of
1071 electricity. All securitized utility tariff bonds shall
1072 contain on the face thereof a statement to the following
1073 effect: "Neither the full faith and credit nor the taxing

1074 power of the state of Missouri is pledged to the payment of
1075 the principal of, or interest on, this bond.".

1076 10. All of the following entities may legally invest
1077 any sinking funds, moneys, or other funds in securitized
1078 utility tariff bonds:

1079 (1) Subject to applicable statutory restrictions on
1080 state or local investment authority, the state, units of
1081 local government, political subdivisions, public bodies, and
1082 public officers, except for members of the commission, the
1083 commission's technical advisory and other staff, or
1084 employees of the office of the public counsel;

1085 (2) Banks and bankers, savings and loan associations,
1086 credit unions, trust companies, savings banks and
1087 institutions, investment companies, insurance companies,
1088 insurance associations, and other persons carrying on a
1089 banking or insurance business;

1090 (3) Personal representatives, guardians, trustees, and
1091 other fiduciaries;

1092 (4) All other persons authorized to invest in bonds or
1093 other obligations of a similar nature.

1094 11. (1) The state and its agencies, including the
1095 commission, pledge and agree with bondholders, the owners of
1096 the securitized utility tariff property, and other financing
1097 parties that the state and its agencies will not take any
1098 action listed in this subdivision. This subdivision does
1099 not preclude limitation or alteration if full compensation
1100 is made by law for the full protection of the securitized
1101 utility tariff charges collected pursuant to a financing
1102 order and of the bondholders and any assignee or financing
1103 party entering into a contract with the electrical
1104 corporation. The prohibited actions are as follows:

1105 (a) Alter the provisions of this section, which
1106 authorize the commission to create an irrevocable contract
1107 right or chose in action by the issuance of a financing
1108 order, to create securitized utility tariff property, and
1109 make the securitized utility tariff charges imposed by a
1110 financing order irrevocable, binding, or nonbypassable
1111 charges for all existing and future retail customers of the
1112 electrical corporation except its existing special contract
1113 customers;

1114 (b) Take or permit any action that impairs or would
1115 impair the value of securitized utility tariff property or
1116 the security for the securitized utility tariff bonds or
1117 revises the securitized utility tariff costs for which
1118 recovery is authorized;

1119 (c) In any way impair the rights and remedies of the
1120 bondholders, assignees, and other financing parties;

1121 (d) Except for changes made pursuant to the formula-
1122 based true-up mechanism authorized under this section,
1123 reduce, alter, or impair securitized utility tariff charges
1124 that are to be imposed, billed, charged, collected, and
1125 remitted for the benefit of the bondholders, any assignee,
1126 and any other financing parties until any and all principal,
1127 interest, premium, financing costs and other fees, expenses,
1128 or charges incurred, and any contracts to be performed, in
1129 connection with the related securitized utility tariff bonds
1130 have been paid and performed in full.

1131 (2) Any person or entity that issues securitized
1132 utility tariff bonds may include the language specified in
1133 this subsection in the securitized utility tariff bonds and
1134 related documentation.

1135 12. An assignee or financing party is not an
1136 electrical corporation or person providing electric service

1137 by virtue of engaging in the transactions described in this
1138 section.

1139 13. If there is a conflict between this section and
1140 any other law regarding the attachment, assignment, or
1141 perfection, or the effect of perfection, or priority of,
1142 assignment or transfer of, or security interest in
1143 securitized utility tariff property, this section shall
1144 govern.

1145 14. If any provision of this section is held invalid
1146 or is invalidated, superseded, replaced, repealed, or
1147 expires for any reason, that occurrence does not affect the
1148 validity of any action allowed under this section which is
1149 taken by an electrical corporation, an assignee, a financing
1150 party, a collection agent, or a party to an ancillary
1151 agreement; and any such action remains in full force and
1152 effect with respect to all securitized utility tariff bonds
1153 issued or authorized in a financing order issued under this
1154 section before the date that such provision is held invalid
1155 or is invalidated, superseded, replaced, or repealed, or
1156 expires for any reason.

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

- 3 (1) Inspection of all valves every ten years;
4 (2) Scheduled repair or replacement of broken valves;
5 and

6 (3) Within five years of August 28, 2020,
7 identification of each shut-off valve location using a
8 geographic information system or an alternative physical
9 mapping system that accurately identifies the location of
10 each valve.

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

13 (1) [Annual] **Scheduled** testing of every hydrant in the
14 community water system;

15 (2) Scheduled repair or replacement of broken hydrants;

16 (3) A plan to flush every hydrant and dead-end main;

17 (4) Maintenance of records of inspections, tests, and
18 flushings for six years; and

19 (5) Within five years of August 28, 2020,
20 identification of each hydrant location using a geographic
21 information system or an alternative physical mapping system
22 that accurately identifies the location of each hydrant.

23 3. The provisions of this section shall not apply to
24 any state parks, cities with a population of more than
25 thirty thousand inhabitants, a county with a charter form of
26 government and with more than six hundred thousand but fewer
27 than seven hundred thousand inhabitants, a county with a
28 charter form of government and with more than nine hundred
29 fifty thousand inhabitants, or a public service commission
30 regulated utility with more than thirty thousand customers.

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