

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 202

AN ACT

To repeal section 400.9-109, RSMo, and to enact in lieu thereof five new sections relating to electrical corporations.

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

Section A. Section 400.9-109, RSMo, is repealed and five new sections enacted in lieu thereof, to be known as sections 393.1700, 393.1705, 393.1710, 393.1715, and 400.9-109, to read as follows:

393.1700. 1. For purposes of this section and section 393.1705, the following terms shall mean:

(1) "Ancillary agreement", a bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, hedging arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with energy transition bonds;

(2) "Assignee", a legally recognized entity to which an electrical corporation assigns, sells, or transfers, other than as security, all or a portion of its interest in or right to energy transition property. The term includes a corporation, limited liability company, general partnership or limited partnership, public authority, trust, financing entity, or any entity to which an assignee assigns, sells, or transfers, other than as security, its interest in or right to energy transition property;

(3) "Bondholder", a person who holds an energy transition bond;

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

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

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

(7) "Energy transition bonds", bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that are issued by an electrical corporation or an assignee pursuant to a financing order, the proceeds of which are used directly or indirectly to recover, finance, or refinance commission-approved energy transition costs and financing costs, and that are secured by or payable from energy transition property. If certificates of participation or ownership are issued, references in this section to principal, interest, or premium shall be construed to refer to comparable amounts under those certificates;

(8) "Energy transition charge", the amounts authorized by the commission to repay, finance, or refinance energy transition costs and financing costs and that are, except as otherwise provided for in this section, nonbypassable charges imposed on and part of all retail customer bills, collected by an electrical corporation or its successors or assignees, or a collection agent, in full, separate and apart from the electrical corporation's base rates, and paid by all existing or future retail customers receiving electrical service from the electrical corporation or its successors or assignees under commission-approved rate schedules, except for customers receiving electrical service under special contracts as of August 28, 2021, even if a retail customer elects to purchase electricity from an

alternative electricity supplier following a fundamental change in regulation of public utilities in this state;

(9) "Energy transition costs", all of the following:

(a) Pretax costs with respect to a retired or abandoned or to be retired or abandoned coal-fired electric generating facility that is the subject of a petition for a financing order filed under this section where such early retirement or abandonment is deemed reasonable and prudent by the commission through a final order issued by the commission, include, but are not limited to, the undepreciated investment in the retired or abandoned or to be retired or abandoned coal-fired electric generating facility and any facilities ancillary thereto or used in conjunction therewith, costs of decommissioning and restoring the site of the electric generating facility, other applicable capital and operating costs, accrued carrying charges, and deferred expenses, with the foregoing to be reduced by applicable insurance, scrap and salvage proceeds, and include the cost of retiring any existing indebtedness, fees, costs, and expenses to modify existing debt agreements or for waivers or consents related to existing debt agreements;

(b) Pretax costs that an electrical corporation has previously incurred related to the retirement or abandonment of such a coal-fired electric generating facility occurring before August 28, 2021;

(10) "Energy transition property", all of the following:

(a) All rights and interests of an electrical corporation or successor or assignee of the electrical corporation under a financing order, including the right to impose, bill, charge, collect, and receive energy transition charges authorized under the financing order and to obtain

periodic adjustments to such charges as provided in the financing order;

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

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

(a) Interest and acquisition, defeasance, or redemption premiums payable on energy transition bonds;

(b) Any payment required under an ancillary agreement and any amount required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing documents pertaining to energy transition bonds;

(c) Any other cost related to issuing, supporting, repaying, refunding, and servicing energy transition bonds, including servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, structuring adviser fees, administrative fees, placement and underwriting fees, independent director and manager fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other costs necessary to otherwise ensure the timely payment of energy transition bonds or other amounts or charges payable in connection with the bonds, including costs related to obtaining the financing order;

(d) Any taxes and license fees or other fees imposed on the revenues generated from the collection of the energy

transition charge or otherwise resulting from the collection of energy transition charges, in any such case whether paid, payable, or accrued;

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

(12) "Financing order", an order from the commission that authorizes the issuance of energy transition bonds; the imposition, collection, and periodic adjustments of an energy transition charge; the creation of energy transition property; and the sale, assignment, or transfer of energy transition property to an assignee;

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

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

(15) "Pledgee", a financing party to which an electrical corporation or its successors or assignees mortgages, negotiates, pledges, or creates a security interest or lien on all or any portion of its interest in or right to energy transition property;

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

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

2. (1) An electrical corporation may petition the commission for a financing order. The petition shall include all of the following:

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

(b) The energy transition costs;

(c) An indicator of whether the electrical corporation proposes to finance all or a portion of the energy transition costs using energy transition bonds. If the electrical corporation proposes to finance a portion of the costs, the electrical corporation shall identify the specific portion in the petition. By electing not to finance all or any portion of such energy transition costs using energy transition bonds, an electrical corporation shall not be deemed to waive its right to recover such costs pursuant to a separate proceeding with the commission;

(d) An estimate of the financing costs related to the energy transition bonds;

(e) An estimate of the energy transition charges necessary to recover the energy transition costs and financing costs and the period for recovery of such costs;

(f) A comparison between the net present value of the costs to customers that are estimated to result from the issuance of energy transition bonds and the costs that would result from the application of the traditional method of financing and recovering the undepreciated investment of facilities that may become energy transition costs from

customers. The comparison should demonstrate that the issuance of energy transition bonds and the imposition of energy transition charges are expected to provide quantifiable benefits to customers;

(g) Direct testimony and schedules supporting the petition.

