

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By

1 AMEND House Committee Substitute for House Bill No. 734, Pages 2 and 4, Section 393.1700, Lines 20,  
2 24, 33, and 115, by deleting each occurrence of the word "coal-fired"; and

3  
4 Further amend said bill and section, Page 3, Line 70, by inserting after the word "incurred" the word  
5 "prudently"; and

6  
7 Further amend said bill and section, Page 5, Lines 139 to 140, by deleting all of said lines and inserting in  
8 lieu thereof the following:

9  
10 "quantifiable benefits to customers;

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

15 (h) Direct testimony and schedules supporting the petition."; and

16  
17 Further amend said bill and section, Page 6, Lines 162 to 163, by deleting all of said lines and inserting in  
18 lieu thereof the following:

19  
20 "customers;

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

25 (g) Direct testimony and schedules supporting the petition."; and

26  
27 Further amend said bill, page, and section, Lines 173 to 183, by deleting all of said lines and inserting in lieu  
28 thereof the following:

29  
30 "petition; provided, however, that the electrical corporation shall provide notice of intent to file a  
31 petition for in proceedings initiated by the first petition for a financing order to the commission no less than  
32 60 days in advance of such filing; and

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

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

37 a. The amount of securitized utility tariff costs to be financed using securitized utility tariff bonds  
38 and a finding that recovery of such costs is just and reasonable. The commission shall describe and estimate  
39 the amount of financing costs that may be recovered through securitized utility tariff charges and specify the  
40 period over which securitized utility tariff costs and financing costs may be recovered;

Action Taken \_\_\_\_\_ Date \_\_\_\_\_

1 b. A finding that the proposed issuance of securitized utility tariff bonds and the imposition and  
 2 collection of a securitized utility tariff charge are just and reasonable and are expected to provide"; and  
 3

4 Further amend said bill and section, Pages 7 to 8, Lines 230 to 256, by deleting all of said lines and inserting  
 5 in lieu thereof the following:  
 6

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

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

17 m. In a financing order granting authorization to securitize energy transition costs or in a financing  
 18 order granting authorization to securitize qualified extraordinary costs that include retired or abandoned  
 19 facility costs, a procedure for the treatment of accumulated deferred income taxes and excess deferred income  
 20 taxes in connection with the retired or abandoned or to be retired or abandoned electric generating facility, or  
 21 in connection with retired or abandoned facilities included in qualified extraordinary costs. The accumulated  
 22 deferred income taxes, including excess deferred income taxes, shall be excluded from rate base in future  
 23 general rate cases and the net tax benefits relating to amounts that will be recovered through the issuance of  
 24 securitized utility tariff bonds shall be credited to retail customers by reducing the amount of such securitized  
 25 utility tariff bonds that would otherwise be issued. The customer credit shall include the net present value of  
 26 the tax benefits, calculated using a discount rate equal to the expected interest rate of the securitized utility  
 27 tariff bonds, for the estimated accumulated and excess deferred income taxes at the time of securitization  
 28 including timing differences created by the issuance of securitized utility tariff bonds amortized over the  
 29 period of the bonds multiplied by the expected interest rate on such securitized utility tariff bonds;

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

33 o. Any other conditions that the commission considers appropriate and that are"; and  
 34

35 Further amend said bill and section, Page 9, Line 280, by inserting after the word "(e)" the word "a."; and  
 36

37 Further amend said bill, page, and section, Line 289, by inserting after all of said line the following:  
 38

39 "b. The commission, in a financing order and subject to the issuance advice letter process under sub-  
 40 paragraph c of this paragraph, shall afford the electrical corporation flexibility in establishing the terms and  
 41 conditions for the securitized utility tariff bonds to accommodate changes in market conditions, including  
 42 repayment schedules, interest rates, financing costs, collateral requirements, required debt service and other  
 43 reserves and the ability of the electrical corporation, at its option, to effect a series of issuances of securitized  
 44 utility tariff bonds and correlated assignments, sales, pledges or other transfers of securitized utility tariff  
 45 property. Any changes made under this sub-paragraph to terms and conditions for the securitized utility tariff  
 46 bonds shall be in conformance with the financing order.

