

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

In the Matter of the Application of Union Electric)
Company d/b/a Ameren Missouri for Permission and)
Approval and a Certificate of Public Convenience and)
Necessity Authorizing it to Construct a Wind Generation)
Facility.)
File No. EA-2018-0202

STIPULATION AND AGREEMENT

COME NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company"), and the Staff of the Missouri Public Service Commission ("Staff"), (collectively, "the Signatories") and submit this Stipulation and Agreement, and respectfully state as follows:

BACKGROUND

1. On May 21, 2018, Ameren Missouri filed its *Application*, which requested a Certificate of Convenience and Necessity ("CCN") and approval of a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM").
2. Renew Missouri, NRDC, MIEC, the Sierra Club, DE and MDC applied for, and were granted, intervention.
3. After several discussions, the Signatories have reached a Stipulation and Agreement ("Agreement"), as is set forth below.

AGREEMENTS AMONG THE SIGNATORIES

4. The Signatories agree that, with the conditions provided below, the Missouri Public Service Commission ("Commission") should grant Ameren Missouri's request for a CCN pursuant to Section 393.170.1 to construct and own a wind generation facility to be constructed in Schuyler and Adair Counties in Missouri, under the Build Transfer Agreement ("BTA") with TG High Prairie Holdings, LLC (the "Project") as set forth in the Company's *Application*. This authority includes permission to acquire any Non-Compliant wind turbine generators, as defined by and

according to the terms of the BTA. The parties agree the costs associated with this Project are Renewable Energy Standard compliance costs so long as the facility is certified by the Division of Energy as a renewable energy resource under 4 CSR 340-8.010.

5. Authority to Merge: The Signatories agree the Commission should grant Ameren Missouri authority to merge the special purpose entity TG High Prairie, LLC into Ameren Missouri with Ameren Missouri to be the surviving entity pursuant to Section 393.190.1, as set forth in the *Company's Application*.

6. Plans and Specifications: Ameren Missouri will file quarterly progress reports on the plans and specifications for the Project, with the first report due on October 1, 2018. Ameren Missouri will file complete plans and specifications prior to commencement of construction.

7. Permits: Ameren Missouri will include an update on permits obtained as part in its quarterly progress reports.

8. Ameren Missouri must receive approval from the Federal Energy Regulatory Commission pursuant to Section 203 of the Federal Power Act.

9. In-Service Criteria: In-service criteria must be agreed upon and filed with the Commission on or before December 31, 2018 that would satisfy the fully operational and used for service standard in Section 393.135, RSMo, and the applicable Internal Revenue Service requirements to qualify for Production Tax Credits. The parties will work together reasonably and in good faith to develop such in-service criteria by such date.

10. Wildlife: Ameren Missouri will notify MDC of all scheduled meetings and conference calls (related to the project) with United States Fish and Wildlife Service ("USFWS"). Additionally, Ameren Missouri will provide MDC a copy of all documents and/or reports related to the project that it provides to USFWS at the same time as they are provided to USFWS. Further,

Ameren Missouri agrees to notify MDC of potential sites for future utility-scale wind generation facilities sited in Missouri where Ameren Missouri is the general contractor. In future Requests for Proposals, where Ameren Missouri is not acting as the general contractor for utility-scale wind generation facilities sited in Missouri, the Company will ask respondents if they have had any conversations with MDC about the site under consideration.

11. Depreciation: The Signatories agree that Ameren Missouri shall use the currently ordered life for wind generation in establishing the depreciation rate applicable to the facility unless, upon Commission consideration of the Company's next electric depreciation study, the Commission approves the use of a different life for setting the depreciation rate.

12. Prudence: The Signatories agree that they shall not challenge the prudence of the decision to acquire the facility under the terms of the BTA, including Non-Compliant wind turbine generators under the terms of the BTA, and to merge TG High Prairie, LLC into Ameren Missouri if the acquisition of the facility closes pursuant to the BTA. Nothing in this Stipulation limits the ability of any Signatory or other party from challenging the prudence of the design, construction costs, interconnection costs, and all other project related costs, including costs impacted by construction duration.

13. Variances: The Signatories agree the Commission should grant Ameren Missouri the limited variances listed in Appendix A.