(2) If an electrical corporation is subject to a separate commission order or proceeding that governs the type and amount of costs that could be included in energy transition costs and the electrical corporation proposes to finance all or a portion of the costs using energy transition bonds, then, to the extent required or contemplated by such order or proceeding, the electrical corporation shall file a petition with the commission for review and approval of those costs prior to or concurrently with filing a petition for a financing order pursuant to this section.

(3) (a) Proceedings on a petition submitted pursuant to this subdivision begin with the petition by an electrical corporation, filed subject to the time frame specified in subdivision (2) of this subsection, if applicable, and shall be disposed of in accordance with the requirements of this section and the rules of the commission, except as follows:

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

b. No later than one hundred thirty-five days after the date the petition is filed, the commission shall issue a financing order or an order rejecting the petition;

c. An adversely affected party may seek judicial review in accordance with sections 386.500 and 386.510.

(b) A financing order issued by the commission to an electrical corporation shall include all of the following elements:

a. Except for changes made pursuant to the formula-based true-up mechanism authorized under this section, the amount of energy transition costs to be financed using energy transition bonds. The commission shall describe and estimate the amount of financing costs that may be recovered through energy transition charges and specify the period over which energy transition costs and financing costs may be recovered;

b. A finding that the proposed issuance of energy transition bonds and the imposition and collection of an energy transition charge are expected to provide quantifiable benefits to customers as compared to the costs to recover the energy transition costs that would have been incurred absent the issuance of energy transition bonds;

c. A finding that the structuring and pricing of the energy transition bonds are reasonably expected to result in the lowest energy transition charges consistent with market conditions at the time the energy transition bonds are priced and the terms of the financing order;

d. A requirement that, for so long as the energy transition bonds are outstanding and until all financing costs have been paid in full, the imposition and collection of energy transition charges authorized under a financing order shall be nonbypassable and paid by all existing and future retail customers receiving electrical service from the electrical corporation or its successors or assignees under commission-approved rate schedules except for customers receiving electrical service under special contracts on August 28, 2021, even if a retail customer elects to purchase electricity from an alternative electric



supplier following a fundamental change in regulation of public utilities in this state;

e. A formula-based true-up mechanism for making, at least annually, expeditious periodic adjustments in the energy transition charges that customers are required to pay pursuant to the financing order and for making any adjustments that are necessary to correct for any overcollection or undercollection of the charges or to otherwise ensure the timely payment of energy transition bonds and financing costs and other required amounts and charges payable in connection with the energy transition bonds;

f. The energy transition property that is, or shall be, created in favor of an electrical corporation or its successors or assignees and that shall be used to pay or secure energy transition bonds and all financing costs;

g. The degree of flexibility to be afforded to the electrical corporation in establishing the terms and conditions of the energy transition bonds, including, but not limited to, repayment schedules, expected interest rates, and other financing costs;

h. How energy transition charges will be allocated among customer classes;

i. A requirement that, after the final terms of an issuance of energy transition bonds have been established and before the issuance of energy transition bonds, the electrical corporation determines the resulting initial energy transition charge in accordance with the financing order and that such initial energy transition charge be final and effective upon the issuance of such energy transition bonds without further commission action so long as the energy transition charge is consistent with the financing order;

j. A method of tracing funds collected as energy transition charges, or other proceeds of energy transition property, determining that such method shall be deemed the method of tracing such funds and determining the identifiable cash proceeds of any energy transition property subject to a financing order under applicable law;

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

l. A procedure for the treatment of accumulated deferred income taxes and excess deferred income taxes in connection with the retired or abandoned or to be retired or abandoned coal-fired electric generating facility. The net benefits of accumulated deferred income taxes, including excess deferred income taxes, relating to amounts that will be recovered through issuance of energy transition bonds shall be credited to retail customers by reducing the amount of such energy transition bonds that would otherwise be issued by the net present value of the related tax cash flows, using a discount rate equal to the expected interest rate on such energy transition bonds;

m. Include any other conditions that the commission considers appropriate and that are authorized by this section.

(c) A financing order issued to an electrical corporation may provide that creation of the electrical corporation's energy transition property is conditioned upon, and simultaneous with, the sale or other transfer of

the energy transition property to an assignee and the pledge of the energy transition property to secure energy transition bonds.

