

**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 an Order)
Authorizing the Issue and Sale of Additional)
Long-Term Indebtedness Related to Wind)
Investments)

File No. EF-2021-0011

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through counsel, and files its *Staff’s Recommendation*, recommending that the Missouri Public Service Commission approve Union Electric Company’s d/b/a Ameren Missouri (“Ameren Missouri”) *Motion for Expedited Treatment, Request for Waiver, and Application for Financing Authority* (“Motion and Application”), with conditions. Also, Staff has no objection to the Commission granting Ameren Missouri’s motion for expedited consideration and Staff recommends the Commission grant Ameren Missouri’s request for waiver. In support of Staff’s Memorandum, Staff states as follows:

1. On August 11, 2020, Ameren Missouri filed its Motion and Application, pursuant to Sections 393.180 and 393.200 RSMo, 20 CSR 4240-2.060, 20 CSR 4240-2.080(14), 20 CSR 4240-4.017 and 20 CSR 4240-10.125. On August 12, 2020, the Commission issued an *Order* directing Staff to file its recommendation no later than August 31, 2020.

2. Ameren Missouri proposes to issue and sell from time to time, in one or more transactions, up to \$550 million aggregate principal amount of New Indebtedness in first mortgage bonds or other forms of secured indebtedness (including senior secured debt securities secured by a corresponding series of first mortgage bonds).

3. Ameren Missouri proposes to use the proceeds to partially finance the acquisition of \$1.2 billion of wind (renewable) generation facilities, scheduled to occur in the fourth quarter of 2020.¹

4. Staff has reviewed Ameren Missouri's Motion and Application, conducted discovery, and verified that Ameren Missouri's projected capital expenditure plan supports the need for the \$550 million long-term debt. Based on Staff's review and investigation, Staff proposes seven conditions in its Memorandum:

- i. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserve the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in any later rate proceeding;
- ii. That the Company shall file with the Commission within 10 days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of secured indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, the Company shall also provide any analyses performed to determine that the terms for the debt it decided to issue were the most reasonable. The analysis should include, but not limited to, indicative pricing information provided by investment banks;
- iii. That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning any such issuance;
- iv. That the Company shall file with the Commission as a non-case related submission in EFIS under "Resources" - "Non-Case Related Query" - "Ordered Submission" any credit rating agency reports published on Ameren Missouri's or Ameren's corporate credit quality or the credit quality of its securities;

¹ See Case File Nos. EA-2018-0202 and EA-2019-0181.

- v. That Ameren Missouri be required to file a five-year capitalization expenditure schedule in future finance cases;
- vi. That Ameren Missouri be required to file in future finance cases whereby the use of proceeds includes the repayment of short-term debt which cannot be linked to the repayment of long-term debt, a schedule that reconciles short-term debt incurred for purposes of long-term capital projects specifically and individually disclosed in quarterly and annual filings with the Securities and Exchange Commission. For those capital expenditures not categorized in Securities and Exchange Commission filings, Ameren Missouri shall provide an aggregate sum of the miscellaneous expenditures; and
- vii. That the Commission's grant of authority shall expire one year from the effective date of the order in this proceeding.

5. In its Memorandum, Staff states that the Commission should approve Ameren Missouri's Application as not detrimental to the public interest. Ameren Missouri states in its Motion and Application that "[t]he issuance and sale of the New Indebtedness, as proposed and described herein, will not be detrimental to the public interest, and is reasonably required."

6. Consistent with Section 393.200, RSMo, the proposed issuance of debt securities is or will be reasonably required for the purposes specified in the Motion and Application and that such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income.

7. Ameren Missouri's Motion and Application contained a request that the Commission waive the 60-day filing notice required by 20 CSR 4240-4.017(1). Ameren Missouri's Motion and Application provided a verified declaration that it had not had communication with the office of the commission (as defined by 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issues likely

to be in the case, and therefore, Staff agrees good cause exists, pursuant to 20 CSR 4240.017(1)(D), to waive the 60-day notice requirement.

WHEREFORE, Staff recommends the Commission authorize Ameren Missouri's Application with Staff's recommended conditions, and Staff advises that it has no objection to Ameren Missouri's motion for expedited consideration and recommends the Commission grant Ameren Missouri's request for waiver.

Respectfully submitted,

/s/ Jamie S. Myers

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 31st day of August, 2020.

/s/ Jamie S. Myers