14. RESRAM: The Signatories agree that Ameren Missouri's request for a RESRAM should be granted. Attached is the exemplar tariff that the Commission should order Ameren Missouri to file as a compliance tariff upon approval of this Stipulation, with an effective date of January 1, 2019. With respect to the RESRAM:

A. The Signatories agree that costs currently included under its Renewable Energy Standard ("RES") tracker and the existing solar rebate tracker will continue to be tracked pursuant to the mechanisms already authorized for those specific costs. Also excluded from the RESRAM are all current and future costs associated with existing renewable generation facilities, Renewable Energy Credits ("RECs") from existing renewable purchase power agreements and any RECs purchased prior to the effective date of the Commission order approving this Agreement. This results in a starting base factor of \$0.00 for the RESRAM tariff. All new RES compliance costs and benefits, as defined in the RESRAM tariff, including REC purchases made after the effective date of an order approving this Agreement and the solar rebates authorized under Section 393.1670 RSMo (effective August 28, 2018), will flow through the RESRAM.

B. RESRAM Accounting: In order to ensure RESRAM costs are tracked appropriately and that double recovery is avoided, Ameren Missouri agrees to meet with members of Staff's Auditing group while developing the accounting process to implement the RESRAM. Ameren Missouri anticipates this process will begin in October of 2018.

C. Rate of Return for RESRAM: The initial capital structure ratios for purposes of the RESRAM shall utilize the percent of common equity and long-term debt reflected in the last Commission-approved capital structure for the Company.¹ Thereafter, the capital structure ratios for purposes of the RESRAM will be those approved by the Commission in subsequent general rate proceedings. The return on common equity applied to the common equity ratio shall be based on the Commission's most recent allowed return on equity for the Company. The return applied to the long-term debt ratio shall be based

¹ The Commission last approved a capital structure for the Company in File No. ER-2014-0258.

on Ameren Missouri's embedded cost of long-term debt as of the most recent fiscal quarter before each RESRAM filing with the Commission.

D. RESRAM Benefits to Account for 5% Fuel Adjustment Sharing: The Signatories agree that for any new RES compliance generation with a nameplate capacity greater than 10 megawatts that comes online, that 5% of the market value at generation node/meter of the energy generated and associated capacity sold be credited to the RESRAM until the market benefits from the generation are included in net base energy costs in a general rate proceeding.

GENERAL PROVISIONS OF AGREEMENT

15. This Agreement is being entered into solely for the purpose of settling the issues in this case explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Agreement in this or any other proceeding, regardless of whether this Agreement is approved.

16. This Agreement is a negotiated settlement. Except as specified herein, the Signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement, or in any way condition its approval of same.

17. This Agreement has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

18. If approved and adopted by the Commission, this Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Agreement and the operation of this Agreement according to its terms.

19. If the Commission does not approve this Agreement without condition or modification, and notwithstanding the provision herein that it shall become void, (a) neither this Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (b) the Signatories shall retain all procedural and due process rights as fully as though this Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

20. If the Commission accepts the specific terms of this Agreement without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to

§536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

WHEREFORE, the Signatories request the Missouri Public Service Commission issue an order approving the terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

/s/ James B. Lowery

James B. Lowery, Mo. Bar #40503
SMITH LEWIS, LLP
P.O. Box 918
Columbia, MO 65205-0918
(T) 573-443-3141
(F) 573-442-6686
lowery@smithlewis.com

/s/ Wendy K. Tatro

Wendy K. Tatro, Mo. Bar #60261
Director & Assistant General Counsel
Ameren Missouri
1901 Chouteau Avenue, MC 1310
St. Louis, MO 63103
(314) 554-3484 (phone)
(314) 554-4014 (fax)
AmerenMOService@ameren.com

*Attorneys for Union Electric Company
d/b/a Ameren Missouri*

/s/ Nicole Mers

Nicole Mers, MO Bar #66766
Staff Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
T (573) 751-6651
F (573) 751-9285
Nicole.mers@psc.mo.gov
*Attorney for the Staff of the
Missouri Public Service Commission*

CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing have been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to counsel of record this 17th day of August, 2018.

/s/ James B. Lowery _____

James B. Lowery

Appendix A
Stipulation and Agreement
File No. EA-2018-0202

4 CSR 240-20.100(6)13: “An electric utility that has implemented a RESRAM shall file revised RESRAM rate schedules to reset the RESRAM charge to zero (0) when new base rates and charges become effective following a commission report and order establishing customer rates in a general rate proceeding that incorporates RES compliance costs or benefits previously reflected in a RESRAM in the utility’s base rates. If an over- or under-recovery of RESRAM revenues or over- or under-pass-through of RESRAM benefits exists after the RESRAM charge has been reset to zero (0), that amount of over- or under-recovery, or over- or under-pass-through, shall be tracked in an account and considered in the next RESRAM filing of the electric utility.”

Variance: The Signatories recommend the Commission grant a variance to allow the RESRAM rate to be adjusted upon conclusion of a rate case to remove the RES Revenue Requirement that is being moved to base rates from the RESRAM rate, but the RESRAM rate continues to reflect recovery/return of any existing over/under (1) recovery balance, (2) True-up, or (3) Ordered Adjustment.