(d) If the commission issues a financing order, the electrical corporation shall file with the commission at least annually a petition or a letter applying the formula-based true-up mechanism and, based on estimates of consumption for each rate class and other mathematical factors, requesting administrative approval to make the applicable adjustments. The review of the filing shall be limited to determining whether there are any mathematical or clerical errors in the application of the formula-based true-up mechanism relating to the appropriate amount of any overcollection or undercollection of energy transition charges and the amount of an adjustment. The adjustments shall ensure the recovery of revenues sufficient to provide for the payment of principal, interest, acquisition, defeasance, financing costs, or redemption premium and other fees, costs, and charges in respect of energy transition bonds approved under the financing order. Within thirty days after receiving an electrical corporation's request pursuant to this paragraph, the commission shall either approve the request or inform the electrical corporation of any mathematical or clerical errors in its calculation. If the commission informs the electrical corporation of mathematical or clerical errors in its calculation, the electrical corporation may correct its error and refile its request. The time frames previously described in this paragraph shall apply to a refiled request.

(e) At the time of any transfer of energy transition property to an assignee or the issuance of energy transition bonds authorized thereby, whichever is earlier, a financing order is irrevocable and, except for changes made pursuant

to the formula-based true-up mechanism authorized in this section, the commission may not amend, modify, or terminate the financing order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust energy transition charges approved in the financing order. After the issuance of a financing order, the electrical corporation retains sole discretion regarding whether to assign, sell, or otherwise transfer energy transition property or to cause energy transition bonds to be issued, including the right to defer or postpone such assignment, sale, transfer, or issuance.

(4) At the request of an electrical corporation, the commission may commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding energy transition bonds issued pursuant to the original financing order if the commission finds that the subsequent financing order satisfies all of the criteria specified in this section for a financing order. Effective upon retirement of the refunded energy transition bonds and the issuance of new energy transition bonds, the commission shall adjust the related energy transition charges accordingly.

(5) (a) A financing order remains in effect and energy transition property under the financing order continues to exist until energy transition bonds issued pursuant to the financing order have been paid in full or defeased and, in each case, all commission-approved financing costs of such energy transition bonds have been recovered in full.

(b) A financing order issued to an electrical corporation remains in effect and unabated notwithstanding the reorganization, bankruptcy, or other insolvency

proceedings, merger, or sale of the electrical corporation or its successors or assignees.

3. (1) The commission may not, in exercising its powers and carrying out its duties regarding any matter within its authority, consider the energy transition bonds issued pursuant to a financing order to be the debt of the electrical corporation other than for federal and state income tax purposes, consider the energy transition charges paid under the financing order to be the revenue of the electrical corporation for any purpose, consider the energy transition costs or financing costs specified in the financing order to be the costs of the electrical corporation, nor may the commission determine any action taken by an electrical corporation which is consistent with the financing order to be unjust or unreasonable, and section 386.300 shall not apply to the issuance of energy transition bonds.

(2) Energy transition charges shall not be utilized or accounted for in determining the electrical corporation's average overall rate, as defined in section 393.1655 and as used to determine the maximum retail rate impact limitations provided for by subsections 3 and 4 of section 393.1655.

(3) No electrical corporation is required to file a petition for a financing order under this section or otherwise utilize this section. An electrical corporation's decision not to file a petition for a financing order under this section or otherwise utilize this section shall not be admissible in any commission proceeding nor shall it be otherwise utilized or relied on by the commission in any proceeding respecting the electrical corporation's rates or its accounting, including, without limitation, any general rate proceeding, fuel adjustment clause docket, or proceedings relating to accounting authority, whether

initiated by the electrical corporation or otherwise. The commission may not order or otherwise directly or indirectly require an electrical corporation to use energy transition bonds to recover energy transition costs or to finance any project, addition, plant, facility, extension, capital improvement, equipment, or any other expenditure. After the issuance of a financing order, the electrical corporation retains sole discretion regarding whether to cause the energy transition bonds to be issued, including the right to defer or postpone such sale, assignment, transfer, or issuance. Nothing shall prevent the electrical corporation from abandoning the issuance of energy transition bonds under the financing order by filing with the commission a statement of abandonment and the reasons therefor; provided, that the electrical corporation's abandonment decision shall not be deemed imprudent because of the potential availability of energy transition bond financing.

(4) The commission may not refuse to allow an electrical corporation to recover energy transition costs in an otherwise permissible fashion, or refuse or condition authorization or approval of the issuance and sale by an electrical corporation of securities or the assumption by the electrical corporation of liabilities or obligations, because of the potential availability of energy transition bond financing.

(5) The commission may not, directly or indirectly, utilize or consider the debt reflected by the energy transition bonds in establishing the electrical corporation's capital structure used to determine any regulatory matter, including but not limited to the electrical corporation's revenue requirement used to set its rates.

(6) The commission may not, directly or indirectly, consider the existence of energy transition bonds or the potential use of energy transition bond financing proceeds in determining the electrical corporation's authorized rate of return used to determine the electrical corporation's revenue requirement used to set its rates.

