

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri’s Request to Sell, Assign,)
Lease or Transfer Assets) **File No. EM-2022-0094**

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation* in this matter, hereby states:

1. On September 30, 2021, Union Electric Company d/b/a Ameren Missouri filed its *Application for Approval of Sale of Assets to Wabash Valley Power Association and Request for Variance* in accordance with an agreement between Ameren Transmission Company of Illinois’ (ATXI) and Wabash Valley Power Association in regard to the Limestone Ridge Project that included the construction of a second transmission line. The Commission approved the associated Stipulation and Agreement regarding the Limestone Ridge Project in Case No. EA-2021-0087. The Limestone Ridge Project, specifically the construction of a new transmission line, will result in Ameren Missouri no longer requiring the transmission line segment at issue in this docket for its transmission needs. Thereby, Ameren Missouri has asked the Commission to approve the sale of this currently-owned transmission line segment to Wabash Valley Power Association. Staff asked to file its *Recommendation* no later than December 1, 2021, which the Commission granted. Staff now files its *Recommendation*.

2. Section 393.190.1, RSMo, states that, “No gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with

any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. The permission and approval of the commission to the exercise of a franchise or permit under this chapter, or the sale, assignment, lease, transfer, mortgage or other disposition or encumbrance of a franchise or permit under this section shall not be construed to revive or validate any lapsed or invalid franchise or permit, or to enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or to waive any forfeiture. Any person seeking any order under this subsection authorizing the sale, assignment, lease, transfer, merger, consolidation or other disposition, direct or indirect, of any gas corporation, electrical corporation, water corporation, or sewer corporation, shall, at the time of application for any such order, file with the commission a statement, in such form, manner and detail as the commission shall require, as to what, if any, impact such sale, assignment, lease, transfer, merger, consolidation, or other disposition will have on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the corporations involved in such disposition are located. The commission shall send a copy of all information obtained by it as to what, if any, impact such sale, assignment, lease, transfer, merger, consolidation or other disposition will have on the tax revenues of various political subdivisions to the county clerk of each county in which any portion of a political subdivision which will be affected by such disposition is located. Nothing in this subsection contained shall be construed to prevent the sale, assignment, lease or other disposition by any corporation, person or public utility of a class designated in this subsection of property which is not necessary or useful in the performance of its duties to the public, and

any sale of its property by such corporation, person or public utility shall be conclusively presumed to have been of property which is not useful or necessary in the performance of its duties to the public, as to any purchaser of such property in good faith for value.” Further, Commission Rule 20 CSR 4240-10.105(1)(D) states that, “applications for authority to sell, assign, lease, or transfer assets shall include: D) The reasons the proposed sale of the assets is not detrimental to the public interest”. Any application for sale of assets should also comply with the filing requirements of Commission Rules 20 CSR 4240-2.060 and 10.105.

3. Staff conducted a full investigation of Ameren Missouri’s *Application* and has included its findings and recommendations in its *Memorandum* attached here as Attachment A. Staff recommends approval of the *Application* and finds that Ameren Missouri has met the requirements of Section 393.190.1, RSMo, and Commission Rule 20 CSR 4240-10.105(1)(D). Ameren Missouri’s *Application* is compliant with the filing requirements of Commission Rules 20 CSR 4240-2.060 and 10.105.

WHEREFORE, Staff prays that the Commission will accept this *Recommendation*; issue an order approving the sale of the transmission line segment to Wabash Valley Power Association; and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 1st day of December, 2021, to all counsel of record.

/s/Whitney Payne

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. EM-2022-0094, In the Matter of Union Electric Company’s,
d/b/a Ameren Missouri Request to Sell, Assign, Lease, or Transfer Assets

FROM: Kimberly K. Bolin, Auditing Dept., Utility Regulatory Manager,
Financial & Business Analysis Division
Alan J. Bax, Engineering Analysis Dept., Associate Engineer,
Industrial Analysis Division

/s/ Alan J. Bax / 12-01-2021
Engineering Analysis Dept. / Date

/s/ Whitney Payne / 12-01-2021
Staff Counsel’s Office / Date

SUBJECT: Staff Memorandum Recommending Approval of Request to Sell, Assign,
Lease, or Transfer Assets

