

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Petition of The Empire District )  
 Electric Company d/b/a Liberty to Obtain a )  
 Financing Order that Authorizes the Issuance of ) **Case No. EO-2022-0040**  
 Securitized Utility Tariff Bonds for Qualified )  
 Extraordinary Costs )

In the Matter of the Petition of The Empire District )  
 Electric Company d/b/a Liberty to Obtain a )  
 Financing Order that Authorizes the Issuance of ) **Case No. EO-2022-0193**  
 Securitized Utility Tariff Bonds for Energy )  
 Transition Costs Related to the Asbury Plant )

**FINANCING ORDER**

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**FINANCING ORDER**

This Financing Order approves subject to conditions the petitions of The Empire District Electric Company d/b/a Liberty (“Liberty” or the “Company”) under Section 393.1700 of the Missouri Electricity Securitization Law (the “Securitization Law”)<sup>1</sup> to finance the recovery of qualified extraordinary costs incurred during the February 2021 Winter Storm Uri and energy transition costs related to closing the Asbury Power Plant (“Asbury”) and other financing costs through an issuance of securitized utility tariff bonds. **[Description of approved securitization transaction.]**

The securitized utility tariff bond principal, interest and financing costs will be recovered via securitized utility tariff charges. All existing and future customers of electricity in the geographic area where Liberty provides electric distribution service as of the date of this Financing Order (Service Territory) will be required to pay the securitized utility tariff charges. We further adopt a requirement for a Finance Team, as described in more detail herein.

**I. Background and Procedural History**

The Missouri General Assembly enacted the Securitization Law during the 2021 legislative session which was signed into law by the Governor and became effective on August 28, 2021. The Securitization Law permits an electrical corporation to issue securitized utility tariff bonds to recover certain qualified extraordinary costs, certain energy transition costs and financing costs if the Commission finds that the “the proposed issuance of securitized utility tariff bonds and the

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<sup>1</sup> Citations to the Securitization Law are to the 2021 Cumulative Supplement to the Revised Statutes of Missouri. All other statutory citations are to the Revised Statutes of Missouri (2016), unless otherwise indicated.

imposition and collection of a securitized utility tariff charge are just and reasonable and in the public interest and are expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds.”<sup>2</sup>

On January 19, 2022, Liberty filed a petition for a financing order under the Securitization Law to recover certain qualified extraordinary costs related to Winter Storm Uri (File No. EO-2022-0040) plus certain other upfront financing costs associated with the proposed financing.

On March 21, 2022, Liberty filed a second petition for a financing order under the Securitization Law to recover certain energy transition costs associated with closing the Asbury Power Plant (File No. EO-2022-0193) plus certain other upfront financing costs associated with the proposed financing.

On April 27, 2022, the Commission issued an order consolidating the cases for purposes of the procedural schedule and hearing, utilizing the procedural schedule established for File No. EO-2022-0040.

[Chronological dates of protests, replies, hearings and conferences.]

The Commission has established certain conditions and criteria in this Financing Order that must be met in order for the approvals and authorizations granted in this Financing Order to become effective. This Financing Order grants authority to issue securitized utility tariff bonds and to impose, bill, charge, collect, and receive securitized utility tariff charges and to obtain periodic adjustments only if the final structure of the securitization transaction complies with these conditions and criteria. The authority and approval granted in this Financing Order are effective only upon Liberty filing with the Commission an issuance advice letter demonstrating compliance with the provisions of this Financing Order.

Pursuant to Section 393.1700.2.(3)(b), the Commission has 215 days after the date a petition is filed to issue a financing order approving the petition, approving the petition subject to conditions or rejecting the petition. This Financing Order is being issued within the 215-day timeframe.

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<sup>2</sup> § 393.1700.2.(3)(c)b.

## II. Irrevocable Financing Order

The State of Missouri and its agencies, including the Commission, have pledged and agreed with the bondholders, the owners of the securitized utility tariff property and other financing parties that they will not (a) take any action that would alter the provisions of the Securitization Law, (b) take or permit any action that impairs or would impair the value of securitized utility tariff property or the security for the securitized utility tariff bonds or revises the securitized utility tariff costs for which recovery is authorized, (c) in any way impair the rights and remedies of the bondholders, assignees, and other financing parties, or (d) except for changes made pursuant to the true-up mechanism, reduce, alter or impair securitized utility tariff 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 securitized utility tariff bonds have been paid and performed in full.<sup>3</sup>

However, nothing shall preclude the limitation or alteration if full compensation is made by law for the full protection of the securitized utility tariff charges collected pursuant hereto and of the bondholders and any assignee or financing party entering into a contract with Liberty.<sup>4</sup> BondCo is authorized to include this pledge and undertaking for the state in the securitized utility tariff bonds and related documentation.<sup>5</sup>

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in Section 393.1700.1.

## III. Contested Issues

### A. Issue 1: Amount to Securitize

#### Findings of Fact

1. Liberty has requested to finance approximately \$362,419,908, consisting of the securitizable balance of (i) \$140,774,376 of securitized utility tariff costs incurred following retiring Asbury, plus (ii) \$221,645,532 of securitized utility tariff costs incurred

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<sup>3</sup> See § 393.1700.11.(1).

<sup>4</sup> See § 393.1700.11.(1).

<sup>5</sup> See § 393.1700.11.(2).

relating to Winter Storm Uri. The securitizable balance includes (1) carry costs<sup>6</sup>, (2) deferred legal costs, and (3) approximately \$6.9 million of upfront financing costs.<sup>7</sup> Liberty has demonstrated that \$[193,868,094] of securitized utility tariff costs incurred relating to Winter Storm Uri and \$[66,107,823] of securitized utility tariff costs incurred following retiring Asbury constitute securitized utility tariff costs that may be recovered by issuing the securitized utility tariff bonds. The recovery by Liberty of \$[266,075,917] in securitized utility tariff costs is just and reasonable and in the public interest.

2. The approved securitized utility tariff charges are just and reasonable, in the public interest and are expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds. It is appropriate that Liberty be authorized to impose and collect securitized utility tariff charges.
3. It is appropriate that Liberty be authorized to cause BondCo to issue securitized utility tariff bonds in an aggregate principal amount equal to the securitizable balance at the time of issuance plus upfront financing costs as described in ordering paragraph 2.
4. It is appropriate for Liberty to recover the annual ongoing servicing fees and the annual fixed operating costs directly through securitized utility tariff charges. It is also appropriate that the servicing fees incurred when Liberty (or an affiliate of Liberty) serves as servicer do not exceed 0.05% of the initial principal balance of the securitized utility tariff bonds and that the administrative fees incurred when Liberty is the administrator do not exceed \$50,000 per year plus reimbursable third party costs as shown in Appendix B. It is appropriate that the annual servicing fee payable to a servicer not affiliated with Liberty will not exceed 0.60% of the initial principal balance of the securitized utility tariff bonds unless such higher rate is approved by the Commission. Ongoing costs other than the servicer and administrative fees charged by Liberty when it serves as servicer and administrator are estimated in Appendix B to this Financing Order.

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<sup>6</sup> Carrying costs through December 31, 2022 and 6.77% WACC from ER-2019-0374 are currently estimated to be \$[28,975,981].

<sup>7</sup> Upfront financing costs are estimated for purposes of this petition. Certain costs, including costs incurred as a result of the Commission hiring a financial advisor, have not been included. The final amount of upfront financing costs will be included in the Issuance Advice Letter provided to the Commission in accordance with this Financing Order.

5. Liberty will submit a draft issuance advice letter to the Commission Staff and Finance Team for review not later than two weeks before the expected date of commencement of marketing the securitized utility tariff bonds. The Finance Team will review the issuance advice letter and provide timely feedback to Liberty based on the progression of structuring and marketing of the securitized utility tariff bonds.
6. The issuance advice letter for the securitized utility tariff bonds must be submitted to the Commission not later than one day after the pricing of the securitized utility tariff bonds. The Finance Team may request such revisions of the issuance advice letter as may be necessary to assure the accuracy of the calculations and information included and that the requirements of the Securitization Law and of this Financing Order have been met. The initial securitized utility tariff charges and the final terms of the securitized utility tariff bonds set forth in the issuance advice letter must become effective on the date of issuance of the securitized utility tariff bonds (which must not occur before the fifth business day after pricing of the securitized utility tariff bonds) unless before noon on the fourth business day after the Commission receives the issuance advice letter the Commission issues a disapproval letter directing that the securitized utility tariff bonds as proposed shall not be issued and the basis for that disapproval.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

## **B. Issue 2: Winter Storm Uri**

Findings of Fact

[\$[●] of costs incurred in connection with Winter Storm Uri were prudently incurred If Liberty were to recover the amount in connection with Winter Storm Uri through customary ratemaking, it would need to recover approximately \$[●] over the projected 13-year period.. [Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

**C. Issue 3: Asbury**

Findings of Fact

7. \$[●] of costs incurred in connection with the retirement of the Asbury Power Plant are reasonable and were prudently incurred. If Liberty were to recover the amount in connection with the Asbury Power Plant through customary ratemaking, it would need to recover approximately \$[●] over the projected 13-year period.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

**D. Issue 4: Financing Costs**

Findings of Fact

8. The actual upfront and ongoing financing costs of issuing and supporting the securitized utility tariff bonds will not be known until the securitized utility tariff bonds are issued, and certain ongoing financing costs relating to the securitized utility tariff bonds may not be known until such costs are incurred.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

**E. Issue 5: Quantifiable Net Present Value Benefits**

Findings of Fact

9. The quantifiable benefit to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds on a net present value basis from the use of securitization to recover Liberty's total securitized utility tariff costs, consisting of both the energy transition costs and the qualified extraordinary costs is expected to be approximately \$[●] over the same 13-year period.
10. An analysis that compares in the aggregate, over the expected life of the securitized utility tariff bonds, the present value of the revenue requirement associated with recovery of the



securitizable balance through rates reflective of traditional or customary ratemaking and utility financing, with the present value of the revenue required under securitization, is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to customers.

11. The actual benefit to customers will depend upon market conditions on the date of pricing of the securitized utility tariff bonds, the actual scheduled maturity of the securitized utility tariff bonds, and the amount actually securitized. Liberty will be required to provide an updated quantifiable benefits analysis in its issuance advice letter to verify that net present value standard is met.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

#### **F. Issue 6: Finance Team**

Findings of Fact

12. To ensure, as required by Section 393.1700.2.(3)(h), that the structuring and pricing of the securitized utility tariff bonds result in the lowest securitized utility tariff bond charges consistent with market conditions and the terms of this Financing Order, it is appropriate for the Commission to designate a Finance Team consisting of designated Commission Staff representatives and financial advisors, and outside bond counsel to review and approve the securitized utility tariff bonds and the associated transactions. It is appropriate that any costs incurred by the Finance Team in connection with its review and approval of the securitized utility tariff bonds shall be treated as financing costs. The Finance Team will provide oversight over the structuring, marketing, and pricing of the securitized utility tariff bond transaction and review and approve the material terms of the transaction to ensure the transaction provides quantifiable net present value benefits to customers compared to the use of traditional ratemaking and results in the lowest securitized utility tariff charges consistent with market conditions at the time the securitized utility tariff bonds are priced.
13. It is appropriate for the Finance Team to have the right to review all facets of the structuring, marketing and pricing bond processes, including but not limited to, (1) the

underwriter and any other member of the syndicate group size, selection process, participants, allocations and economics; (2) the structure of the bonds; (3) the bonds credit rating agency application; (4) the underwriters' preparation, marketing and syndication of the bonds; (5) the pricing of the bonds and the certifications provided by Liberty and the underwriters; (6) all associated costs, (including up front and ongoing financing costs), servicing and administrative fees and associated crediting; (7) bond maturities; (8) reporting templates; (9) the amount of any equity contributions; (10) credit enhancements; and (11) the initial calculations of the securitized utility tariff charges. The foregoing and other items may be reviewed during the entire course of the Finance Team's process. The pre-issuance review process will help ensure that the securitized utility tariff bonds will be issued with material terms that meet the requirements of the Securitization Law. It is appropriate that the Finance Team's review continue until the issuance advice letter becomes effective.