4. The electric bills of an electrical corporation that has obtained a financing order and caused energy transition bonds to be issued shall comply with the provisions of this subsection; however, the failure of an electrical corporation to comply with this subsection does not invalidate, impair, or affect any financing order, energy transition property, energy transition charge, or energy transition bonds. The electrical corporation shall do the following:

(1) Explicitly reflect that a portion of the charges on such bill represents energy transition charges approved in a financing order issued to the electrical corporation and, if the energy transition property has been transferred to an assignee, shall include a statement to the effect that the assignee is the owner of the rights to energy transition charges and that the electrical corporation or other entity, if applicable, is acting as a collection agent or servicer for the assignee. The tariff applicable to customers shall indicate the energy transition charge and the ownership of the charge;

(2) Include the energy transition charge on each customer's bill as a separate line item and include both the rate and the amount of the charge on each bill.

5. (1) (a) All energy transition property that is specified in a financing order constitutes an existing, present intangible property right or interest therein, notwithstanding that the imposition and collection of energy

transition charges depends on the electrical corporation, to which the financing order is issued, performing its servicing functions relating to the collection of energy transition charges and on future electricity consumption.

The property exists:

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

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

(b) Energy transition property specified in a financing order exists until energy transition bonds issued pursuant to the financing order are paid in full and all financing costs and other costs of such energy transition bonds have been recovered in full.

(c) All or any portion of energy transition property specified in a financing order issued to an electrical corporation may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the electrical corporation and created for the limited purpose of acquiring, owning, or administering energy transition property or issuing energy transition bonds under the financing order. All or any portion of energy transition property may be pledged to secure energy transition bonds issued pursuant to the financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Any transfer, sale, conveyance, assignment, grant of a security interest in or pledge of energy transition property by an electrical corporation, or an affiliate of the



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

(d) If an electrical corporation defaults on any required remittance of energy transition charges arising from energy transition property specified in a financing order, a court, upon application by an interested party, and without limiting any other remedies available to the applying party, shall order the sequestration and payment of the revenues arising from the energy transition property to the financing parties or their assignees. Any such financing order remains in full force and effect notwithstanding any reorganization, bankruptcy, or other insolvency proceedings with respect to the electrical corporation or its successors or assignees.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy transition property specified in a financing order issued to an electrical corporation, and in the revenue and collections arising from that property, is not subject to setoff, counterclaim, surcharge, or defense by the electrical corporation or any other person or in connection with the reorganization, bankruptcy, or other insolvency of the electrical corporation or any other entity.

(f) Any successor to an electrical corporation, whether pursuant to any reorganization, bankruptcy, or other insolvency proceeding or whether pursuant to any merger or acquisition, sale, or other business combination, or transfer by operation of law, as a result of electrical corporation restructuring or otherwise, shall perform and satisfy all obligations of, and have the same rights under a financing order as, the electrical corporation under the financing order in the same manner and to the same extent as

the electrical corporation, including collecting and paying to the person entitled to receive the revenues, collections, payments, or proceeds of the energy transition property. Nothing in this section is intended to limit or impair any authority of the commission concerning the transfer or succession of interests of public utilities.

(g) Energy transition bonds shall be nonrecourse to the credit or any assets of the electrical corporation other than the energy transition property as specified in the financing order and any rights under any ancillary agreement.

(2) (a) The creation, perfection, and enforcement of any security interest in energy transition property to secure the repayment of the principal and interest and other amounts payable in respect of energy transition bonds, amounts payable under any ancillary agreement and other financing costs are governed by this subsection and not by the provisions of the code, except as otherwise provided in this section.

(b) A security interest in energy transition property is created, valid, and binding and perfected at the later of the time:

a. The financing order is issued;

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

c. The debtor has rights in such energy transition property or the power to transfer rights in such energy transition property; or

d. Value is received for the energy transition property.

The description of energy transition property in a security agreement is sufficient if the description refers to this section and the financing order creating the energy transition property.

(c) A security interest shall attach as provided in paragraph (b) of this subdivision without any physical delivery of collateral or other act, and, upon the filing of a financing statement with the office of the secretary of state, the lien of the security interest shall be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien. Also upon this filing, a security interest or transfer of an interest in the energy transition property shall be perfected against all parties having claims of any kind, including any judicial lien or other lien creditors, or any claims of the seller or creditors of the seller, and shall have priority over all competing claims other than any prior perfected security interest, ownership interest, or assignment in the property previously perfected in accordance with this section.

(d) The secretary of state shall maintain any financing statement filed to perfect any security interest under this section in the same manner that the secretary maintains financing statements filed to perfect security interest in collateral owned by transmitting utilities under the code. The filing of a financing statement under this section shall be governed by the provisions regarding the filing of financing statements in the code.

(e) The priority of a security interest in energy transition property is not affected by the commingling of energy transition charges with other amounts. Any pledgee or secured party shall have a perfected security interest in the amount of all energy transition charges that are deposited in any cash or deposit account of the qualifying electrical corporation in which energy transition charges have been commingled with other funds and any other security

interest that may apply to those funds shall be terminated when they are transferred to a segregated account for the assignee or a financing party.

(f) No application of the formula-based true-up mechanism as provided in this section will affect the validity, perfection, or priority of a security interest in or transfer of energy transition property.

