

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

In the Matter of the Petition of Union)
Electric Company d/b/a Ameren Missouri)
for a Financing Order Authorizing the) **File No. EF-2024-0021**
Issuance of Securitized Utility Tariff Bonds)
for Energy Transition Costs related to Rush)
Island Energy Center)

STAFF’ STATEMENT OF POSITION

COMES NOW Staff of the Missouri Public Service Commission (Staff), and submits the following as its Statement of Position for the above captioned case:

1. Net Present Value Benefits

Would issuance of securitized utility tariff bonds and imposition of securitized utility tariff charges be just and reasonable and in the public interest and be expected to provide quantifiable net present value benefits to customers as compared to financing and recovering of components of Rush Island energy transition costs using traditional financing and recovery?

Yes. The rate of return based upon current securitized utility tariff bond rates that customers would be responsible for through a securitization case is expected to be much lower than the weighted average cost of capital return that might have been required of customers for the Rush Island retired investment in a general rate case. Securitizing Rush Island unrecovered costs appears to be fair and equitable approach to setting customer rates in regard to unrecovered Rush Island investment into the future.¹

OPC Alternative Statement of Issue: Would issuance of securitized utility tariff bonds and imposition of securitized utility tariff charges be just and reasonable and in the public interest and be expected to provide quantifiable net present value benefits to customers as compared to recovery of the components of Rush Island energy transition costs that would have been incurred absent the issuance of securitized utility tariff bonds?

a. What constitutes traditional financing and recovery?

For purposes of comparing recovery of the Rush Island investment through securitization versus traditional ratemaking, traditional financing and recovery should assume a 15-year amortization and a rate of return at the weighted average cost of capital (“WACC”) which would be recovered through base rates.²

¹ Majors Rebuttal, page 19, lines 9-14.

² Majors Rebuttal, page 19, lines 15-19, Davis Surrebuttal, page 5 lines 1-10.

b. At what time should the obligation of the utility to engage with the finance team on all facets of the process commence?

As indicated in Ameren's testimony³, the utility's obligation to engage with the finance team on all facets of the process should begin immediately following the issuance of the financing order. While it may be understood that this is appropriate, clarification in the financing order is important to mitigate the risk of Ameren taking irrevocable steps before the financing order becomes non-appealable.⁴

c. Should the language related to the finance team role be modified from prior financing orders from “the right to review, provide input, and collaborate” to “the right to provide input . . . and collaborate. . .”?

No. The language pertaining to the finance team's role should not be reduced in the financing order from what the Commission included in prior Financing Orders. The right to review is important to ensuring the finance team can provide an oversight function throughout the issuance process and is a vital component of ensuring an adequate process⁵.

d. Should the finance team’s involvement and scope on underwriter selection be modified from “the size, selection process, participants, allocations and economics of the underwriter and any other member of the syndicate group” to “the selection process for the underwriters, including with respect to allocations and economics”?

No. The language pertaining to the finance team's role in the underwriter selection process should not be reduced in the Financing Order from what the Commission included in prior Financing Orders. Ensuring a complete underwriter selection process with a complete syndication team is important to accessing a broad universe of investors and achieving the lowest cost⁵.

e. How would Ameren Missouri finance and recover from its customers the components of Rush Island energy transition costs that would have been incurred absent the issuance of securitized utility tariff bonds?

By using a 15-year amortization and inclusion of the unamortized balance in rate base at the WACC for purposes of comparison, it is assumed that Ameren Missouri would seek this recovery in a future rate case.⁶

f. Absent securitization, which method of recovery more accurately and reliably estimates ratepayer payments? Absent securitization, what return, if any, would the Commission allow on the Rush Island energy transition costs regulatory asset?

³ Ameren’s Petition for a Financing Order, File No. EF-2024-0021 at pgs. 48-49

⁴ Davis Surrebuttal, page 14, lines 19-20

⁵ Davis Surrebuttal, page 14

⁶ Majors Rebuttal, page 19, lines 7-19.

Absent securitization, the method of recovery would be an amortization of a regulatory asset for the Rush Island energy transition costs. The regulatory asset balance would decrease over time as the balance is amortized. Then, in future rate cases the payment amount to be recovered would reflect the decreased balance of the asset. It is not known for certain what return, if any, the Commission would allow on the Rush Island energy transition costs regulatory asset.

g. What discount rate should be applied to estimated ratepayer payments for purposes of estimating the quantifiable net present value benefits to customers?

In a previous securitization case⁷, the Commission decided to use a defined WACC as the discount rate.⁸ Beyond the utility WACC, additional discount rates have been analyzed in other instances to evaluate NPV savings; however, the amount of NPV savings is not materially impacted by the discount rate as currently modeled.