14. No member of the Finance Team will have authority to direct how Liberty places the securitized utility tariff bonds to market although they shall be permitted to attend all meetings, participate in all calls, e-mails, and other communications relating to the structuring, marketing, pricing and issuance of the securitized utility tariff bonds.
15. In connection with the submission of the issuance advice letter, Liberty and the lead underwriters for the securitized utility tariff bonds shall provide a written certificate to the Commission certifying that the issuance of the securitized utility tariff bonds (i) complies with this Financing Order, (ii) complies with all other applicable legal requirements (including all requirements of Section 393.1700), (iii) that the issuance of the securitized utility tariff bonds and the imposition of the securitized utility tariff charges will provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds, and (iv) that the structuring and pricing of the securitized utility tariff bonds will result in the lowest securitized utility tariff charges consistent with market conditions at the time the securitized utility tariff bonds are priced and the terms of this Financing Order. Such certificates shall be a condition precedent to the issuance of the securitized utility tariff bonds and all associated Commission staff approvals.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]  
Conclusions of Law

16. The Commission has the authority to designate a representative or representatives from Commission Staff, who may be advised by a financial advisor or advisors contracted with the Commission, to provide input to Liberty and collaborate with Liberty in all facets of the process undertaken by Liberty to place the securitized utility tariff bonds to market so the Commission's representative or representatives can provide the Commission with an opinion on the reasonableness of the pricing, terms, and conditions of the securitized utility tariff bonds on an expedited basis. Neither the designated representative or representatives from the Commission Staff nor one or more financial advisors advising Commission Staff shall have authority to direct how Liberty places the securitized utility tariff bonds to market although they shall be permitted to attend all meetings convened by Liberty to address placement of the securitized utility tariff bonds to market.
17. The issuance advice letter process and the designation of a Finance Team to review the structuring, marketing and pricing processes of the securitized utility tariff bonds is consistent with the requirements of Section 393.1700.2(3)(h).

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

### **G. Issue 7: Conditions**

Findings of Fact

18. To ensure that customers receive the quantifiable economic benefits due from the proposed securitization and so that the proposed securitized utility tariff bond transaction will be in accordance with the net present value standard set forth in Section 393.1700.2.(3)(c)b., it is necessary that (i) the issuance advice letter demonstrates that the proposed issuance of securitized utility tariff bonds and the imposition and collection of a securitized utility tariff charge are just and reasonable and in the public interest and will provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds, (ii) the scheduled final payment of the last tranche of securitized utility tariff bonds will not exceed 13 years (although the legal final maturity of

the securitized utility tariff bonds may extend to 15 years) and (iii) Liberty otherwise satisfies the requirements of this Financing Order.

[Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

#### **H. Issue 8: Allocation of Securitized Utility Tariff Costs**

Findings of Fact

19. Liberty proposed to initially allocate the securitized utility tariff charges in accordance with its most recent general rate proceeding. Staff proposed an alternative allocation methodology and recommended that Liberty submit a compliance tariff with its issuance advice letter.
20. The securitized utility tariff costs and financing costs that will be recovered through the securitized utility tariff charges authorized by this Financing Order are allocated among all of Liberty's rate classes on the basis of loss-adjusted energy consistent with Liberty's fuel adjustment clause to avoid errors associated with a complex true-up mechanism and chronic undercollections. In accordance with Section 393.1700.2.(3)(c)h., Liberty proposed that its initial allocation shall remain in effect until it completes a general rate proceeding, and once the Commission's order from that general rate proceeding becomes final, all subsequent applications of an adjustment mechanism regarding securitization utility tariff charges shall incorporate changes in the allocation of costs to customers as detailed in the Commission's order from Liberty's most recent general rate proceeding.
21. Liberty proposes filing a formula-based true-up mechanism for making, at least annually, expeditious periodic adjustments in the securitized utility tariff charges that customers are required to pay pursuant to this 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 securitized utility tariff bonds and financing costs and other required amounts and charges payable under the securitized utility tariff bonds.
22. Staff proposed an alternative formula-based true-up mechanism for making, at least annually, expeditious periodic adjustments in the securitized utility tariff charges that customers are required to pay pursuant to this 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 securitized utility tariff bonds and financing costs and other required amounts and charges payable under the securitized utility tariff bonds.

23. The Commission finds Staff's position persuasive. The true-up mechanism shall be based on loss-adjusted energy sales as proposed by Staff.
24. [Findings of Fact from Staff's Initial and Reply Brief, with additional findings of fact as found by the Commission]

#### Conclusions of Law

[Conclusions of law from Staff's Initial and Reply Brief, with additional conclusions of law as decided by the Commission]

### IV. Uncontested Issues

The Commission makes the following findings of fact.

#### A. Identification and Procedure

##### 1. Identification of Petitioner and Background

1. The Empire District Electric Company d/b/a Liberty is a Kansas corporation with its principal office and place of business at 602 Joplin Street, Joplin, Missouri. Liberty is qualified to conduct business and is conducting business in Missouri, as well as in the states of Arkansas, Kansas, and Oklahoma. Liberty is engaged, generally, in the business of generating, purchasing, transmitting, distributing, and selling electricity in portions of the referenced four states. Liberty's Missouri operations are subject to the jurisdiction of the Commission as provided by law.

#### B. Financing Costs and Amount of Securitized Utility Tariff Costs to be Financed

##### 1. Identification

2. The proceeds from the sale of the securitized utility tariff property will be used by Liberty to recover the securitized utility tariff costs incurred by Liberty in response to the anomalous weather event Winter Storm Uri and in connection with retiring Asbury, including purchases of fuel or power, carrying charges, deferred legal expenses and upfront financing costs.

3. Liberty proposed that the securitized utility tariff charges related to the securitized utility tariff bonds will be recovered over a scheduled period of 13 years, but not more than 15 years from the date of issuance but that amounts due at or before the end of that period for securitized utility tariff charges allocable to the 15 year period may be collected after the conclusion of the 15-year period.
4. The proposed structuring and pricing of the securitized utility tariff bonds are reasonably expected to result in the lowest securitized utility tariff charges consistent with market conditions at the time the securitized utility tariff bonds are priced and the terms of this Financing Order.
5. For so long as the securitized utility tariff bonds are outstanding and until all financing costs have been paid in full, the imposition and collection of securitized utility tariff charges authorized under this Financing Order shall be nonbypassable and paid by all existing and future retail customers receiving electrical service from Liberty or its successors or assignees under Commission-approved rate schedules, even if a retail customer elects to purchase electricity from an alternative electric supplier following a fundamental change in regulation of public utilities in the State of Missouri. Liberty has no customers receiving electrical service under special contracts as of August 28, 2021.
6. The securitized utility tariff bonds will be secured by securitized utility tariff property that shall be created in favor of Liberty or its successors or assignees and that shall be used to pay or secure the securitized utility tariff bonds and approved financing costs. The securitized utility tariff property principally consists of the right to receive revenues from the securitized utility tariff charges.
7. It is appropriate that Liberty be authorized to establish the terms and conditions of the securitized utility tariff bonds, including, but not limited to, repayment schedules, expected interest rates, and other financing costs. The Finance Team and the Commission will review the complete terms and conditions of the securitization utility tariff bonds, the calculations of the initial securitized utility tariff charges and the expected and actual financing costs set forth in the issuance advice letter.
8. After the final terms of the securitized utility tariff bonds have been established and before the issuance of such bonds, it is appropriate for Liberty to determine the resulting initial securitized utility tariff charge in accordance with this Financing Order, and that such

initial charge be final and effective upon the issuance of such securitized utility tariff bonds with such charge to be reflected on a compliance tariff sheet bearing such charge.

9. Liberty proposed a method of tracing funds collected as securitized utility tariff charges, or other proceeds of securitized utility tariff property.
10. Liberty proposed that it shall earn a return, at the cost of capital authorized from time to time by the Commission in Liberty's rate proceedings, on any moneys advanced by Liberty to fund the capital subaccount established under the terms of the indenture, any ancillary agreement, or other financing documents pertaining to the securitized utility bonds.
11. It is appropriate that Liberty shall be authorized to issue securitized utility tariff bonds pursuant to this Financing Order for a period commencing with the date of this Financing Order and extending 24 months following the date on which this Financing Order becomes final and no longer subject to any appeal. If, at any time during the effective period of this Financing Order, there is a severe disruption in the financial markets of the United States, it is appropriate for the effective period to be extended with the approval of the Finance Team to a date which is not less than 90 days after the date such disruption ends.

**2. Issuance Advice Letter**

12. As the actual structure and pricing of the securitized utility tariff bonds will be unknown at the time this Financing Order is issued, prior to the issuance of the securitized utility tariff bonds, Liberty will provide an issuance advice letter to the Commission following the determination of the final terms of the securitized utility tariff bonds no later than one day after the pricing of the securitized utility tariff bonds. The issuance advice letter will include total upfront financing costs for the issuance. The form of such issuance advice letter, which shall indicate the final structure of the securitized utility tariff bonds and provide the best available estimate of total ongoing financing costs, is set out in Appendix A to this Financing Order. The issuance advice letter shall report the initial securitized utility tariff charges and other information specific to the securitized utility tariff bonds to be issued, as the Commission may require. The issuance advice letter shall demonstrate the ultimate amounts of quantifiable net present value savings. Liberty may proceed with the issuance of the securitized utility tariff bonds unless, prior to noon on the fourth business day after the Commission receives the issuance advice letter, the Commission issues a

disapproval letter directing that the securitized utility tariff bonds as proposed shall not be issued and the basis for that disapproval.

13. If the actual upfront financing costs are less than the upfront financing costs included in the principal amount securitized, the periodic billing requirement, defined below, for the first annual true-up adjustment must be reduced by the amount of such unused funds (together with interest, if any, earned on the investment of such funds). If the actual upfront financing costs are more than the upfront financing costs included in the principal amount securitized, the periodic billing requirement for the first annual true-up adjustment may be increased by the amount of such unrecovered upfront financing costs.