(g) If a default or termination occurs under the energy transition bonds, the financing parties or their representatives may foreclose on or otherwise enforce their lien and security interest in any energy transition property as if they were secured parties with a perfected and prior lien under the code, and the commission may order amounts arising from energy transition charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest shall apply. On application by or on behalf of the financing parties, the circuit court for the county or city in which the electrical corporation's headquarters is located shall order the sequestration and payment to them of revenues arising from the energy transition charges.

(3) (a) Any sale, assignment, or other transfer of energy transition property shall be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the energy transition property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer other than for federal and state income tax purposes. For all purposes other than federal and state income tax purposes, the parties' characterization of a transaction as a sale of an interest in energy transition property shall be conclusive that the transaction is a true sale and that ownership has

passed to the party characterized as the purchaser, regardless of whether the purchaser has possession of any documents evidencing or pertaining to the interest. A transfer of an interest in energy transition property may occur only when all of the following have occurred:

a. The financing order creating the energy transition property has become effective;

b. The documents evidencing the transfer of energy transition property have been executed by the assignor and delivered to the assignee; and

c. Value is received for the energy transition property.

After such a transaction, the energy transition property is not subject to any claims of the transferor or the transferor's creditors, other than creditors holding a prior security interest in the energy transition property perfected in accordance with subdivision (2) of subsection 5 of this section.

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

a. Commingling of energy transition charges with other amounts;

b. The retention by the seller of (i) a partial or residual interest, including an equity interest, in the energy transition property, whether direct or indirect, or whether subordinate or otherwise, or (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of energy transition charges;

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

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

e. The obligation of the seller to collect energy transition charges on behalf of an assignee;

f. The transferor acting as the servicer of the energy transition charges or the existence of any contract that authorizes or requires the electrical corporation, to the extent that any interest in energy transition property is sold or assigned, to contract with the assignee or any financing party that it will continue to operate its system to provide service to its customers, will collect amounts in respect of the energy transition charges for the benefit and account of such assignee or financing party, and will account for and remit such amounts to or for the account of such assignee or financing party;

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

h. The granting or providing to bondholders a preferred right to the energy transition property or credit enhancement by the electrical corporation or its affiliates with respect to such energy transition bonds;

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

(c) Any right that an electrical corporation has in the energy transition property before its pledge, sale, or transfer or any other right created under this section or created in the financing order and assignable under this section or assignable pursuant to a financing order is property in the form of a contract right or a chose in action. Transfer of an interest in energy transition

property to an assignee is enforceable only upon the later of:

a. The issuance of a financing order;

b. The assignor having rights in such energy transition property or the power to transfer rights in such energy transition property to an assignee;

c. The execution and delivery by the assignor of transfer documents in connection with the issuance of energy transition bonds; and

d. The receipt of value for the energy transition property.

An enforceable transfer of an interest in energy transition property to an assignee is perfected against all third parties, including subsequent judicial or other lien creditors, when a notice of that transfer has been given by the filing of a financing statement in accordance with paragraph (c) of subdivision (2) of this subsection. The transfer is perfected against third parties as of the date of filing.

(d) The secretary of state shall maintain any financing statement filed to perfect any sale, assignment, or transfer of energy transition property under this section in the same manner that the secretary maintains financing statements filed to perfect security interest in collateral owned by transmitting utilities under the code. The filing of any financing statement under this section shall be governed by the provisions regarding the filing of financing statements in the code. The filing of such a financing statement is the only method of perfecting a transfer of energy transition property.

(e) The priority of a transfer perfected under this section is not impaired by any later modification of the financing order or energy transition property or by the

commingling of funds arising from energy transition property with other funds. Any other security interest that may apply to those funds, other than a security interest perfected under subdivision (2) of this subsection, is terminated when they are transferred to a segregated account for the assignee or a financing party. If energy transition property has been transferred to an assignee or financing party, any proceeds of that property shall be held in trust for the assignee or financing party.

(f) The priority of the conflicting interests of assignees in the same interest or rights in any energy transition property is determined as follows:

a. Conflicting perfected interests or rights of assignees rank according to priority in time of perfection. Priority dates from the time a filing covering the transfer is made in accordance with paragraph (c) of subdivision (2) of this subsection;

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

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

6. The description of energy transition property being transferred to an assignee in any sale agreement, purchase agreement, or other transfer agreement, granted or pledged to a pledgee in any security agreement, pledge agreement, or other security document, or indicated in any financing statement is only sufficient if such description or indication refers to the financing order that created the energy transition property and states that the agreement or financing statement covers all or part of the property described in the financing order. This section applies to



all purported transfers of, and all purported grants or liens or security interests in, energy transition property, regardless of whether the related sale agreement, purchase agreement, other transfer agreement, security agreement, pledge agreement, or other security document was entered into, or any financing statement was filed.

7. All financing statements referenced in this section are subject to part 5 of article 9 of the code, except that, notwithstanding any provision therein to the contrary, such financing statements shall be effective from filing until formally terminated of record and no continuation statements need be filed to maintain the effectiveness of such financing statements and the requirement as to continuation statements does not apply.