DATE: December 1, 2021

STAFF RECOMMENDATION

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve Union Electric Company’s, d/b/a Ameren Missouri (“Ameren Missouri”) Application for Approval of Sale of Assets to Wabash Valley Power Association (“Wabash Valley”) and Request for Variance (“Application”), concluding that the Application is not detrimental to the public interest pursuant to Section 393.190.1 RSMo 2020, and 20 CSR 4240-10.105-(1)-(D). The Application meets the filing requirements contained in 20 CSR 4240-2.060 and 20 CSR 4240-10.105.

OVERVIEW

On September 30, 2021, Ameren Missouri filed an Application for Approval of Sale of Assets to Wabash Valley Power Association and Request for Variance (“Application”). In its Application, Ameren Missouri proposes to sell an approximate 1.5 mile, 161 kV transmission line segment to Wabash Valley and also requests a variance of the 60 day notification of its intention to file said Application as otherwise required per 20 CSR 4240-4.017 (1). Ameren Missouri contends that this line segment, routed between Wabash Valley’s Trail of Tears substation and the Charmin Bulk substation, as depicted in the Application, will facilitate Wabash Valley’s ability in operating these

two substations without the need for Ameren Missouri to be an intermediary. Ameren Missouri states it has had no communications with the Commission (as defined by 20 CSR 4240-4.015(10)) regarding any substantive issue likely to be [discussed] in this case during the [immediately] proceeding 150 days, which establishes good cause for requesting the waiver from the 60-day notification requirement of 20 CSR 4240-4.017 included in the Application. An Asset Purchase Agreement (“APA”), which contains specific terms of the pending sale of assets as well as the method of calculating the associated purchase price, is included within a Joint Development Agreement By and Between Ameren Transmission Company of Illinois and Wabash Valley Power Association (“JDA”), attached as Appendix 2 to this Application, as required by 20 CSR 4240-10.105-(1)-(B). Ameren Missouri contends that the sale of this line segment will neither adversely affect its reliability of electric service in the immediate area nor does Ameren Missouri believe its customers will be affected by the intended resultant negotiated purchase price of these associated assets.

On October 1, 2021, the Commission issued an *Order Directing Notice, Setting Deadline for Intervention Requests, and Directing Filing* in which it directed its Data Center to provide a copy of this Application to the County Commissions of each county in Missouri that is included in Ameren Missouri’s certificated electric service area and its Public Policy and Outreach division to provide notice of this Application to each member of the General Assembly serving in areas included in Ameren Missouri’s certified electric service territory, and to corresponding media outlets in this area as well. In addition, a deadline of October 21, 2021 was established for any party desiring to intervene in this case and Staff was directed to file a recommendation or a status report no later than November 1, 2021. On November 1, 2021, Staff filed a *Status Report* and a request to file its recommendation no later than December 1, 2021, a request that the Commission approved in its *Order Granting Extension* filed on November 4, 2021.

Ameren Missouri is an electrical corporation subject to the jurisdiction of the Commission as specified, in part, by Chapters 386 and 393, RSMo 2020. For the purposes of this case, Ameren Missouri is subject to the jurisdiction of the Commission under Section 393.190.1, RSMo 2020, and 20 CSR 4240-10.105. Ameren Missouri is current on its filing of annual reports and payments of its assessment dues. Staff is currently not aware of any unsatisfied judgments or decisions against

Ameren Missouri in any state or federal agency or court involving customer service or rates within the last three years that would have bearing on the immediate Case.