### **C. Structure of the Proposed Securitization**

#### **1. BondCo**

14. For purposes of issuing the securitized utility tariff bonds, Liberty will create a bankruptcy-remote special purpose entity (referred to as BondCo), which will be a Delaware limited liability company with Liberty as its sole member. BondCo will be formed for the limited purpose of acquiring securitized utility tariff property, issuing securitized utility tariff bonds in one or more tranches, and performing other activities relating thereto or otherwise authorized by this Financing Order. BondCo will not be permitted to engage in any other activities and will have no assets other than securitized utility tariff property and related assets to support its obligations under the securitized utility tariff bonds. Obligations relating to the securitized utility tariff bonds will be BondCo's only material liabilities. Liberty has proposed and we have accepted that these restrictions on the activities of BondCo and restrictions on the ability of Liberty to take action on BondCo's behalf are imposed to achieve the objective that BondCo will be bankruptcy remote and not affected by a bankruptcy of Liberty or any of its successors. BondCo will be managed by a board of directors or a board of managers with rights and duties similar to those of a board of directors of a corporation. As long as the securitized utility tariff bonds remain outstanding, BondCo will be overseen by at least one independent director or manager whose approval will be required for certain major actions or organizational changes by BondCo. BondCo will not be permitted to amend the provisions of the organizational documents that relate to bankruptcy-remoteness of BondCo without the consent of the independent directors or managers. BondCo will not be permitted to institute bankruptcy



or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert, or merge without the consent of the independent directors or managers. Other restrictions to facilitate bankruptcy-remoteness may also be included in the organizational documents of BondCo as required by the rating agencies.

15. The initial capital of BondCo is expected to be not less than 0.50% of the original principal amount of the securitized utility tariff bonds issued by BondCo. Adequate funding of BondCo at this level is intended to protect the bankruptcy remoteness of BondCo. A sufficient level of capital is necessary to minimize this risk and, therefore, assist in achieving the lowest securitized utility tariff charges possible.

## 2. Statutory Requirements

16. BondCo will issue the securitized utility tariff bonds consisting of one or more tranches. The aggregate amount of all tranches of the securitized utility tariff bonds issued under this Financing Order must not exceed the principal amount approved by this Financing Order. BondCo will pledge to the indenture trustee, as collateral for payment of the securitized utility tariff bonds, the securitized utility tariff property, including BondCo's right to receive the securitized utility tariff charges as and when collected, and certain other collateral described herein.
17. Concurrent with the issuance of any of the securitized utility tariff bonds, Liberty will transfer to BondCo all of (a) Liberty's rights and interests under this Financing Order, including the right to impose, bill, charge, collect, and receive securitized utility tariff charges authorized under this Financing Order and to obtain periodic adjustments to such charges as provided in this Financing Order and (b) all revenues, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in this 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. This transfer will be structured so that it will qualify as a true sale within the meaning of Section 393.1700.5.(3) and that such rights will become securitized utility tariff property concurrently with their sale to BondCo as provided in Section 393.1700.2.(3)(d). By virtue of the transfer, BondCo will acquire all

of the right, title, and interest of Liberty in the securitized utility tariff property arising under this Financing Order.

**3. Credit Enhancement and Arrangements to Enhance Marketability**

18. Liberty has requested permission to use credit enhancements and arrangements to enhance marketability if such credit enhancements are required by the rating agencies to achieve the highest possible credit rating on the securitized utility tariff bonds and approved by the Finance Team. If the use of credit enhancements, or other arrangements is proposed by Liberty, Liberty must provide the Finance Team copies of all cost-benefit analyses performed by or for Liberty that support the request to use such arrangements. This finding does not apply to the collection account or its subaccounts approved in this Financing Order.

**4. Securitized Utility Tariff Property**

19. Securitized utility tariff property and all other collateral will be held and administered by the indenture trustee under the indenture.

**5. Servicer and the Servicing Agreement**

20. Liberty will enter into a servicing agreement with BondCo. The servicing agreement may be amended, renewed or replaced by another servicing agreement subject to certain conditions set forth therein. The entity responsible for carrying out the servicing obligations under any servicing agreement is the servicer. Liberty will be the initial servicer but may be succeeded as servicer by another entity under certain circumstances detailed in the servicing agreement and as authorized by the Commission. Under the servicing agreement, the servicer is required to, among other things, impose and collect the securitized utility tariff charges for the benefit and account of BondCo, make the periodic true-up adjustments of securitized utility tariff charges required or permitted by this Financing Order, and account for and remit the securitized utility tariff charges to or for the account of BondCo in accordance with the remittance procedures contained in the servicing agreement and the indenture without any charge, deduction or surcharge of any kind. Under the terms of the servicing agreement, if any servicer fails to perform its servicing obligations in any material respect, the indenture trustee acting under the indenture to be entered into in connection with the issuance of the securitized utility tariff bonds, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of securitized

utility tariff bonds, must, appoint an alternate party to replace the defaulting servicer, in which case the replacement servicer will perform the obligations of the servicer under the servicing agreement. The obligations of the servicer under the servicing agreement and the circumstances under which an alternate servicer may be appointed will be more fully described in the servicing agreement. The rights of BondCo under the servicing agreement will be included in the collateral pledged to the indenture trustee under the indenture for the benefit of holders of the securitized utility tariff bonds.

21. The obligations to continue to provide service and to collect and account for securitized utility tariff charges will be binding upon Liberty and any other entity that provides electrical services to a person that is a retail customer located within Liberty's Service Territory as it existed on the date of this Financing Order, or that became a retail customer for electric services within such area after the date of this Financing Order, and is still located within such area.

**6. Securitized Utility Tariff Bonds**

22. BondCo will issue and sell securitized utility tariff bonds consisting of one or more tranches. The legal final maturity date of the securitized utility tariff bonds will not exceed 15 years from the date of issuance. The legal final maturity date and principal amounts of each tranche will be finally determined by Liberty with input from the Finance Team, consistent with market conditions and indications of the rating agencies, at the time the securitized utility tariff bonds are priced, but subject to ultimate Commission review through the issuance advice letter process. Subject to the conditions and criteria set forth in this Financing Order, Liberty will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning securitized utility tariff property arising under this Financing Order, or to cause the issuance of any securitized utility tariff bonds authorized in this Financing Order, subject to the right of the Commission to issue a disapproval letter to the issuance advice letter. BondCo will issue the securitized utility tariff bonds on or after the fifth business day after pricing of the securitized utility tariff bonds unless, before noon on the fourth business day after the Commission receives the issuance advice letter, the Commission issues a disapproval letter directing that the securitized utility tariff bonds as proposed shall not be issued and the basis for that disapproval.

**7. Security for Securitized Utility Tariff Bonds**

23. The payment of the securitized utility tariff bonds and related charges authorized by this Financing Order is to be secured by the securitized utility tariff property created by this Financing Order and by certain other collateral as described herein. The securitized utility tariff bonds will be issued under an indenture administered by the indenture trustee. The indenture will include provisions for a collection account and subaccounts for the collection and administration of the securitized utility tariff charges and payment or funding of the principal and interest on the securitized utility tariff bonds and financing costs in connection with the securitized utility tariff bonds. In accordance with the indenture, BondCo will establish a collection account as a trust account to be held by the indenture trustee as collateral to ensure the payment of the principal, interest, and financing costs approved in this Financing Order related to the securitized utility tariff bonds in full and on a timely basis. The collection account will include the general subaccount, the capital subaccount, and the excess funds subaccount, and may include other subaccounts.

**a. The General Subaccount**

24. The indenture trustee will deposit the securitized utility tariff charge remittances that the servicer remits to the indenture trustee for the account of BondCo into one or more segregated trust accounts and allocate the amount of those remittances to the general subaccount. The indenture trustee will on a periodic basis apply moneys in this subaccount to pay principal of and interest on the securitized utility tariff bonds, to pay ongoing financing costs, and to meet the funding requirements of the other subaccounts. The funds in the general subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the indenture trustee to pay principal of and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement (as defined in finding of fact number 34), and otherwise in accordance with the terms of the indenture.

**b. The Capital Subaccount**

25. Liberty will make a capital contribution to BondCo, which BondCo will deposit into the capital subaccount. The amount of the capital contribution is expected to be not less than 0.50% of the original principal amount of the securitized utility tariff bonds, although the

actual amount will depend on tax and rating agency requirements. The capital subaccount will serve as collateral to ensure timely payment of principal of and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement. Any funds drawn from the capital account to pay these amounts due to a shortfall in the securitized utility tariff charge remittances will be replenished through future securitized utility tariff charge remittances. The funds in the capital subaccount will be invested by the indenture trustee in short-term high-quality investments, and such funds (including investment earnings) will be used by the indenture trustee to pay principal of and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement. Upon payment of the principal amount of all securitized utility tariff bonds and the discharge of all obligations that may be paid by use of securitized utility tariff charges, all amounts in the capital subaccount will be released to BondCo for payment to Liberty. Liberty will account for any recovery on earnings from its capital subaccount in a reconciliation in a future rate case to account for any capital subaccount earnings in excess of the rate of return already earned by Liberty in previous proceedings.

**c. The Excess Funds Subaccount**

26. The excess funds subaccount will hold any securitized utility tariff charge remittances and investment earnings on the collection account in excess of the amounts needed to pay current principal of and interest on the securitized utility tariff bonds and to pay other periodic payment requirements (including, but not limited to, replenishing the capital subaccount). Any balance in or allocated to the excess funds subaccount on a true-up adjustment date will be subtracted from the periodic billing requirement (as defined in finding of fact number 35) for purposes of the true-up adjustment. The money in the excess funds subaccount will be invested by the indenture trustee in short-term high-quality investments, and such money (including investment earnings thereon) will be used by the indenture trustee to pay principal of and interest on the securitized utility tariff bonds and other periodic payment requirements.

**d. Other Subaccounts**

27. Other credit enhancements in the form of subaccounts may be utilized for the transaction provided that the use of such subaccounts is consistent with the statutory requirements. For example, Liberty does not propose use of an overcollateralization subaccount. Under Rev.

Proc. 2002-49, as modified, amplified and superseded by Rev. Proc. 2005-62 issued by the Internal Revenue Service (IRS), the use of an overcollateralization subaccount is not necessary for favorable tax treatment nor does it appear to be necessary to obtain AAA ratings for the proposed securitized utility tariff bonds. If Liberty subsequently determines in consultation with the Finance Team, however, that use of an overcollateralization subaccount or other subaccount are necessary to obtain AAA ratings or will otherwise increase the quantifiable benefits of the securitization, Liberty may implement such subaccounts to reduce securitized utility tariff bond charges.

**8. General Provisions**

28. The collection account and the subaccounts described above are intended to provide for full and timely payment of scheduled principal of and interest on the securitized utility tariff bonds and all other components of the periodic payment requirement. If the amount of securitized utility tariff charges remitted to the general subaccount is insufficient to make all scheduled payments of principal and interest on the securitized utility tariff bonds and to make payment on all of the other components of the periodic payment requirement, the excess funds subaccount and the capital subaccount will be drawn down, in that order, to make those payments. Any deficiency in the capital subaccount due to such withdrawals must be replenished to the capital subaccount on a periodic basis through the true-up process. In addition to the foregoing, there may be such additional accounts and subaccounts as are necessary to segregate amounts received from various sources, or to be used for specified purposes. Such accounts will be administered and utilized as set forth in the servicing agreement and the indenture. Upon the maturity of the securitized utility tariff bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the capital subaccount, will be released to BondCo and equivalent amounts will be credited by Liberty to customers. In addition, upon the maturity of the securitized utility tariff bonds any subsequently collected securitized utility tariff charges shall be distributed to retail customers.

**9. Securitized Utility Tariff Charges—Imposition and Collection, Nonbypassability, and Alternative Electric Suppliers**

29. If securitized utility tariff charges are collected by any third party billing servicer, such securitized utility tariff charges will be remitted to BondCo.