8. The law governing the validity, enforceability, attachment, perfection, priority, and exercise of remedies with respect to the transfer of an interest or right or the pledge or creation of a security interest in any energy transition property shall be the laws of this state.

9. Neither the state nor its political subdivisions are liable on any energy transition bonds, and the bonds are not a debt or a general obligation of the state or any of its political subdivisions, agencies, or instrumentalities, nor are they special obligations or indebtedness of the state or any agency or political subdivision. An issue of energy transition bonds does not, directly, indirectly, or contingently, obligate the state or any agency, political subdivision, or instrumentality of the state to levy any tax or make any appropriation for payment of the energy transition bonds, other than in their capacity as consumers of electricity. All energy transition bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of

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

10. All of the following entities may legally invest any sinking funds, moneys, or other funds in energy transition bonds:

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

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

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

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

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

(a) Alter the provisions of this section, which authorize the commission to create an irrevocable contract

right or chose in action by the issuance of a financing order, to create energy transition property, and make the energy transition charges imposed by a financing order irrevocable, binding, or nonbypassable charges for all existing and future retail customers of the electrical corporation except its existing special contract customers;

(b) Take or permit any action that impairs or would impair the value of energy transition property or the security for the energy transition bonds or revises the energy transition costs for which recovery is authorized;

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

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

(2) Any person or entity that issues energy transition bonds may include the language specified in this subsection in the energy transition bonds and related documentation.

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

13. If there is a conflict between this section and any other law regarding the attachment, assignment, or perfection, or the effect of perfection, or priority of,

assignment or transfer of, or security interest in energy transition property, this section shall govern.

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

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

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

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

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

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

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

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

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

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

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

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

2. If requested by an electrical corporation in a petition filed concurrently with a petition filed under subsection 2 of section 393.1700 and notwithstanding any other provision of chapters 386 or 393 to the contrary, including section 393.170 which section shall not apply to the construction of replacement resources as defined in subsection 1 of this section:

(1) The commission shall approve investment in replacement resources by the electrical corporation of an

amount that is approximately equal to the undepreciated investment in the coal-fired electric generating facilities covered by such petition to acquire or build an existing or new renewable energy resource to replace the retired or abandoned or to be retired or abandoned coal-fired unit. There is no requirement that the replacement resource's capacity or energy production match the energy or capacity production of the retired or abandoned coal-fired unit. Such approval shall constitute an affirmative and binding determination by the commission, to be applied in all subsequent proceedings respecting the rates of the electrical corporation, that such investment is prudent and reasonable, that the replacement resource is necessary for the electrical corporation's provision of electric service to its customers, and that such investment shall be reflected in the revenue requirement used to set the electrical corporation's base rates, subject only to the commission's authority to determine that the electrical corporation did not manage or execute the project in a reasonable and prudent manner in some respect and its authority to disallow for ratemaking purposes only that portion of the investment that would not have been incurred had the unreasonable or imprudent management or execution of the project not occurred; and

(2) The commission shall create a deferral mechanism by which the electrical corporation shall defer, to a regulatory asset or regulatory liability as appropriate, the changes in the electrical corporation's revenue requirement used to last set its base rates as specified in this subdivision. Such changes shall be deferred during the period starting on the date of retirement or abandonment of the subject coal-fired unit and ending when the electrical corporation is the subject of the petition and base rates

are changed as the result of a general rate proceeding where the rate base cutoff date in that general rate proceeding occurs on or after the retirement or abandonment. For purposes of this subdivision, the changes in the electrical corporation's revenue requirement that shall be deferred shall only consist of:

(a) Changes in depreciation expense associated with the retired or abandoned coal-fired unit;

(b) Changes in labor and benefit costs for employees or contractors no longer employed or retained by the electrical corporation who formerly worked at the retired or abandoned coal-fired unit, net of severance and relocation costs of the electrical corporation paid to such employees or contractors;

(c) Changes in nonlabor, nonfuel operations and maintenance costs caused by the retirement of the coal-fired unit;

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

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

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

The base against which changes under paragraphs (a), (b), and (c) of this subdivision shall be the values of each such item used to set the electrical corporation's base electric rates in its last general rate proceeding concluded prior to the time the deferrals are made, provided, if the docketed record in such general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the base for an item because of a "black box" settlement or otherwise, the commission shall, in the docket

created by a petition filed under this section and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to accomplish the deferrals. The base with respect to paragraphs (d), (e), and (f) of this subdivision shall be zero.