2. Post Financing Order Process/Procedure

a. What information should be included in the Issuance Advice Letter?

i. Should the Issuance Advice Letter include a comparable securities pricing analysis as recommended by OPC witness Murray?

The pre-issuance review process, including structuring of the bonds, as well as marketing and pricing of the bonds, should consider market conditions at the time (including review of relevant market reference points). The finance team should be apprised of market conditions and, subsequently, investor demand for the bonds throughout the issuance process. Disclosing such information in the issuance advice letter is uncommon and may have adverse implications, particularly if investors perceive such review as implying a greater likelihood that the issuance advice letter may be rejected by the Commission.

b. Should the certification letters provided by the underwriters and Staff's financial advisor be redacted rather than classified as confidential in their entirety?

Obtaining certifications from the issuer and underwriter can be a valuable tool, including as utilized by the finance team to ensure all facets of the process are vetted. However, in the event public disclosure of such letters limits the available universe of underwriters to issue the bonds, it may have adverse impacts on marketing and pricing. The Staff's Financial Advisor's contract outlines its scope and recipients of certain of its work product. The Commission has determined such information to be confidential work product by external consultants pursuant to 20 CSR 4240-2.135(2)(A)5.

⁷ Case No. EO-2022-0040 and EO-2022-0193

⁸ Majors Surrebuttal, page 2, lines 18-24, page 3, lines 1-7.

- c. Should the Commission require Staff’s financial advisor to identify information he/she relied upon, but did not independently verify, for purposes of providing his/her opinion on the reasonableness of the pricing, terms, and conditions of the securitized utility tariff bonds?**

The letter provided to staff by the financial advisor should meet all the requirements outlined in the contract. Various aspects of the review and timeline of delivering the letter to staff within two business days may not provide ample time and opportunity to adequately include, disclose [and obtain approvals] to outline all information relied upon, including information that is not independently verified and/or conveyed verbally during the marketing and pricing process.

- d. Should the Commission order Ameren Missouri to provide the Issuance Advice Letter and supporting workpapers to other interested parties at the same time it provides information to Staff’s Finance Team?**

This issue should be directed to Ameren Missouri, however, in the event Ameren Missouri is ordered to provide the Issuance Advice Letter to interested parties, such parties should adhere to adequate confidentiality limitations and not include market participants.

- e. Should the Commission order Staff’s financial advisor to provide a detailed accounting and explanation for fees in excess of \$1.561 million?**

The Commission may review all transaction costs associated with the securitization, including the cost of the process and needed oversight (with the benefit of Staff’s Financial Advisor). Of note, Staff’s Financial Advisor’s contract and terms were entered into directly with the Missouri Public Service Commission, and are subject to review prior to payment.

3. Prudence of Retirement

- a. Is it reasonable and prudent for Ameren Missouri to abandon or retire Rush Island during September 1 through October 15 of 2024?**

Yes. Ameren Missouri’s decision to comply with the District Court’s modified Remedy Order to retire Rush Island plant no later than October 15, 2024 is reasonable and prudent.⁹

- b. Did Ameren Missouri make reasonable and prudent decisions respecting whether to obtain New Source Review (NSR) permits prior to either or both of the 2007 and 2010 Rush Island planned outages projects and afterward, including its conduct of the NSR litigation? If any of its decisions in this regard were unreasonable and imprudent, did any such imprudent decisions harm customers and if so, in what amount?**

⁹ Eubanks rebuttal, page 3, line 8-10.

No. It is not prudent or reasonable to make decisions that lead to violations of federal law.¹⁰ Throughout the District Court Opinion, as upheld on appeal, the District Court found Ameren Missouri knew, or should have known, the improvements at Rush Island would trigger NSR. This conclusion is not based on a hindsight analysis.¹¹

However, the harm to customers is not fully known.¹² Ameren Missouri reports that the District Court has required both parties to submit, by March 14, 2024, proposals for mitigation relief and has set a hearing on March 28, 2024. It is Staff's position that any additional remedies related to Ameren Missouri's litigation on Rush Island be borne by Ameren Missouri and not its customers.¹³

- c. Were Ameren Missouri's decisions regarding whether to continue to operate Rush Island instead of retiring or retrofitting it with flue gas desulfurization equipment reasonable and prudent? If the decisions were not reasonable and prudent, were customers harmed and, if so, in what amount?**

No. However, the harm to customers is not fully known.¹⁴ Staff recommends the Commission acknowledge Ameren Missouri's failure to plan for the outcome of the litigation by preserving prudence issues related to the Rush Island Reliability projects, potential future remedies ordered by the Court, and potential capacity shortfalls for a future rate proceeding.¹⁵

4. Amount to Finance

- a. What amount of abandoned Rush Island capital project costs should be financed using securitized utility tariff bonds?**

\$3.9 million.¹⁶

- b. Should Staff's proposed exclusion of the costs of the abandoned Rush Island scrubber studies be adopted?**

Yes. Ameren Missouri's evaluation of the preliminary scrubber studies showed that the preliminary work was of limited benefit to a future project, would not substantially shorten the project schedule, and could not be relied upon by the actual project engineers in the case that Ameren Missouri were to actually commence the project.¹⁷

¹⁰ Majors, page 13, line 22-23.