30. Securitized utility tariff charges will be identified on each customer's bill as a separate line item and include both the rate and the amount of the charge on each bill. Each customer bill shall include a statement to the effect that BondCo is the owner of the rights to securitized utility tariff charges and that Liberty is acting as servicer for BondCo. The tariff applicable to customers shall indicate the securitized utility tariff charge and the ownership of the charge.
31. If any customer does not pay the full amount it has been billed, the amount will be allocated first to the securitized utility tariff charges, unless a customer is in a repayment plan under the Commission's Cold Weather Rule, in which case payments will be prorated among charge categories in proportion to their percentage of the overall bill, with first dollars collected attributed to past due balances, if any.
32. Liberty will collect securitized utility tariff charges from all existing or future retail customers receiving electrical service from Liberty or its successors or assignees under Commission-approved rate schedules, even if a retail customer elects to purchase electricity from an alternative electricity supplier following a change in regulation of public utilities in Missouri.
33. Liberty's proposal related to imposition and collection of securitized utility tariff charges is reasonable and is necessary to ensure collection of securitized utility tariff charges sufficient to support recovery of the securitized utility tariff costs and financing costs approved in this Financing Order. It is reasonable to require that Liberty's Securitized Utility Tariff Charge Rider SUTC, reflecting estimated charges, be filed before any securitized utility tariff bonds are issued under this Financing Order.

**10. Allocation of Financing Costs Among Missouri Retail Customers**

34. The periodic payment requirement is the required periodic payment for a given period (e.g., annually, semi-annually, or quarterly) due under the securitized utility tariff bonds. Each periodic payment requirement includes: (a) the principal amortization of the securitized utility tariff bonds in accordance with the expected amortization schedule (including deficiencies of previously scheduled principal for any reason); (b) periodic interest on the securitized utility tariff bonds (including any accrued and unpaid interest); and (c) ongoing financing costs consisting of the servicing fee, rating agencies' fees, trustee fees, legal and accounting fees, and other ongoing fees and expenses. The initial periodic payment

requirement for the securitized utility tariff bonds issued under this Financing Order should be updated in the issuance advice letter.

35. The periodic billing requirement represents the aggregate dollar amount of securitized utility tariff charges that must be billed during a given period (e.g., annually, semi-annually, or quarterly) so that the securitized utility tariff charge collections will be sufficient to meet the periodic payment requirement for that period, given: (i) forecast usage data for the period; (ii) forecast uncollectibles for the period; and (iii) forecast lags in collection of billed securitized utility tariff charges for the period.

**11. True-Up of Securitized Utility Tariff Charges**

36. Under Section 393.1700.2.(3)(c)e., the servicer of the securitized utility tariff bonds will use a formula-based true-up mechanism to make periodic, expeditious adjustments, at least annually, to the securitized utility tariff charges to:
- (a) correct any undercollections or overcollections that may have occurred and otherwise ensure that BondCo receives securitized utility tariff charges that are required to satisfy the debt service obligations, including without limitation any caused by defaults, during the preceding 12 months; and
  - (b) ensure the billing of securitized utility tariff charges necessary to generate the collection of amounts sufficient to timely provide all payments of scheduled principal and interest and any other amounts due in connection with the securitized utility tariff bonds (including financing costs and amounts required to be deposited in or allocated to any collection account or subaccount) during the period for which such adjusted securitized utility tariff charges are to be in effect.

The servicer will make true-up adjustment filings with the Commission annually, and if the servicer forecasts undercollections semi-annually.

37. True-up filings will be based upon the cumulative differences, regardless of the reason, between the periodic payment requirement (including scheduled principal and interest payments on the securitized utility tariff bonds) and the amount of securitized utility tariff charge remittances to the indenture trustee. To assure adequate securitized utility tariff charge revenues to fund the periodic payment requirement over the life of the securitized utility tariff bonds and to avoid overcollections and undercollections over time, the servicer will reconcile the securitized utility tariff charges using Liberty's most recent forecast of



electricity deliveries (i.e., forecasted billing units) and estimates of transaction-related expenses. In the case of any adjustments occurring after the final scheduled payment date for the securitized utility tariff bonds, adjustments to the securitized utility tariff charges will be no less frequent than quarterly to correct for overcollections or undercollections by the earlier of the next bond payment date or the legal maturity date for the bonds. The calculation of the securitized utility tariff charges will also reflect both a projection of uncollectible securitized utility tariff charges and a projection of payment lags between the billing and collection of securitized utility tariff charges based upon Liberty's most recent experience regarding collection of securitized utility tariff charges.

38. The servicer will implement the true-up in the following manner, known as the standard true-up procedure:
- (a) The level of actual sales for the subject period will be netted from the forecasted sales for that same period;
  - (b) Undercollections or overcollections will be determined by multiplying the result from Step (a) by the rate in effect for the same period; and
  - (c) The resulting dollar amount will be incorporated as a component of the subsequent period's recovery period amount, to be allocated consistent with this Financing Order or subsequent final and unappealable Rate Case Report and Order, whichever is most recent.

**12. Interim True-Up**

39. In addition to annual true-up adjustments, true-up adjustments may be made by the servicer more frequently at any time during the term of the securitized utility tariff bonds to correct any undercollection or, as provided for in this Financing Order, in order to assure timely payment of securitized utility tariff bonds. Further, the servicer must make a mandatory interim true-up adjustment semi-annually (or quarterly beginning 12 months prior to the final scheduled payment date of the last tranche of the securitized utility tariff bonds):
- (a) if the servicer forecasts that securitized utility tariff charge collections will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the securitized utility tariff bonds on a timely basis during the current or next succeeding payment period; or
  - (b) to replenish any draws upon the capital subaccount.

40. In the event an interim true-up (whether mandatory or optional) is necessary, the interim true-up adjustment must use the methodology utilized in the most recent annual true-up and be filed not less than 45 days before the first billing cycle of the month in which the revised securitized utility tariff charges will be in effect.

**13. Additional True-Up Provisions**

41. The true-up adjustment filing will set forth the servicer's calculation of the true-up adjustment to the securitized utility tariff charges. Each true-up adjustment must be filed not less than 45 days before the first billing cycle of the month in which the revised securitized utility tariff charges will be in effect. The Commission will have 30 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. If the Commission determines any mathematical inaccuracy during its 30-day review, it will notify Liberty of the inaccuracy and Liberty will correct such inaccuracy in the securitized utility tariff charges that will go into effect on the effective date. Any true-up adjustment filed with the Commission should be effective on its proposed effective date, which must be not less than 45 days after filing. Liberty may adjust the actual true-up process in consultation with the Finance Team if necessary to ensure triple-A rating on the securitized utility tariff bonds.

**14. Lowest Securitized Utility Tariff Charges**

42. The proposed transaction structure includes (but is not limited to):

- (a) the use of BondCo as issuer of the securitized utility tariff bonds, limiting the risks to securitized utility tariff bond holders of any adverse impact resulting from a bankruptcy proceeding of Liberty or any of its affiliates;
- (b) the right to impose and collect securitized utility tariff charges that are nonbypassable and which must be true-up annually or semi-annually, but may be true-up more frequently, to assure the timely payment of the debt service and other ongoing financing costs;
- (c) additional collateral in the form of a collection account that includes a capital subaccount funded in cash in an amount equal to not less than 0.50% of the original principal amount of the securitized utility tariff bonds and other subaccounts resulting in greater certainty of payment of interest and principal to investors and

- that are consistent with the IRS requirements that must be met to receive the desired federal income tax treatment for the securitized utility tariff bond transaction;
- (d) protection of securitized utility tariff bondholders against potential defaults by a servicer that is responsible for billing and collecting the securitized utility tariff charges from existing or future retail customers;
  - (e) benefits for federal income tax purposes including (i) the transfer of the rights under this Financing Order to BondCo not resulting in gross income to Liberty and the future revenues under the securitized utility tariff charges being included in Liberty's gross income under its usual method of accounting, (ii) the issuance of the securitized utility tariff bonds and the transfer of the proceeds of the securitized utility tariff bonds to Liberty not resulting in gross income to Liberty, and (iii) the securitized utility tariff bonds constituting obligations of Liberty; and
  - (f) the securitized utility tariff bonds will be marketed using a process reviewed in consultation with the Finance Team, through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, related maturities, and other aspects of the structuring, marketing and pricing, will be determined, evaluated and factored into the structuring, marketing and pricing of the securitized utility tariff bonds.

#### **D. Use of Proceeds**

43. Upon the issuance of securitized utility tariff bonds, BondCo will use the net proceeds from the sale of the securitized utility tariff bonds (after payment of upfront financing costs) to pay Liberty the purchase price of the securitized utility tariff property. The proceeds from the sale of the securitized utility tariff property will be applied by Liberty to recover the securitized utility tariff costs incurred by Liberty in connection with Winter Storm Uri and the retirement of the Asbury Power Plant.

#### **V. Conclusions of Law**

The Commission makes the following conclusions of law.

1. Liberty is an electrical corporation, as defined in Section 393.1700.1.(6).
2. Liberty is entitled to file petitions for a financing order under Section 393.1700.
3. The Commission has jurisdiction and authority over Liberty's petitions under Section 393.1700.2.

4. The Commission has authority to approve this Financing Order under Section 393.1700.2.
5. Notices of Liberty's petitions were provided in compliance with Section 393.1700.2.(3)(a)b.
6. Energy transition costs are defined in Section 393.1700.1.(7) to include (a) pretax costs with respect to a retired or abandoned or to be retired or abandoned electric generating facility that is the subject of a petition for a financing order filed under the Securitization Law 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 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 tax benefits of accumulated and excess deferred income taxes, insurance, scrap and salvage proceeds, and may 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; and (b) pretax costs that an electrical corporation has previously incurred related to the retirement or abandonment of such an electric generating facility occurring before August 28, 2021. Qualified extraordinary costs are defined in Section 393.1700.1.(13) to include costs incurred prudently before, on, or after August 28, 2021, of an extraordinary nature which would cause extreme customer rate impacts if reflected in retail customer rates recovered through customary ratemaking, such as but not limited to those related to purchases of fuel or power, inclusive of carrying charges, during anomalous weather events. Securitized utility tariff costs are defined Section 393.1700.1(17) to include either energy transition costs or qualified extraordinary costs, as the case may be. Financing costs are defined in Section 393.1700.1.(8) to include: (i) interest and acquisition, defeasance, or redemption premiums payable on securitized utility tariff bonds; (ii) 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 securitized utility tariff bonds; (iii) any other cost related to issuing supporting, repaying, refunding,

and servicing securitized utility tariff 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 securitized utility tariff bonds or other amounts or charges payable in connection with the bonds, including costs related to obtaining the financing order; (iv) any taxes and license fees or other fees imposed on the revenues generated from the collection of securitized utility tariff charges or otherwise resulting from the collection of securitized utility tariff charges, in any such case whether paid, payable, or accrued; (v) any state and local taxes, franchise, gross receipts, and other taxes or similar charges, including Commission assessment fees, whether paid, payable, or accrued; and (vi) any costs associated with performance of the Commission's responsibilities under the Securitization Law in connection with approving, approving subject to conditions, or rejecting a petition for a financing order, and in performing its duties in connection with the issuance advice letter process, including costs to retain counsel, one or more financial advisors, or other consultants as deemed appropriate by the Commission and paid pursuant to the Securitization Law.