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

(a) Return on the electrical corporation's undepreciated investment in the coal-fired unit that was retired or abandoned at the electrical corporation's weighted average cost of capital, plus applicable federal, state, and local income or excise taxes, used to establish the electrical corporation's revenue requirement last used to set its base rates;

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

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

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



Notwithstanding the foregoing provisions of this subdivision, deferrals to the regulatory asset created by this subdivision shall cease at the earlier of the date the electrical corporation's base rates are first changed after the replacement resource is recorded to plant in service on the electrical corporation's books where the rate base cutoff date in that general rate proceeding occurred on or after the retirement or abandonment, or the effective date of rates from a base rate case that shall be filed no later than one year after the coal-fired unit was retired or abandoned. If there is more than one replacement resource for the retired or abandoned coal plant and if one or more such replacement resource is placed in service prior to the rate base cutoff date in the general rate proceeding described in subdivision (2) of this subsection, the deferrals called for under this subdivision shall be reduced as needed to reflect that event. The weighted average cost of capital to be deferred under paragraph (a) of this subdivision shall be the value used to set the electrical corporation's base electric rates in its last general rate proceeding concluded prior to the time the deferrals are made, provided, if the docketed record in such general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the base for an item because of a "black box" settlement or otherwise, the commission shall, in the docket created by a petition filed under this section and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to accomplish the deferrals. The base with respect to paragraphs (b), (c), and (d) of this subdivision shall be zero.

(4) It is the intention of this subsection to the maximum extent practicable that electrical corporation

earnings shall not be materially reduced or increased on account of the retirement or abandonment of the coal-fired unit during the interval between when the coal-fired unit is retired or abandoned and the date when the electrical corporation's base rates are changed to reflect the investment in a replacement resource, subject to the requirement that deferrals under subdivision (3) of this subsection end no later than the date base rates are reset in a general rate proceeding filed no later than one year after the coal-fired unit was retired or abandoned.

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

(6) Parts of regulatory asset or liability balances created under this section that are not yet being recovered or returned through rates shall include carrying costs at the electrical corporation's weighted average cost of capital last used to set its base electric service rates or, if such cost of capital was not specified for the revenue requirement last used to set such electric service rates at the weighted average cost of capital determined by the commission under subdivision (3) of this subsection, in each case plus applicable federal, state, and local income or

excise taxes. All regulatory asset or liability balances from deferrals under this subsection shall be recovered in base rates over a period equal to the remaining useful life of the replacement resource.

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

3. Proceedings on a petition submitted pursuant to this section begin with the filing of a petition by an electrical corporation under this section that is filed concurrently with a petition submitted under section 393.1700, and shall be disposed of in accordance with the requirements of chapters 386 and 393 and the rules of the commission, except as follows:

(1) Within fourteen days after the date the petition is filed, the commission shall establish a procedural schedule that permits a commission decision no later than one hundred thirty-five days after the date the petition is filed. Such procedural schedule shall contain the same milestones and requirements as the procedural schedule adopted in a proceeding seeking approval of a financing

order under section 393.1700 and shall run concurrently therewith;

(2) No later than one hundred thirty-five days after the date the petition is filed, the commission shall issue an order approving the petition or rejecting the petition. Any adversely affected party may seek judicial review in accordance with sections 386.500 and 386.510.

393.1710. 1. This section shall apply to each purchased power agreement with a term commencing on or after August 28, 2021, that the electrical corporation entered into for the purchase of energy from renewable generation facilities as listed in subdivision (1) of subsection 1 of section 393.1705 or from energy storage facilities as listed in subdivision (3) of subsection 1 of section 393.1705. If the term of one or more purchased power agreements have commenced prior to the rate base cutoff date in one of the electrical corporation's general rate cases, the commission shall, without limiting recoveries outside the context of a general rate case as contemplated by rate adjustment mechanisms approved under the provisions of subsection 1 of section 386.266:

(1) Include in the revenue requirement used to set base rates in that general rate case an amount equal to the electrical corporation's prudently incurred costs to purchase energy, capacity, and renewable energy credits under each such agreement; and

(2) Include in the revenue requirement used to set base rates in that general rate case an additional amount equal to the common equity earnings the electrical corporation would have received had it, in lieu of entering into each such purchased power agreement, instead invested in and placed in service, on the date the term of each such purchased power agreement commenced, a renewable energy

resource of the type being operated to supply energy under each such purchased power agreement with a capacity sufficient to provide the quantity of energy being purchased under each such purchased power agreement. In determining the additional amount required by this subdivision, the commission shall utilize the common equity return on rate base and the common equity percentage used to determine the revenue requirement in that general rate case, provided, if the docketed record in such general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the common equity return on rate base and the common equity percentage used in that general rate case because of a "black box" settlement or otherwise, the commission shall, in the docket created by a petition filed under this section and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to quantify the common equity earnings, and shall also include in such revenue requirement applicable federal, state, and local income and excise taxes associated with such additional amount.

2. Subdivisions (1) and (2) of subsection 1 of this section shall continue to be included in the revenue requirement used to set rates in each subsequent electrical corporation general rate case where the term of the purchased power agreement remains ongoing as of the rate base cutoff date in that proceeding. The amount included in the revenue requirement in subsequent regular rate cases for subdivision (1) of subsection 1 of this section shall be based upon costs as of the rate base cutoff date in that case. Except as specifically provided for in this subdivision, the amount included in the revenue requirement in subsequent general rate cases for subdivision (2) of subsection 1 of this section shall be calculated in the same

manner as calculated for subdivision (2) of subsection 1 of this section in the first general rate case where such amount was determined and shall not be recalculated in subsequent general rate cases, except that the calculation in each subsequent general rate case shall utilize the common equity return on rate base and the common equity percentage used to determine the revenue requirement in that subsequent case; provided, if the docketed record in such subsequent general rate proceeding does not specify one or more necessary revenue requirement parameters to establish the common equity return on rate base and the common equity percentage used in that general rate case because of a "black box" settlement or otherwise, the commission shall, in the docket created by a subsequent general rate case and based on the docketed record in such prior general rate proceeding, establish the missing parameters, which shall then be used to quantify the common equity earnings, and shall account for accumulated depreciation that would have been accrued had the electric utility invested in and placed a renewable energy resource in service instead of entering into a purchased power agreement.