DISCUSSION

In its Application, Ameren Missouri references the Limestone Ridge Project, the subject of Case No. EA-2021-0087. In that case, the Ameren Transmission Company of Illinois (“ATXI”) and Wabash Valley sought from the Commission a Certificate of Convenience and Necessity (“CCN”) in regard to their Limestone Ridge Project, which included the development and future installation of approximately 15 miles of transmission lines, plus a few new or renovated substations, in Perry and Cape Girardeau Counties in Southeast Missouri and is said to be needed in addressing the continued growth of communities in this area. Ameren Missouri indicates that its request in this case to sell a 1.5 mile segment to Wabash Valley is dependent on ATXI’s request for a CCN in relation to the Limestone Ridge Project being approved by the Commission.¹ The Application, in the current case, states, “...a key factor in the Limestone Ridge Project is the build, by Wabash Valley, of a second transmission source from Wabash Valley’s expanded Trail of Tears substation to its Charmin Bulk substation.” As a consequence, if the Limestone Ridge Project is approved, the Application states, “...there will be no continued need for the line in question in this docket [EM-2022-0094] to be owned, operated, and maintained by Ameren Missouri.” This line segment is illustrated in Figure 1, on page 2 of the Application, and identified as “Ameren MO Line to be sold”.

Staff sought to clarify whether the sale of this line segment was a prerequisite to seeking a CCN for the Limestone Ridge Project. That is, without gaining such approval to sell this line segment, would ATXI and Wabash Valley neglect to pursue a CCN in connection with the Limestone Ridge Project?

The JDA, dated December 16, 2019, and attached to this Application as Appendix 2, was originally filed with the Commission in Case No. EA-2021-0087 in conjunction with ATXI’s and Wabash Valley’s request for a CCN regarding their Limestone Ridge Project. On Page 1, its stated, “...Whereas in support of the [Limestone Ridge] Project, Wabash Valley intends to enter an

¹ ATXI’s request for a CCN in relation to the Limestone Ridge Project was the subject of Case No. EA-2021-0087.

agreement with Ameren Missouri to acquire, at Original Cost Depreciated Value, the portion of Ameren Missouri's Wedekind to Charmin Bulk Substation." Also, paragraph 4.5 states,

To facilitate the construction of the [Limestone Ridge] Project and subject to Regulatory Approval, Wabash Valley intends to acquire, at Original Cost Depreciated Value, the portion of the existing 161 kV Wedekind-Charmin Bulk transmission line segment owned by Ameren Missouri that runs between the ToT NewSub and the Charmin Bulk Sub to provide one of the two interconnections between the ToT Newsub and the Charmin Bulk Sub...

In Staff Data Request No. 0006, Staff asked to receive an explanation as to the meaning of, "...To facilitate the construction of the Project..." as used in Paragraph 4.5. In its Response, Ameren Missouri stated, "The sale of the existing line is a condition precedent to the transaction (see Section 5.12 of the JDA) and an important piece of the broader development. ...if the segment of the line is left isolated under Ameren Missouri ownership, that segment would continue to be classified as a distribution facility and trigger a corresponding obligation to continue paying wholesale distribution rates, which would frustrate the intent of the broader development." Section 5.12 of the JDA, entitled "Conditions Precedent", separately lists obligations to be satisfied by both ATXI and Wabash Valley respectively. The last obligation in each corresponding list is in regard to the sale of this 1.5 mile line segment as follows in pertinent part: "...execution of an Asset Purchase Agreement between Ameren Missouri and Wabash Valley for the sale of a portion of the 161 kV Wedekind – Charmin Bulk transmission line segment to Wabash Valley at Original Cost Depreciated Value to be established at closing."

Therefore, the sale of this line segment by Ameren Missouri to Wabash Valley, while appearing not to be a prerequisite in regard to seeking a CCN for the Limestone Ridge Project, is nonetheless a crucial aspect of the overall intent of the Limestone Ridge Project. This is because it enables Wabash Valley a second source in its future provision of service to the Charmin Bulk Sub, as it is Wabash Valley's intention to build a new feeder line, and consequently, in tandem, this will improve operational flexibility and redundancy. However, this will result in Ameren Missouri losing the resulting revenue historically experienced in providing wholesale service to Wabash Valley via

this line segment in lieu of creating a new networked source in which Wabash Valley will pay the MISO AMMO NITS² rate per Ameren Missouri's Response to Staff Data Request No. 0005.