7. The Securitization Law permits an electrical corporation to request a Commission order authorizing it to finance securitized utility tariff costs, including its energy transition costs and qualified extraordinary costs.
8. BondCo will constitute an assignee of Liberty as defined in Section 393.1700.1.(2) when an interest in the securitized utility tariff property created under this Financing Order is transferred to BondCo.
9. The holders of the securitized utility tariff bonds and the indenture trustee will each be a financing party as defined in Section 393.1700.1.(10).
10. BondCo may issue securitized utility tariff bonds in accordance with this Financing Order.
11. The issuance of securitized utility tariff bonds and the imposition and collection of securitized utility tariff charges approved in this Financing Order satisfies the requirements of Sections 393.1700.2.(3)(c)a., b. and c. mandating that (1) the amount of securitized utility tariff costs to be financed using securitized utility tariff bonds and the recovery of

such costs is just and reasonable and in the public interest; (2) the proposed issuance of securitized utility tariff bonds and the imposition and collection of securitized utility tariff charges are just and reasonable and in the public interest and are expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds; and (3) the proposed structuring and pricing of the securitized utility tariff bonds are reasonably expected to result in the lowest securitized utility tariff charges consistent with market conditions at the time the securitized utility tariff bonds are priced and the terms of the financing order.

12. Liberty is permitted to earn a return, at the cost of capital authorized from time to time by the Commission in Liberty's rate proceedings, but no more, on any moneys advanced by Liberty to fund reserves, if any, or capital accounts established under the terms of the indenture, any ancillary agreement, or other financing documents pertaining to the securitized utility tariff bond. Consequently, any earnings on the capital accounts in excess of the rate of return authorized by the Commission shall be accounted for in a future reconciliation pursuant to Section 393.1700.2(3)(c)k, RSMo (Cum. Supp. 2021).
13. This Financing Order adequately describes the amount of financing costs that Liberty may recover through securitized utility tariff charges and specifies the period over which Liberty may recover securitized utility tariff charges and financing costs in accordance with the requirements of Section 393.1700.2.(3)(c)a.
14. The method approved in this Financing Order for allocating the securitized utility tariff charges among retail customer classes satisfies the requirements of Section 393.1700.2.(3)(c)h.
15. As provided in Section 393.1700.2.(3)(f), at the time the securitized utility tariff property is transferred from Liberty to BondCo, this Financing Order is irrevocable and, except for changes made pursuant to the formula-based true-up mechanism authorized herein, the Commission may not amend, modify, or terminate the financing order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust securitized utility tariff charges approved in this Financing Order.

16. As provided in Section 393.1700.2.(3)(d), the securitized utility tariff property identified herein will become securitized utility tariff property under the Securitization Law when they are sold to BondCo.
17. (a) All rights and interests of Liberty under this Financing Order, including the right to impose, bill, charge, collect, and receive securitized utility tariff charges authorized under this Financing Order and to obtain periodic adjustments to such charges as provided in this Financing Order and (b) all revenues, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in this 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 that are sold to BondCo under the securitized utility tariff property sale agreement, will be securitized utility tariff property within the meaning of Section 393.1700.1.(18).
18. Upon its sale to BondCo, the securitized utility tariff property specified in this Financing Order will constitute an existing, present intangible property right or interest therein, notwithstanding that the imposition and collection of securitized utility tariff charges depends on Liberty performing its servicing functions relating to the collection of securitized utility tariff charges and on future electricity consumption, as provided by Section 393.1700.5.(1)(a). The securitized utility tariff property will exist (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.
19. The securitized utility tariff property specified in this Financing Order will continue to exist until the securitized utility tariff bonds issued pursuant to this Financing Order are paid in full and all financing costs and other costs of such securitized utility tariff bonds have been recovered in full as provided in Section 393.1700.5.(1)(b).
20. Upon the transfer by Liberty of securitized utility tariff property to BondCo, BondCo will have all of the rights, title, and interest of Liberty with respect to such securitized utility

- tariff property, including the right to impose, bill, charge, collect, and receive the securitized utility tariff charges authorized by this Financing Order.
21. The securitized utility tariff bonds issued under this Financing Order will be securitized utility tariff bonds within the meaning of Section 393.1700.1.(15), and the securitized utility tariff bonds and holders thereof will be entitled to all of the protections provided under Section 393.1700.11.
  22. Amounts that are authorized by this Financing Order as securitized utility tariff charges are securitized utility tariff charges as defined in Section 393.1700.1.(16).
  23. As provided in Section 393.1700.5.(1)(e), the interests of BondCo and the indenture trustee in the securitized utility tariff property specified in this Financing Order, and in the revenues and collections arising from the securitized utility tariff property will not be subject to setoff, counterclaim, surcharge, or defense by Liberty or any other person or in connection with the reorganization, bankruptcy, or other insolvency of Liberty or any other entity.
  24. The methodology approved in this Financing Order to true-up the securitized utility tariff charges satisfies the requirements of Section 393.1700.2.(3)(c)e.
  25. Upon the sale from Liberty to BondCo of the securitized utility tariff property, the servicer will be able to recover the securitized utility tariff charges associated with such securitized utility tariff property only for the benefit of BondCo in accordance with the servicing agreement.
  26. As provided in Section 393.1700.3.(5), Liberty retains sole discretion regarding whether to cause the securitized utility tariff bonds to be issued, including the right to defer or postpone such sale, assignment, transfer, or issuance. Liberty may abandon the issuance of securitized utility tariff bonds under this Financing Order by filing with the Commission a statement of abandonment and the reasons therefor.
  27. The sale of the securitized utility tariff property from Liberty to BondCo will be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, Liberty's right, title, and interest in, to, and under the securitized utility tariff property if the sale agreement governing such sale expressly states that the sale is a sale or other absolute transfer in accordance with Sections 393.1700.5.(3)(a) and (b). Upon the sale in accordance with the previous sentence, the characterization of the sale as an absolute transfer and true



sale and the corresponding characterization of the property interest of BondCo will not be affected or impaired by the occurrence of (a) the commingling of securitized utility tariff charges with other amounts; (b) the retention by Liberty of (i) a partial or residual interest, including an equity interest, in the securitized utility tariff 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 securitized utility tariff charges; (c) any recourse that BondCo may have against Liberty; (d) any indemnification rights, obligations, or repurchase rights made or provided by Liberty; (e) the obligation of Liberty to collect securitized utility tariff charges on behalf of BondCo; (f) Liberty acting as the servicer of the securitized utility tariff charges or the existence of any contract that authorizes or requires the electrical corporation, to the extent that any interest in securitized utility tariff property is sold or assigned, to contract with BondCo 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 securitized utility tariff charges for the benefit and account of BondCo or such 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 securitized utility tariff property or credit enhancement by the electrical corporation or its affiliates with respect to such securitized utility tariff bonds; or (i) any application of the formula-based true-up mechanism, in accordance with Section 393.1700.5.(3)(b).

28. As provided in Section 393.1700.5.(2)(b), a valid and binding security interest in the securitized utility tariff property in favor of the indenture trustee will be created at the later of the time this Financing Order is issued, the indenture is executed and delivered by BondCo granting such security interest, BondCo has rights in the securitized utility tariff property or the power to transfer rights in the securitized utility tariff property, or value is received for the securitized utility tariff property. Upon the filing of a financing statement with the office of the secretary of state as provided in the Securitization Law, a security interest in securitized utility tariff property shall be perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, and regardless of whether the parties have notice of the security interest in

accordance with Section 393.1700.5.(2)(c). Without limiting the foregoing, upon such filing a security interest in securitized utility tariff property shall be perfected against all claims of lien creditors, and shall have priority over all competing security interests and other claims other than any security interest previously perfected in accordance with the Securitization Law.

29. As provided in Section 393.1700.5.(3)(c), the transfer of an interest in securitized utility tariff property to BondCo will be 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 Section 393.1700.7.
30. The priority of the sale perfected under Section 393.1700.5. will not be impaired by any later modification of this Financing Order or securitized utility tariff property or by the commingling of funds arising from securitized utility tariff property with other funds. Any other security interest that may apply to those funds, other than a security interest perfected under Section 393.1700.5., is terminated when they are transferred to a segregated account for BondCo or a financing party. Any proceeds of the securitized utility tariff property shall be held in trust for BondCo.
31. As provided in Section 393.1700.5.(2)(f), if a default occurs under the securitized utility tariff bonds that are securitized by the securitized utility tariff property, the indenture trustee may exercise the rights and remedies available to a secured party under the Missouri Uniform Commercial Code, including the rights and remedies available under part 6 of article 9 of the Missouri Uniform Commercial Code, and (a) the Commission may order that amounts arising from the related securitized utility tariff charges be transferred to a separate account for the indenture trustee's benefit, to which their lien and security interest may apply and (b) on application by the indenture trustee, the district court of Jasper County, Missouri, will order the sequestration and payment to the indenture trustee of revenues arising from the securitized utility tariff charges.
32. As provided by Section 393.1700.9., (a) neither the State of Missouri nor its political subdivisions are liable on the securitized utility tariff bonds approved under this financing order, and the securitized utility tariff bonds are not a debt or a general obligation of the State of Missouri or any of its political subdivisions, agencies, or instrumentalities, nor are they special obligations or indebtedness of the State of Missouri or any agency or political

- subdivision and (b) the issuance of securitized utility tariff bonds approved under this Financing Order does not, directly, indirectly, or contingently, obligate the State of Missouri or any agency, political subdivision, or instrumentality of the state to levy any tax or make any appropriation for payment of the securitized utility tariff bonds, other than in their capacity as consumers of electricity.
33. Under Section 393.1700.11.(1), the State of Missouri and its agencies, including the Commission, have pledged for the benefit and protection of bondholders, the owners of the securitized utility tariff property, other financing parties and Liberty, that the State and its agencies will not (a) alter the provisions of the Securitization Law, (b) take or permit any action that impairs or would impair the value of securitized utility tariff property or the security for the securitized utility tariff bonds or revises the securitized utility tariff costs for which recovery is authorized, (c) in any way impair the rights and remedies of the bondholders, assignees, and other financing parties or (d) except for changes made pursuant to the true-up mechanism authorized under this Financing Order, reduce, alter, or impair securitized utility tariff charges 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 securitized utility tariff bonds have been paid and performed in full. BondCo is authorized under Section 393.1700.11.(2) and this Financing Order to include this pledge in the securitized utility tariff bonds and related documents. The pledge does not preclude limitation or alteration if full compensation is made by law for the full protection of the securitized utility tariff charges collected pursuant to this Financing Order and of the bondholders and any assignee or financing party entering into a contract with Liberty.
  34. This Financing Order will remain in effect and unabated notwithstanding the reorganization, bankruptcy, or other insolvency proceedings, merger, or sale of Liberty, its successors, or assignees.
  35. Liberty retains sole discretion regarding whether to cause the issuance of any securitized utility tariff bonds authorized by this Financing Order, including the right to defer or postpone such issuance.
  36. Pursuant to Section 393.1700.2.(3)(a)c., this Financing Order is subject to judicial review only in accordance with Sections 386.500 and 386.510.