¹¹ Majors, surrebuttal, page 19, line 29-31.

¹² Eubanks surrebuttal, page 5, line 18-19.

¹³ Eubanks rebuttal, page 21, lines 8-11.

¹⁴ Eubanks surrebuttal, page 5, line 18-19.

¹⁵ Eubanks rebuttal, page 40 lines 4-8.

¹⁶ Majors Surrebuttal, Schedule KM-s1, line 4.

¹⁷ Majors Surrebuttal, page 8, lines 6-10.

5. Planning for NSR Outcome

a. Did Ameren Missouri make reasonable and prudent decisions respecting its planning for the Rush Island NSR litigation's outcome? If not, did any such imprudent decisions harm customers and if so, in what amount?

No. The Company knew for several years that there was the potential of an unfavorable court ruling that could lead to severe consequences. For many years, Ameren Missouri did not plan at all for the potential outcome that could include the near-term retirement of Rush Island. Even after it did evaluate plans that included the near-term retirement of Rush Island, and included them as contingency plans if its preferred resource plan at the time became obsolete, it did not choose one of those plans once its preferred resource plan became obsolete. A plan that contemplated a natural gas-fired, combined cycle plant in the near-term or a natural gas-fired, combined cycle plant in the near-term combined with renewable additions, either after or simultaneously, as a contingency plan for the potential near-term retirement of Rush Island may have allowed Ameren Missouri to get ahead of the situation they are currently in. Presumably, more proactive planning for Rush Island and stakeholder discussion on that matter may have allowed for a smoother transition once the federal court ruled.¹⁸ Had Ameren Missouri begun planning for an unfavorable outcome from the Courts earlier it may have considered the impact of a nearer term retirement on its transmission system, developed a tighter expectation on the cost of such upgrades, and avoided an increase in market and construction costs.¹⁹ Ameren Missouri understood that its resource adequacy capacity position after the retirement of Rush Island would be tight in the coming years.²⁰ However, the harm to customers is not fully known.²¹

b. Should the Commission order the hold harmless remedy recommended by Staff witness Eubanks regarding the cost of Rush Island Reliability Projects?

Yes. Staff recommends the Commission acknowledge Ameren Missouri's failure to plan for the outcome of the litigation by holding ratepayers harmless from the costs above ** [REDACTED] ** associated with the Rush Island Reliability projects, and preserving the issues with potential future remedies and potential capacity shortfalls for a future rate proceeding.²² Staff's concerns regarding short-term capacity, the Rush Island Reliability Project, and the potential future remedies related to Ameren Missouri's violation of the Clean Air Act are all appropriate issues for the Commission to consider at the time that the future harm can be calculated.²³

¹⁸ Forston rebuttal, page 6, line 4-16.

¹⁹ Eubanks, page 25, line 5-8.

²⁰ Eubanks, page 22, line 1-2.

²¹ Eubanks surrebuttal, page 5, line 18-19.

²² Eubanks rebuttal, page 40 lines 4-8.

²³ Eubanks surrebuttal, page 5 line 18-22, page 6, line 1-2.

6. Net Plant

What is the net plant in service balance of the retired Rush Island plant:

a. If retired September 1, 2024?

Staff did not evaluate the net plant in service balance as of September 1, 2024.

b. If retired October 15, 2024?

\$468.9 million.²⁴

7. Basemat Coal Inventory

a. What is the value of basemat coal inventory at Rush Island?

\$1.9 million.²⁵ The original cost of \$0.5 million is an appropriate alternative to the amount used by Staff and Ameren Missouri.²⁶

b. Should the value of basemat coal inventory be included in the amounts authorized for financing using securitized utility tariff bonds?

Yes, consistent with the Amended Report and Order in Case No. EO-2022-0040 and EO-2022-0193.²⁷

8. NPV of Tax Benefits/ADIT

a. What is the net present value of tax benefits associated with the Rush Island plant:

i. If retired September 1, 2024?

Staff did not evaluate the net present value balance as of September 1, 2024.

ii. If retired October 15, 2024?

\$49.1 million.²⁸

b. How should accumulated deferred income taxes (ADIT) and excess ADIT be accounted for and treated in this case?

²⁴ Majors Surrebuttal, Schedule KM-s1, line 3.

²⁵ Majors Surrebuttal, Schedule KM-s1, line 5.

²⁶ Majors Surrebuttal, page 8, lines 12-20.