47 c. As the actual structure and pricing of the securitized utility tariff bonds will be unknown at the  
 48 time the financing order is issued, the electrical corporation that intends to cause the issuance of such bonds  
 49 shall provide to the commission, prior to the issuance of each series of bonds, an issuance advice letter  
 50 following the determination of the final terms of such series of bonds no later than one day after the pricing  
 51 of the securitized utility tariff bonds. The commission shall have the authority to designate a representative  
 52 from commission staff, who may be advised by a financial adviser contracted with the commission, to  
 53 observe all facets of the process undertaken by the electrical corporation to place the securitized utility tariff

1 bonds to market so the commission's representative can be prepared, if requested, to provide the commission  
 2 with an opinion on the reasonableness of the pricing, terms and conditions of the securitized utility tariff  
 3 bonds on an expedited basis. The form of such issuance advice letter shall be included in the financing order  
 4 and shall indicate the final structure of the securitized utility tariff bonds and provide the best available  
 5 estimate of total ongoing financing costs. The issuance advice letter shall report the initial securitized utility  
 6 tariff charges and other information specific to the securitized utility tariff bonds to be issued, as the  
 7 commission may require. Unless an earlier date is specified in the financing order, the electrical corporation  
 8 may proceed with the issuance of the securitized utility tariff bonds unless, prior to noon on the fourth  
 9 business day after the commission receives the issuance advice letter, the commission issues a disapproval  
 10 letter directing that the bonds as proposed shall not be issued and the basis for that disapproval. The  
 11 financing order may provide such additional provisions relating to the issuance advice letter process as the  
 12 commission considers appropriate and as are authorized by this section."; and

13  
 14 Further amend said bill, page and section, Lines 290 to 292, by deleting all of said lines and inserting in lieu  
 15 thereof the following:

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 17 "(4) (a) In performing the responsibilities of this section in connection with the issuance of a  
 18 financing order, the commission shall undertake due diligence as it deems appropriate prior to the issuance of  
 19 the financing order pursuant to which the commission may request additional information from the electrical  
 20 corporation and may engage a financial advisor and counsel as the commission deems necessary. Any  
 21 financial advisor or counsel engaged by the commission shall have a fiduciary duty with respect to the  
 22 proposed issuance of securitized utility bonds solely to the commission. All expenses associated with such  
 23 services shall be"; and

24  
 25 Further amend said bill, Pages 20 to 24, Section 393.1705, Lines 37, 39, 41, 56, 62-63, 66, 69, 95-96, 112,  
 26 128, 129, 133 and 140, by deleting each occurrence of the word "coal-fired"; and

27  
 28 Further amend said bill and section, Page 20, Line 35, by inserting after the number "(1)" the following:

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 30 "Unless the commission has, prior to August 28, 2021, issued an order or orders acknowledging retirement by  
 31 an electrical corporation of specific electric generating facilities and an order or orders authorizing  
 32 construction by such electrical corporation of generating facilities in place of such retired electric generating  
 33 facilities,"; and

34  
 35 Further amend said bill and section, Page 23, Line 113, by deleting the word "coal"; and

36  
 37 Further amend said bill and section, Page 24, Lines 168 and 172, by deleting each occurrence of the word  
 38 "thirty-five" and inserting in lieu thereof the word "eighty-five"; and

39  
 40 Further amend said bill and section, Page 28, Line 81, by inserting after all of said line the following:

41  
 42 "6. The commission may promulgate rules to implement the provisions of sections 393.1700 to  
 43 393.1715. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the  
 44 authority delegated in this section shall become effective only if it complies with and is subject to all of the  
 45 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable  
 46 and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the  
 47 effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of  
 48 rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid and void."; and

49  
 50 Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.