37. This Financing Order meets the requirements for a financing order under Section 393.1700.

## VI. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

### A. Approval

1. **Approval of Petition.** The petitions of Liberty for the issuance of a financing order under Sections 393.1700 are approved, subject to the conditions and criteria provided in this Financing Order.
2. **Authority to Securitize.** Liberty is authorized in accordance with this Financing Order to finance and to cause the issuance of securitized utility tariff bonds with a principal amount equal to the securitizable balance at the time the securitized utility tariff bonds are issued that includes upfront financing costs, which includes (i) underwriters discounts and commissions, (ii) legal costs, (iii) rating agency fees, (iv) United States Securities and Exchange Commission registration fees and (v) any costs of the Commission associated with its responsibilities under the Securitization Law in connection with this Financing Order, and in performing its duties in connection with the issuance advice letter process, including costs of the Finance Team. The securitizable balance as of any given date is equal to the balance of securitized utility tariff costs plus carrying costs of 5.2%, which reflects a weighted balance of 4.65% for Uri costs and 6.77% for Asbury costs through the date the securitized utility tariff bonds are issued. If the actual upfront financing costs are less than the upfront financing costs included in the aggregate principal amount of the securitized utility tariff bonds, the periodic billing requirement for the first annual true-up adjustment must be reduced by the amount of such unused funds (together with interest, if any, earned from the investment of such funds). If the final upfront financing costs are more than the upfront financing costs included in the aggregate principal amount of the securitized utility tariff bonds, the periodic billing requirement for the first annual true-up adjustment may be increased by the amount of such unpaid upfront financing costs.
3. **Recovery of Securitized Utility Tariff Costs.** Liberty is authorized to recover \$193,868,094 of its extraordinary costs related to Winter Storm Uri and \$66,107,823 of energy transition costs related to the retirement of Asbury for a total recovery of \$266,075,917.

4. **Tracing Funds.** Liberty's proposed method of tracing funds collected as securitized utility tariff charges, or other proceeds of securitized utility tariff property shall be used to trace such funds and to determine the identifiable cash proceeds of any securitized tariff property subject to this Financing Order under applicable law.
5. **Third Party Billing.** If the State of Missouri or this Commission decides to allow billing, collection, and remittance of the securitized utility tariff charges by a third-party supplier within Liberty's Service Territory, such authentication will be consistent with the rating agencies' requirements necessary for the securitized utility tariff bonds to receive and maintain the targeted triple-A rating [or as described in finding of fact V.C.9.36].
6. **Provision of Information.** Liberty shall take all necessary steps to ensure that the Commission and the Finance Team are provided sufficient and timely information as provided in this Financing Order in order to fulfill their obligations under the Securitization Law and this Financing Order.
7. **Issuance Advice Letter.** Liberty shall submit a draft issuance advice letter to the Finance Team for review not later than two weeks before the expected date of commencement of marketing the securitized utility tariff bonds. The Finance Team will review the issuance advice letter and provide timely feedback to Liberty based on the progression of structuring and marketing of the securitized utility tariff bonds. Not later than one day after the pricing of the securitized utility tariff bonds and before issuance of the securitized utility tariff bonds, Liberty shall provide the Commission an issuance advice letter in substantially the form of the issuance advice letter attached as Appendix A to this Financing Order. Liberty and the lead underwriters for the securitized utility tariff bonds shall provide a written certificate to the Commission certifying that the issuance of the securitized utility tariff bonds (i) complies with this Financing Order, (ii) complies with all other applicable legal requirements (including all requirements of Section 393.1700), (iii) that the issuance of the securitized utility tariff bonds and the imposition of the securitized utility tariff charges will provide quantifiable net present value benefits to customers as compared to recovery of the components of securitized utility tariff costs that would have been incurred absent the issuance of securitized utility tariff bonds, and (iv) that the structuring, marketing and pricing of the securitized utility tariff bonds will result in the lowest securitized utility tariff charges consistent with market conditions at the time the securitized utility tariff bonds are

priced and the terms of this Financing Order. In addition, if credit enhancements, or arrangements to enhance marketability are used, the issuance advice letter must include certification that such credit enhancements, or other arrangements are reasonably expected to provide benefits as required by this Financing Order. The issuance advice letter must be completed, must evidence the actual dollar amount of the initial securitized utility tariff charges and other information specific to the securitized utility tariff bonds to be issued. The issuance advice letter will demonstrate the ultimate amounts of quantifiable net present value savings. All amounts which require computation shall be computed using the mathematical formulas contained in the form of the issuance advice letter in Appendix A to this Financing Order and the Securitized Utility Tariff Charge Rider SUTC. Electronic spreadsheets with the formulas supporting the schedules contained in the issuance advice letter must be included with such letter. The Finance Team may request such revisions of the issuance advice letter as may be necessary to assure the accuracy of the calculations and information included and that the requirements of the Securitization Law and of this Financing Order have been met. The initial securitized utility tariff charges and the final terms of the securitized utility tariff bonds set forth in the issuance advice letter will become effective on the date of issuance of the securitized utility tariff bonds (which may not occur before the fifth business day after pricing) unless before noon on the fourth business day after the Commission receives the issuance advice letter the Commission issues a disapproval letter directing that the securitized utility tariff bonds as proposed shall not be issued and the basis for that disapproval.

8. **Approval of Tariff.** Before the issuance of any securitized utility tariff bonds under this Financing Order, Liberty must file compliance tariff sheets that conform to the tariff provisions in this Financing Order., but with rate elements identified as estimates. With its submission of the issuance advice letter, Liberty shall also submit a compliance tariff sheet, bearing an effective date no earlier than five business days after its submission, containing the rate elements of the securitized utility tariff charge. That compliance tariff sheet shall become effective on the date the securitized utility tariff bonds are issued with no further action of the Commission unless the Commission issues a disapproval letter as described in ordering paragraph 7.

**B. Securitized Utility Tariff Charges**

9. **Imposition and Collection.** The servicer is authorized to impose on and collect from all existing and future retail customers located within Liberty's Service Territory as it exists on the date this Financing Order is issued and other entities which, under the terms of this Financing Order or the tariffs approved hereby, are required to bill, pay, or collect securitized utility tariff charges, securitized utility tariff charges in an amount sufficient to provide for the timely recovery of the aggregate periodic payment requirements (including payment of principal and interest on the securitized utility tariff bonds), as approved in this Financing Order. If there is a partial payment of an amount billed, the amount paid must first be allocated first between the indenture trustee and Liberty based on the ratio of the billed amount for the securitized utility tariff charge to the total billed amount, excluding any late fees, and second, any remaining portion of the payment must be allocated to late fees.
10. **BondCo's Rights and Remedies.** Upon the sale by Liberty of the securitized utility tariff property to BondCo, BondCo will have all of the rights and interest of Liberty with respect to the securitized utility tariff property.
11. **Collector of Securitized Utility Tariff Charges.** Liberty or any subsequent servicer of the securitized utility tariff bonds shall bill a customer or other entity, which, under the terms of this Financing Order or the tariffs approved hereby, is required to bill or collect securitized utility tariff charges for the securitized utility tariff charges attributable to that customer.
12. **Collection Period.** The scheduled final payment of the last tranche of securitized utility tariff bonds may not exceed 13 years; *provided* that the legal final maturity of the securitized utility tariff bonds may extend to 15 years.
13. **Allocation.** Liberty must allocate the securitized utility tariff charges among rate classes in the manner described in this Financing Order.
14. **Nonbypassability.** Liberty shall collect and remit the securitized utility tariff charges, in accordance with this Financing Order.
15. **True-Ups.** Liberty shall file true-ups of the securitized utility tariff charges as described in this Financing Order.

16. **Ownership Notification.** Liberty shall ensure that each retail customer bill that includes the securitized utility tariff charge meets the notification of ownership and separate line item requirements set forth in this Financing Order.

**C. Securitized Utility Tariff Bonds**

17. **Issuance.** Liberty is authorized to issue one series of securitized utility tariff bonds as specified in this Financing Order. The securitized utility tariff bonds must be denominated in United States Dollars.
18. **Upfront Financing Costs.** Liberty may finance upfront financing costs in accordance with the terms of this Financing Order, which provides that the total amount for upfront financing cost, including, which includes (i) underwriters discounts and commissions, (ii) legal costs, (iii) rating agency fees, (iv) United States Securities and Exchange Commission registration fees and (v) any costs of the Commission associated with its responsibilities under the Securitization Law in connection with this Financing Order, and in performing its duties in connection with the issuance advice letter process, including costs of the Finance Team.
19. **Ongoing Financing Costs.** Liberty may recover its actual ongoing financing costs through its securitized utility tariff charges set forth in findings of fact for Issue 4 and Appendix B to this Financing Order. The estimated amount of ongoing financing costs is subject to updating in the issuance advice letter to reflect a change in the size of the securitized utility tariff bond issuance and other information available at the time of submission of the issuance advice letter. As provided in ordering paragraph 30, a servicer, other than Liberty or its affiliates, may collect a servicing fee higher than that set forth in Appendix B to this Financing Order, if such higher fee is approved by the Commission and the indenture trustee.
20. **Collateral.** All securitized utility tariff property and other collateral must be held and administered by the indenture trustee under the indenture as described in Liberty's petitions. BondCo must establish a collection account with the indenture trustee as described in finding of fact numbers V.C.5.23 through V.C.7.28. Upon payment of the principal amount of all securitized utility tariff bonds authorized in this Financing Order and the discharge of all obligations in respect thereof, all amounts in the collection account,



including investment earnings, must be released by the indenture trustee to BondCo for distribution in accordance with ordering paragraph 21.

21. **Distribution Following Repayment.** Following repayment of the securitized utility tariff bonds authorized in this Financing Order and release of the funds held by the indenture trustee, the servicer, on behalf of BondCo, must distribute to retail customers, the final balance of the collection account and all subaccounts (other than principal remaining in the capital subaccount), whether such balance is attributable to principal amounts deposited in such subaccounts or to interest thereon, remaining after all other financing costs have been paid. BondCo shall also distribute to retail customers any subsequently collected securitized utility tariff charges.
22. **Funding of Capital Subaccount.** The capital contribution by Liberty to be deposited into the capital subaccount shall be funded by Liberty and not from the proceeds of the sale of securitized utility tariff bonds at an amount not less than 0.50% of the original principal amount of the securitized utility tariff bonds. Upon payment of the principal amount of all securitized utility tariff bonds and the discharge of all obligations in respect thereof, all amounts in the capital subaccount will be released to BondCo for payment to Liberty, with any earnings to be accounted for in a future reconciliation process under Section 393.1700.2(3)(c)k of the Securitization Statute.
23. **Original Issue Discount, Credit Enhancement.** Liberty may provide original issue discount or provide for various forms of credit enhancement, including letters of credit, an overcollateralization subaccount or other accounts, surety bonds, and other mechanisms designed to promote the credit quality or marketability of the securitized utility tariff bonds to the extent permitted by and subject to the terms of this Financing Order only if Liberty certifies that such arrangements are reasonably expected to provide benefits greater than their cost and such certifications are agreed with by the Finance Team. Except for a de minimis amount of original issue discount, any decision to use such arrangements to enhance credit or promote marketability must be made in consultation with the Finance Team. Liberty may not enter into an interest rate swap, currency hedge, or interest rate hedging arrangement. This ordering paragraph does not apply to the collection account or its subaccounts approved in this Financing Order.