4 CSR 240-20.100(6)(A)10: “The RESRAM charge will be calculated as a percentage of the customer’s energy charge for the applicable billing period.”

Variance: The Signatories recommend the Commission grant a variance to allow the RESRAM rate to be billed customers as a flat rate per kWh of energy consumed.

4 CSR 240-20.100(6): “In all RESRAM applications, the increase in utility revenue requirements shall be calculated as the amount of additional RES compliance costs incurred since the electric utility’s last RESRAM application or general rate proceeding, net of any reduction in RES compliance costs . . . and any new RES compliance benefits.”

Variance: The Signatories recommend the Commission grant a variance to allow the market value at generation node/meter of the energy generated and associated capacity sold from a renewable resource (a RES compliance benefit) to be included in the determination of base and actual net energy costs in the Company’s fuel adjustment clause instead of in the RESRAM.

CSR 240-20.100(6)(C): “RESRAM for equal to or greater than two percent (2%) actual increase in utility revenue requirements. The commission shall have no less than thirty days . . . to hold a hearing and issue a report and order approving the electric utility’s rate schedules . . .”

Variance: The Signatories recommend the Commission grant a variance to allow a RESRAM rate change of 2% or more to take effect 120 days after its filing if the Commission has not yet resolved a dispute about the rate change on an interim, subject to refund basis, in the same manner provided for by the Commission’s fuel adjustment clause (“FAC”) rules. See 4 CSR 240-20.090(4) (Which provides that if the Commission has not issued an order approving an

FAC rate adjustment, the adjustment takes effect as an interim rate, as follows: “the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility’s filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.”). Without such a variance, it will be difficult if not impossible to calculate a RESRAM rate that accurately recovers the costs (or returns the benefits) that are appropriate under the RESRAM because such a calculation must be predicated on knowing (a) when the rate adjustment will occur, and (b) how long that RESRAM rate will be in effect. As a result, it is appropriate to allow the RESRAM rate to go into effect within 120 days in all circumstances in order to ensure the RESRAM rate in each RESRAM rate filing can be developed accurately. If, after resolution of any dispute about the RESRAM rate the Commission determines that the rate was incorrect, an adjustment can be made via the "Ordered Adjustment" factor in the RESRAM tariff sheets, with interest.

RIDER RESRAM
RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM (Cont'd.)

- RRR = RESRAM Revenue Requirement: An amount equal to the revenue requirement associated with all RES Compliance Costs net of RESRAM Benefits that are not reflected in the revenue requirement that was established in the Company's last general rate proceeding. The RRR shall consist of (1) the capital costs associated with investments in renewable energy resources used to comply with the RES that have been placed into service on the Company's books as of the end of each AP, except the 85% of the return and depreciation on such investments which is reflected in a mechanism authorized under Section 393.1400; and (2) the non-capital RES Compliance Costs and RESRAM Benefits reflected on the Company's books during that AP except to the extent those costs and benefits are addressed under the company's Rider FAC, on an annualized basis for the first AP which may be less than twelve months in length, or if the asset to which the costs and benefits relate was only in service for a portion of the AP. Notwithstanding the previous sentence, if a wind generation asset used for RES compliance ceases to earn Production Tax Credits during an AP, an adjustment necessary to offset the annual impact of those Production Tax Credits as reflected in rates established in a general rate proceeding shall be included.
- T = True-Up Amount: An amount calculated at the end of each AP reflecting the difference between (1) the revenues billed for the first 6 months of the then-effective RP and projected to be billed for the second 6 months of the RP and (2) the revenues authorized for collection through this rider during the first 6 months of the then-effective RP and projected to be collected during the second 6 months of the RP, excluding amounts of authorized and actual revenues associated with factor RRR, resulting from the difference in forecasted RP total kWh usage, and actual total kWh usage from the RP. Forecasted amounts shall be trued-up with actual amounts in the next applicable calculation.
- OA = Ordered Adjustment: The amount of any adjustment to the TRR ordered by the Commission not reflected as an ROA.
- MBA = Monthly Base Amount: Is one-twelfth of the Base Amount. The Base Amount is the revenue requirement associated with RES Compliance Costs and RESRAM Benefits reflected in the revenue requirement established in the applicable general rate proceedings. At the conclusion of each general rate proceeding, unless otherwise ordered, the Base Amount shall be published on a replacement sheet for Sheet 93.6.

DATE OF ISSUE	<u>May 21, 2018</u>	DATE EFFECTIVE	<u>January 1, 2019</u>
ISSUED BY	<u>Michael M. Moehn</u>	<u>President</u>	<u>St. Louis, Missouri</u>
	NAME OF OFFICER	TITLE	ADDRESS