3. The phrase "rate base cutoff date" shall have the same meaning as given in subdivision (4) of subsection 1 of section 393.1400 as such term existed on August 28, 2021.

393.1715. 1. An electrical corporation may petition the commission for a determination of the ratemaking principles and treatment, as proposed by the electrical corporation, that will apply to the reflection in base rates of the electrical corporation's capital and noncapital costs associated with one or more of the electrical corporation's coal-fired facilities. Without limiting the foregoing, such principles and treatment may also establish the retirement date and useful life parameters used to set depreciation

rates for such facilities. Except as provided for in subsection 2 of this section, the ratemaking principles and treatment approved by the commission under this section for such facilities shall apply to the determination of the revenue requirement in each of the electrical corporation's post-determination general rate proceedings until such time as such facility is fully depreciated on the electrical corporation's books.

2. If the commission fails to issue a determination within one hundred thirty-five days that a petition for determination of ratemaking principles and treatment is filed, the ratemaking principles and treatment proposed by the petitioning electrical corporation shall be deemed to have been approved by the commission.

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

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

(a) Terrorist activity or an act of God;

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

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

(d) An unexpected, extended outage or shutdown of a major generating unit, other than any major generating unit

shut down due to an extended outage at the time of the approval of the ratemaking principles and treatment;

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

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

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

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

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

(j) A significant change in capital market conditions;

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

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

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

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

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



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

(3) If a party has concerns regarding the proposed changes, that party shall file a notice of its concerns within thirty days of the electrical corporation's filing. If the parties do not reach agreement on changes to the ratemaking principles and treatment within ninety days of the date the electrical corporation filed its notice, whether the previously approved ratemaking and treatment will be changed shall be determined by the commission. If a party to the docket in which the approved ratemaking principles and treatment were approved believes that one or more major factor or circumstance has changed in a manner that warrants a change in the approved ratemaking principles and treatment and if the electrical corporation does not agree the principles and treatment should be changed, such party shall file a notice in the docket in which the approved ratemaking principles and treatment were established within forty-five days of any such determination. In its notification, such party shall:

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

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

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

(4) If a party, including the electrical corporation, has concerns regarding the proposed changes, that party shall file a notice of its concerns within thirty days of

the other party's filing. If the parties do not reach agreement on changes to the ratemaking principles and treatment within ninety days of the date the notice was filed, whether the previously approved ratemaking and treatment will be changed shall be determined by the commission.

5. A determination of ratemaking principles and treatment under this section does not preclude an electrical corporation from also petitioning the commission under either or both of sections 393.1700 and 393.1705, provided that any costs to which such ratemaking principles and treatment would have applied in the electrical corporation's general rate proceedings which become funded by energy transition bond proceeds from an energy transition bond issued under section 393.1700 shall not thereafter be reflected in the electrical corporation's base rates.

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

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

(2) An agricultural lien;

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

(4) A consignment;

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

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

(b) The application of this article to a security interest in a secured obligation is not affected by the fact

that the obligation is itself secured by a transaction or interest to which this article does not apply.

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

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

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

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

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

(d) This article does not apply to:

(1) A landlord's lien, other than an agricultural lien;

(2) A lien, other than an agricultural lien, given by statute or other rule of law for services or materials, but section 400.9-333 applies with respect to priority of the lien;

(3) An assignment of a claim for wages, salary, or other compensation of an employee;

(4) A sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

(5) An assignment of accounts, chattel paper, payment intangibles, or promissory notes which is for the purpose of collection only;

(6) An assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

(7) An assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

(8) A transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health-care provider of a health-care-insurance receivable and any subsequent assignment of the right to payment, but sections 400.9-315 and 400.9-322 apply with respect to proceeds and priorities in proceeds;

(9) An assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

(10) A right of recoupment or set-off, but:

(A) Section 400.9-340 applies with respect to the effectiveness of rights of recoupment or set-off against deposit accounts; and

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

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

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

(B) Fixtures in section 400.9-334;

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

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

(12) An assignment of a claim arising in tort, other than a commercial tort claim, but sections 400.9-315 and

400.9-322 apply with respect to proceeds and priorities in proceeds; [or]

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

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

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

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

(17) The creation, perfection, priority, or enforcement of any sale, assignment of, pledge of, security interest in, or other transfer of, any interest or right or portion of any interest or right in any energy transition property, as defined in section 393.1700.