24. **Recovery Period.** The Commission authorizes Liberty to recover the securitized utility tariff costs and financing costs over a period not to exceed 15 years from the date the securitized utility tariff bonds are issued, although this does not prohibit recovery of securitized utility tariff charges for service rendered during the 15-year period but not actually collected until after the 15-year period.
25. **Amortization Schedule.** The securitized utility tariff bonds must be structured to provide a securitized utility tariff charge that is based on substantially levelized annual revenue requirements over the expected life of the securitized utility tariff bonds and utilize consistent allocation factors across rate classes, subject to modification in accordance with this Financing Order.
26. **Finance Team Participation in Bond Issuance.** The Commission, acting through the Finance Team, may participate with Liberty in discussions regarding the structuring, marketing and pricing of the securitized utility tariff bonds. The Finance Team has the right to provide input to Liberty and collaborate with Liberty in all facets of the structuring, marketing and pricing bond processes, including but not limited to, (1) the underwriter and any other member of the syndicate group size, selection process, participants, allocations and economics; (2) the structure of the bonds; (3) the bonds credit rating agency application; (4) the underwriters' preparation, marketing and syndication of the bonds; (5) the pricing of the bonds and the certifications provided by Liberty and the underwriters; (6) all associated costs, (including up front and ongoing financing costs), servicing and administrative fees and associated crediting; (7) bond maturities; (8) reporting templates; (9) the amount of any equity contributions; (10) credit enhancements; and (11) the initial calculations of the securitized utility tariff charges. The foregoing and other items may be reviewed during the entire course of the Finance Team's process. The Finance Team's review will begin immediately following this Financing Order becoming non-appealable and will continue until the issuance advice letter becomes effective. No member of the Finance Team will have authority to direct how Liberty places the securitized utility tariff bonds to market although they shall be permitted to attend all meetings, participate in all calls, e-mails, and other communications relating to the structuring, marketing, pricing and issuance of the securitized utility tariff bonds. The Commission retains authority over enforcing the terms of its Financing Order, and the Finance Team may petition the

Commission for relief for any actual or threatened violation of the terms of the Financing Order.

27. **Use of BondCo.** Liberty shall use BondCo, a bankruptcy-remote special purpose entity as proposed in its petitions, in conjunction with the issuance of the securitized utility tariff bonds authorized under this Financing Order. BondCo must be funded with an amount of capital that is sufficient for BondCo to carry out its intended functions and to avoid the possibility that Liberty would have to extend funds to BondCo in a manner that could jeopardize the bankruptcy remoteness of BondCo.
28. **Not State Obligations.** Each securitized utility tariff bonds shall contain on the face thereof a statement that: “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.”

#### **D. Servicing**

29. **Servicing Agreement.** The Commission authorizes Liberty to enter into the servicing agreement with BondCo and to perform the servicing duties approved in this Financing Order. Without limiting the foregoing, in its capacity as initial servicer of the securitized utility tariff property, Liberty is authorized to calculate, bill and collect for the account of BondCo, the securitized utility tariff charges authorized in this Financing Order, as adjusted from time to time to meet the periodic payment requirements as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The servicer will be entitled to collect servicing fees in accordance with the provisions of the servicing agreement, provided that, as set forth in Appendix B, the annual servicing fee payable to Liberty while it is serving as servicer (or to any other servicer affiliated with Liberty) must not at any time exceed 0.05% of the original principal amount of the securitized utility tariff bonds. The annual servicing fee payable to any other servicer not affiliated with Liberty must not at any time exceed 0.60% of the original principal amount of the securitized utility tariff bonds unless such higher rate is approved by the Commission under ordering paragraph 31.
30. **Administration Agreement.** The Commission authorizes Liberty to enter into an administration agreement with BondCo to provide the services covered by the

administration agreements. The fee charged by Liberty as administrator under that agreement may not exceed \$50,000 per annum plus reimbursable third-party costs.

31. **Replacement of Liberty as Servicer.** Upon the occurrence of a servicer termination event under the servicing agreement, the financing parties may replace Liberty as the servicer in accordance with the terms of the servicing agreement. If the servicing fee of the replacement servicer will exceed the applicable maximum servicing fee specified in ordering paragraph 29, the replacement servicer must not begin providing service until the date the Commission approves the appointment of such replacement servicer. No entity may replace Liberty as the servicer in any of its servicing functions with respect to the securitized utility tariff charges and the securitized utility tariff property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the securitized utility tariff bonds to be suspended, withdrawn, or downgraded.
32. **Amendment of Agreements.** The parties to the servicing agreement, administration agreement, indenture, and securitized utility tariff property purchase and sale agreement may amend the terms of such agreements; provided that no amendment to any such agreement increases the ongoing financing costs without the approval of the Commission. Any amendment to any such agreement that may have the effect of increasing ongoing financing costs must be provided by BondCo to the Commission along with a statement as to the possible effect of the amendment on the ongoing financing costs.
33. **Collection Terms.** The servicer must remit collections of the securitized utility tariff charges to BondCo or the indenture trustee for BondCo's account in accordance with the terms of the servicing agreement.
34. **Federal Securities Law Requirements.** Each other entity responsible for collecting securitized utility tariff charges from retail customers must furnish to BondCo or Liberty or to any successor servicer information and documents necessary to enable BondCo or Liberty or any successor servicer to comply with their respective disclosure and reporting requirements, if any, with respect to the securitized utility tariff bonds under federal securities laws.

**E. Structure of the Securitization**

35. **Structure.** Liberty shall structure the issuance of the securitized utility tariff bonds and the imposition and collection of the securitized utility tariff charges as set forth in this Financing Order.

**F. Use of Proceeds**

36. **Use of Proceeds.** Upon the issuance of securitized utility tariff bonds, BondCo shall pay the net proceeds from the sale of the securitized utility tariff bonds (after payment of upfront financing costs) to pay Liberty the purchase price of the securitized utility tariff property. Liberty will apply these net proceeds to recover the qualified extraordinary costs in connection with Winter Storm Uri and the energy transition costs in connection with retiring the Asbury Power Plant in accordance with the terms hereof.

**G. Miscellaneous Provisions**

37. **Continuing Issuance Right.** In accordance with Section 393.1700.2.(3)(c)n., Liberty has the continuing irrevocable right to cause the issuance of securitized utility tariff bonds in accordance with this Financing Order for a period extending 24 months following the date on which this Financing Order becomes final and no longer subject to any appeal. If, at any time during the effective period of this Financing Order, there is a severe disruption in the financial markets of the United States, the effective period may be extended with the approval of the Finance Team to a date which is not less than 90 days after the date such disruption ends.
38. **Binding on Successors.** This Financing Order, together with the securitized utility tariff charges authorized in it, shall be binding on Liberty and any successor to Liberty that provides transmission and distribution service directly to retail customers in Liberty's Service Territory as it exists on the date of this Financing Order.
39. **Flexibility.** Subject to compliance with the requirements of this Financing Order, Liberty and BondCo should be afforded flexibility in establishing the terms and conditions of the securitized utility tariff bonds, including the final structure of BondCo, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, interest rates, use of original issue discount, and other financing costs.
40. **Effectiveness of Order.** This Financing Order is effective upon issuance and is not subject to rehearing by the Commission. Notwithstanding the foregoing, no securitized utility

tariff property is created hereunder, and Liberty is not authorized to impose, collect, and receive securitized utility tariff charges until the securitized utility tariff property has been sold to BondCo in conjunction with the issuance of the securitized utility tariff bonds.

41. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the recovery of the approved securitized utility tariff costs are the subject of the petitions and for all related transactions contemplated in the petitions are granted.
42. **Payment of Commission's Costs for Professional Services.** Liberty shall pay all of the costs of the Commission in connection with the petitions and this Financing Order, including, but not limited to, the Commission's outside attorneys' fees and the fees of the Finance Team from the proceeds of the securitized utility tariff bonds on the date of issuance.
43. **Rehearing.** If this Financing Order is subject to an application for rehearing on a matter or matters solely related to Asbury, or a matter or matters solely related to Winter Storm Uri, this Financing Order will remain in full force and effect with respect to either Winter Storm Uri or Asbury, as applicable, that is not the subject of such application for rehearing.
44. **Effect.** This Financing Order constitutes a legal financing order for Liberty under the Securitization Law. A financing order gives rise to rights, interests, obligations, and duties as expressed in the Securitization Law. It is the Commission's express intent to give rise to those rights, interests, obligations, and duties by issuing this Financing Order. Liberty and the servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the conditions and criteria established in this Financing Order.
45. **All Other Motions Denied.** The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at \_\_\_\_\_, Missouri the \_\_\_\_ day of [●] 20[●].

**MISSOURI PUBLIC SERVICE COMMISSION**

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**FORM OF ISSUANCE ADVICE LETTER**

\_\_\_\_\_ day, \_\_\_\_\_, 2022

Case Nos. EO-2022-0040 and EO-2022-0193

MISSOURI PUBLIC SERVICE COMMISSION

**SUBJECT: ISSUANCE ADVICE LETTER FOR SECURITIZED UTILITY TARIFF BONDS**

Pursuant to the Financing Order adopted in *Petitions of The Empire District Electric Company d/b/a Liberty for a Financing Order*, Case Nos. EO-2022-0040 and EO-2022-0193 (the “Financing Order”), THE EMPIRE DISTRICT ELECTRIC COMPANY D/B/A LIBERTY (“Petitioner”) hereby submits, no later than the day after the pricing date of the Securitized Utility Tariff Bonds, the information referenced below. This Issuance Advice Letter is for the 20[●] Securitized Utility Tariff Bonds, tranches A-1 through A-\_\_\_. Any capitalized terms not defined in this letter have the meanings ascribed to them in the Financing Order.

**PURPOSE**

This filing establishes the following:

- (a) the total amount of Securitized Utility Tariff Costs and Financing Costs being financed;
- (b) the amounts of quantifiable net present value savings;
- (c) confirmation of compliance with issuance standards;
- (d) the actual terms and structure of the Securitized Utility Tariff Bonds being issued;
- (e) the initial Securitized Utility Tariff Charge for retail customers; and
- (f) the identification of the Special Purpose Entity (SPE).

**SECURITIZED UTILITY TARIFF COSTS AND FINANCING COSTS BEING FINANCED**

The total amount of Securitized Utility Tariff Costs and Financing Costs being financed (the “Securitized Costs”) is presented in Attachment 1.



**COMPLIANCE WITH ISSUANCE STANDARDS**

The Financing Order requires Petitioner to confirm, using the methodology approved therein, that the actual terms of the Securitized Utility Tariff Bonds result in compliance with the standards set forth in the Financing Order. These standards are:

1. The financing of Energy Transition Costs, Qualified Extraordinary Costs and Financing Costs will provide quantifiable net present value benefits to retail customers, greater than would be achieved compared to (a) the traditional method of financing with respect to the Energy Transition Costs and (b) the customary method of financing with respect to the Qualified Extraordinary Costs, collectively, in retail customer rates (See Attachment 2, Schedule D-1 and Schedule D-2).
2. The Securitized Utility Tariff Bonds will be issued in one or more tranches having a scheduled final payment of \_\_\_\_ years and legal final maturities not exceeding \_\_\_\_ years from the date of issuance (See Attachment 2, Schedule A).
3. The Securitized Utility Tariff Bonds may be issued with an original issue discount, additional credit enhancements, or arrangements to enhance marketability provided that the Petitioner certifies that the original issue discount is reasonably expected to provide quantifiable net present value benefits greater than its cost.
4. The structuring, marketing and pricing of the Securitized Utility Tariff Bonds is certified by the Petitioner to result in the lowest Securitized Utility Tariff Charges consistent with market conditions at the time the Securitized Utility Tariff Bonds were priced and the terms of the Financing Order (See Attachment 4).
5. The amount of [Securitized Utility Tariff Costs] to be financed using Securitized Utility Tariff Bonds are \$\_\_\_\_\_.
6. The recovery of such [Securitized Utility Tariff Costs] is just and reasonable and in the public interest.
7. The estimate of the amount of Financing Costs that may be recovered through Securitized Utility Tariff Charges is \$\_\_\_\_\_.
8. The period over which the Securitized Utility Tariff Costs and Financing Costs may be recovered is \_\_\_\_ years.
9. [Add other findings from Section 393.1700.2.(3)(c).]