Notwithstanding the reduced revenues expected to result from the installation of the Limestone Ridge Project, to include the sale of this 1.5 mile line segment, Ameren Missouri nonetheless notes in Paragraph 11 of the Application that much of this 1.5 mile line segment was constructed and/or modified only after being authorized by the Commission in Case No. EO-98-150. Ameren Missouri continues by saying that associated costs of such construction/modification of this line segment were the responsibility of either the customer (Charmin) or the electric service provider (Citizens Electric Corporation). Thus, Ameren Missouri contends that there are not associated costs on its books for much of this line segment and associated equipment and it can therefore sell this line segment for "nominal considerations". Hence, it is Ameren Missouri's belief that the expected benefit associated with the increased reliability anticipated to be experienced by its customers in the immediate area of Southeast Missouri outweighs the reduced revenues as a result of the project. However, there are particular assets in the vicinity, such as certain wood poles identified in the Application, for which Ameren Missouri has reportedly not received reimbursement. Ameren Missouri asserts that any assets of this nature will be included and transferred to Wabash Valley upon completion of this transaction, at depreciated book value, per the terms included in the Asset Purchase Agreement ("APA").

The APA is included as an attachment to the JDA. An APA, along with a list of the associated assets to be sold and a corresponding "Bill of Sale" is required to be filed with the Application per Section 393.190.1, RSMo 2020, and/or 20 CSR 4240-10.105.

As noted in Paragraph 12 of its Application, receiving Commission approval for the sale of this transmission line segment will necessitate a resultant change in Ameren Missouri's certificated area illustrated in its associated tariffs. Ameren Missouri has included an example of a corresponding revised tariff sheet in Appendix 3 attached to the Application.

Since the filing of this Application, the Commission has approved a Stipulation and Agreement that was filed in EA-2021-0087, which authorizes the CCN sought by ATXI in regard to

² MISO AMMO NITS – Mid-Continent Independent System Operator
Ameren Missouri
Network Integration Transmission Service

the associated Limestone Ridge Project. Despite Ameren Missouri's Response to Staff Data Request No. 0006, in which it is at least implied that such approval of the aforementioned Stipulation and Agreement rendered the current Application moot, Staff believes the Application filed in the current case is necessary in regard to the sale of assets associated with this 1.5 mile line segment. Furthermore, Staff concurs with Ameren Missouri's belief that the anticipated improvements to customer reliability in this area of Southeast Missouri associated with the broader Limestone Ridge Project compensates for the reduction in revenues otherwise experienced by Ameren Missouri.

CONCLUSION

In conclusion, Staff recommends that the Commission approve Ameren Missouri's Application, authorizing it to sell a 1.5 mile transmission line segment to Wabash Valley, finding that the request is not detrimental to the public interest as required by 20 CSR 4240-10.105-(1)-(D). The Application meets the requirements specified in 393.190.1, RSMo 2020, as well as those included in 20 CSR 4240-2.060 and 20 CSR 4240-10.105.

In recommending approval of this request, Staff recommends the Commission note that no ratemaking determinations are being made as a part of its order in this case relative to Ameren Missouri selling a portion of its existing property and recommends ordering Ameren Missouri to file a tax impact statement illustrating any changes resulting from approval of the Application. In addition, Staff recommends Ameren Missouri file revised illustrative tariffs in this case file as noted in the Application.

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OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Request to Sell, Assign,) File No. EM-2022-0094
Lease or Transfer Assets)

AFFIDAVIT OF ALAN J. BAX

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Alan J. Bax, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

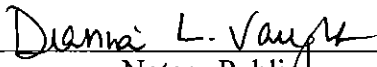
Further the Affiant sayeth not.



Alan J. Bax

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 30th day of November, 2021.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

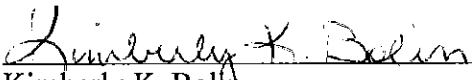
In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Request to Sell, Assign,) File No. EM-2022-0094
Lease or Transfer Assets)

AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

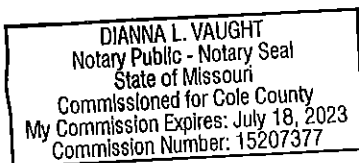
COMES NOW, Kimberly K. Bolin, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

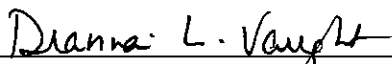
Further the Affiant sayeth not.



Kimberly K. Bolin

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of December, 2021.





Notary Public