**ACTUAL TERMS OF ISSUANCE**

Securitized Utility Tariff Bond: \_\_\_\_\_

Securitized Utility Tariff Bond Issuer: [**BondCo**]

Trustee: \_\_\_\_\_

Closing Date: \_\_\_\_\_, 20[●]

Bond Ratings: S&P AAA(sf), Moody's Aaa(sf)

Amount Issued: \$\_\_\_\_\_

Securitized Utility Tariff Bond Upfront Financing Costs: See Attachment 1, Schedule B.

Securitized Utility Tariff Bond Ongoing Financing Costs: See Attachment 2, Schedule B.

Tranche	Coupon Rate	Scheduled Final Payment	Legal Final Maturity
A-1	%		

Effective Annual Weighted Average Interest Rate of the Securitized Utility Tariff Bonds:	[_____]%
Weighted Average Life:	_____ years
Target Amortization Schedule:	Attachment 2, Schedule A
Scheduled Final Payment Dates:	Attachment 2, Schedule A
Legal Final Maturity Dates:	Attachment 2, Schedule A
Payments to Investors:	Semi-annually Beginning____, 20
Initial annual Servicing Fee as a percent of original Securitized Utility Tariff Bond principal balance:	[0.05]%

**INITIAL SECURITIZED UTILITY TARIFF CHARGE**

Table I below shows the current assumptions for each of the variables used in the calculation of the initial Securitized Utility Tariff Charges.

<b>TABLE I</b>	
<b>Input Values For Initial Securitized Utility Tariff Charges</b>	
Applicable recovery period: from	to
Voltage-adjusted forecasted retail kWh sales at meter for the applicable recovery period:	\$
Voltage-adjusted forecasted retail kWh sales for the subsequent recovery period:	
1/13 of Securitized Utility Tariff Amount:	\$
Revenue Adjustment amount for the initial recovery period:	\$
Projected transaction costs for the initial recovery period:	\$
Total recovery period amounts for initial recovery period:	\$

Allocation of the recovery period amount is to each applicable customer on the basis of total company projected energy sales at meter adjusted to a consistent voltage. See Attachment 3.

Based on the foregoing, the initial Securitized Utility Tariff Charges calculated for retail users are as follows:

<b>TABLE II</b>	
<u>Voltage Level</u>	<u>Initial Securitized Utility Tariff Charge</u>
Primary	\$ ____/kWh
Secondary	\$ ____/kWh
Transmission	\$ ____/kWh

**IDENTIFICATION OF SPE**

The owner of the Securitized Utility Tariff Property will be: \_\_\_\_\_ [**BondCo**].

**EFFECTIVE DATE**

In accordance with the Financing Order, the Securitized Utility Tariff Charge shall be automatically effective upon the Petitioner’s receipt of payment in the amount of \$ \_\_\_\_\_ from [**BondCo**], following Petitioner’s execution and delivery to [**BondCo**] of the Bill of Sale transferring Petitioner’s rights and interests under the Financing Order and other rights and interests that will become Securitized Utility Tariff Property upon transfer to [**BondCo**] as described in the Financing Order.

**NOTICE**

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at Petitioner's corporate headquarters.

**AUTHORIZED OFFICER**

The undersigned is an officer of Petitioner and authorized to deliver this Issuance Advice Letter on behalf of Petitioner.

Respectfully submitted,

THE EMPIRE DISTRICT ELECTRIC COMPANY  
D/B/A LIBERTY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT 1**  
**SCHEDULE A**  
**CALCULATION OF SECURITIZED UTILITY TARIFF COSTS AND FINANCING**  
**COSTS**

Securitized Utility Tariff Costs to be financed:	\$ _____
Upfront Financing Costs	\$ _____
<b>TOTAL COSTS TO BE FINANCED</b>	<b>\$ _____</b>

**ATTACHMENT 1**  
**SCHEDULE B**  
**ESTIMATED UPFRONT FINANCING COSTS**

<b>UPFRONT FINANCING COSTS</b>	
Legal Fees (Company, Issuer, and Underwriter)	\$ _____
Trustee's/Trustee Counsel's Fees and Expenses	\$ _____
Underwriters' Fees	\$ _____
Auditor Fees	\$ _____
Miscellaneous	\$ _____
SPE Setup Costs	\$ _____
Costs of the Commission	\$ _____
SEC Registration Fees	\$ _____
Rating Agency Fees	\$ _____
Printing/EDGARizing	\$ _____
	\$ _____
<b>TOTAL UPFRONT FINANCING COSTS FINANCED</b>	<b>\$ _____</b>

**Note: Differences that result from the Estimated Upfront Financing Costs financed being more or less than the Actual Upfront Financing Costs incurred will be resolved through the process described in the Financing Order.**





**ATTACHMENT 2**  
**SCHEDULE B**  
**ONGOING FINANCING COSTS**

	<b>ANNUAL AMOUNT</b>
Servicing Fee (Liberty as Servicer) (0.05% of initial Securitized Utility Tariff Bond principal amount)	\$ _____
Independent Director or Manager's Fee	\$ _____
Administration Fee	\$ _____
Trustee's/Trustee's Counsel Fees and Expenses	\$ _____
Accountant's Fee	\$ _____
Legal Fees for Issuer's Counsel	\$ _____
Rating Agency Fees	\$ _____
Printing/EDGARizing	\$ _____
Miscellaneous	
<b>TOTAL ONGOING FINANCING COSTS (with Liberty as Servicer)</b>	<b>\$ _____</b>
Ongoing Servicers Fee (Third Party as Servicer) (0.60% of principal amount)	\$ _____
<b>TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)</b>	<b>\$ _____</b>

**Note: The amounts shown for each category of operating expense on this attachments are the expected expenses for the first year of the Securitized Utility Tariff Bonds. Securitized Utility Tariff Charges will be adjusted at least annually to reflect any changes in Ongoing Financing Costs through the true-up process described in the Financing Order.**

**ATTACHMENT 2**  
**SCHEDULE C**  
**CALCULATION OF SECURITIZED UTILITY TARIFF CHARGES**

<b>Year</b>	<b>Securitized Utility Tariff Bond Payments<sup>1</sup></b>	<b>Ongoing Costs<sup>2</sup></b>	<b>Total Nominal Securitized Utility Tariff Charge Requirement<sup>3</sup></b>	<b>Present Value of Securitized Utility Tariff Charges<sup>4</sup></b>
1	\$ _____	\$ _____	\$ _____	\$ _____
2	\$ _____	\$ _____	\$ _____	\$ _____
3	\$ _____	\$ _____	\$ _____	\$ _____
4	\$ _____	\$ _____	\$ _____	\$ _____
5	\$ _____	\$ _____	\$ _____	\$ _____
6	\$ _____	\$ _____	\$ _____	\$ _____
7	\$ _____	\$ _____	\$ _____	\$ _____
8	\$ _____	\$ _____	\$ _____	\$ _____
9	\$ _____	\$ _____	\$ _____	\$ _____
10	\$ _____	\$ _____	\$ _____	\$ _____
11	\$ _____	\$ _____	\$ _____	\$ _____
12	\$ _____	\$ _____	\$ _____	\$ _____
13	\$ _____	\$ _____	\$ _____	\$ _____
14	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total</b>	\$ _____	\$ _____	\$ _____	\$ _____

<sup>1</sup> From Attachment 2, Schedule A.

<sup>2</sup> From Attachment 2, Schedule B.

<sup>3</sup> Sum of Securitized Utility Tariff Bond payments and ongoing costs.

<sup>4</sup> The discount rate used is the weighted average effective annual interest rate of the Securitized Utility Tariff Bonds.

**ATTACHMENT 2**  
**SCHEDULE D-1**  
**COMPLIANCE WITH SECTION 393.1700**

Quantifiable Benefits Test:<sup>5</sup>

	Range of Traditional Financing with respect to Energy Transition Costs	Securitization Financing with respect to Energy Transition Costs <sup>6</sup>	Range of Savings/(Cost) of Securitization Financing with respect to Energy Transition Costs
Nominal	\$_____ million - \$_____ million	\$_____ million	\$_____ million - \$_____ million
Present Value	\$_____ million - \$_____ million	\$_____ million	\$_____ million - \$_____ million

**ATTACHMENT 2**  
**SCHEDULE D-2**  
**COMPLIANCE WITH SECTION 393.1700**

Quantifiable Benefits Test:<sup>7</sup>

	Range of Customary Financing with respect to Qualified Extraordinary Costs	Securitization Financing with respect to Qualified Extraordinary Costs <sup>8</sup>	Range of Savings/(Cost) of Securitization Financing with respect to Qualified Extraordinary Costs
Nominal	\$_____ million - \$_____ million	\$_____ million	\$_____ million - \$_____ million
Present Value	\$_____ million - \$_____ million	\$_____ million	\$_____ million - \$_____ million

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<sup>5</sup> Calculated in accordance with the methodology cited in the Financing Order.

<sup>6</sup> From Attachment 2, Schedule C.

<sup>7</sup> Calculated in accordance with the methodology cited in the Financing Order.

<sup>8</sup> From Attachment 2, Schedule C.

**ATTACHMENT 3**

**INITIAL ALLOCATION OF COSTS ON BASIS OF LOSS-ADJUSTED ENERGY**

Allocation of the recovery period amount is to each applicable customers on the basis of total company projected energy sales at meter adjusted to a consistent voltage.

**ATTACHMENT 4**  
**FORM OF PETITIONER'S CERTIFICATION<sup>9</sup>**

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<sup>9</sup> To be structured with the Finance Team.

**ESTIMATED UPFRONT FINANCING COSTS**

<b>UPFRONT FINANCING COSTS</b>	
Legal Fees (Company, Issuer, and Underwriter)	\$ [3,800,000]
Trustee's/Trustee Counsel's Fees and Expenses	\$ TBD
Underwriters' Fees	\$ [1,390,038]
Auditor Fees	\$ [400,000]
Structuring Advisor	\$ [510,000]
Miscellaneous	\$ [100,000]
Commission's Financial Advisor Fees, Counsel Fees and other fees and expenses	\$ TBD
SEC Registration Fees	[0.00927%]
Rating Agency Fees	[0.1150%]
Printing/EDGARizing	\$ TBD
<b>TOTAL UPFRONT FINANCING COSTS FINANCED</b>	<b>\$ [6,920,258]</b>

**ONGOING FINANCING COSTS**

	<b>ANNUAL AMOUNT</b>
Servicing Fee (Liberty as Servicer) (0.05% of initial Securitized Utility Tariff Bond principal amount)	\$ [181,210]
Independent Director or Manager's Fee	\$ TBD
Administration Fee	\$ [50,000]
Trustee's Fees and Expenses	\$ [10,000]
Accountant's Fee	\$ [75,000]
Legal Fees for Issuer's Counsel	\$ [35,000]
Rating Agency Fees	\$ [40,000]
Miscellaneous	\$ [10,000]
<b>TOTAL ONGOING FINANCING COSTS (with Liberty as Servicer)</b>	\$ [441,210]
Ongoing Servicers Fee (Third Party as Servicer) ([0.60]% of principal amount)	\$ [2,174,520]
<b>TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)</b>	\$ [2,698,769]