²⁷ Majors Rebuttal, page 18, lines 4-12.

²⁸ Majors Surrebuttal, Schedule KM-s1, line 7.

Ameren Missouri's recommendation concerning ADIT is consistent with the provisions of the securitization statute. Staff's calculations are consistent with Ameren Missouri. The calculation captures the net present value (NPV) of the future reductions to rate base included in the cost of service absent securitization, and reduces the overall amount to be securitized.²⁹

9. Asset Retirement Obligations

What amount of asset retirement obligations should be financed using securitized utility tariff bonds?

Staff recommends the ash pond closure expense of \$0.14 million be included as the closure is related to the retirement of Rush Island. The water treatment and monitoring costs are projected to be incurred through 2032 and should be treated as routine costs that are included in cost of service in the rate case process.³⁰

10. Safe Closure Costs

What amount of safe closure costs should be financed using securitized utility tariff bonds?

Staff recommends inclusion of the safe closure costs listed in Schedule JW-D1 of
** [REDACTED] **. ³¹

11. Decommissioning Costs

What amount of decommissioning costs should be financed using securitized utility tariff bonds?

Staff recommends inclusion of ** [REDACTED] ** of decommissioning costs, with the conditions that Ameren continue to provide bids and cost updates as they become available. Staff also recommends that a regulatory account be used to reconcile any differences between the amount securitized and actual costs.³²

12. Materials and Supplies

What amount of materials and supplies inventory should be financed using securitized utility tariff bonds?

\$18.3 million.³³

²⁹ Majors Rebuttal, page 19, lines 1-5.

³⁰ Majors Rebuttal, page 23, lines 5-8.

³¹ Surrebuttal Testimony of Cedric E. Cunigan, PE page 1, lines 11-12.

³² Rebuttal Testimony of Cedric E. Cunigan, PE page 1, lines 17-24.

³³ Majors Surrebuttal, Schedule KM-s1, line 6.

13. Community Transition Costs

What amount of community transition costs should be financed using securitized utility tariff bonds?

\$0. These expenses, if incurred, are of a charitable nature. To Staff’s knowledge, no utility that has retired a large generating facility has requested charitable donations to be flowed through customer rates. If Ameren Missouri chooses to make these contributions, it can do so and potentially benefit from a resulting tax deduction. Charitable contributions and the associated tax deductions are not included in cost of service.³⁴

14. Upfront Financing Costs

What amount of upfront financing costs should be financed using securitized utility tariff bonds if (a) Rush Island is retired September 1, 2024, and (b) if Rush Island is retired October 15, 2024? Should the costs associated with Company witnesses Holmstead and Moore be included or excluded from the upfront financing costs?

Staff did not evaluate the upfront financing costs as of September 1, 2024. Staff included estimated upfront financing costs assuming an October 15, 2024 retirement date of \$6.5 million.³⁵ This estimate includes expenses for Ameren Missouri’s witnesses Holmstead and Moor. The testimony of Mr. Moor and Mr. Holmstead is largely the same as that filed in the last prior rate case (Case No. ER-2022-0377). Ratepayers have paid these expenses through rate case expense in the prior rate case and should not be responsible for these duplicative costs to the extent Ameren Missouri seeks to include expenses for these witnesses through securitization.³⁶

15. DOE Loan Funds

Should Ameren Missouri issue the securitized utility tariff bonds to the U.S. Department of Energy under the Energy Infrastructure Reinvestment program or issue the bonds in the customary manner to public investors?

Staff takes no position on this issue.

³⁴ Majors Rebuttal, page 21, lines 15-19.

³⁵ Majors Surrebuttal, Schedule KM-s1, line 13.

³⁶ Majors Rebuttal, page 22, lines 19-22.

16. Allocation of Revenue Requirement

How should the securitized utility revenue requirement be allocated to customers?

Staff's recommended allocation, which is consistent with Ameren Missouri's direct-recommended allocation, is that any authorized SUTC costs be allocated to the classes and billed to customers on the on loss-adjusted energy consumption.³⁷ "Loss adjusted energy," refers to adjusting metered kWh which are metered at different voltages when billed to a consistent voltage to reflect the amount of energy that is needed to provide a kWh of energy at the applicable metered voltage.³⁸ This allocation and billing approach results in a high level of bond payment stability and customer charge stability, regardless of the months in which semi-annual payments are due.³⁹ As energy is the most basic unit sold by an electric utility, allocation on energy is reasonable; Ameren Missouri testifies that the retirement of Rush Island creates an "energy need;" Ameren Missouri testifies that its decisions to retire coal-fired generation and certain oil and natural gas units are driven by environmental policy goals and legislation, not by a traditional capacity objective of meeting system peak demand; and customers can and do switch among rate classes and rate schedules, and rate classes and rate schedules come and go over time. Unreasonable outcomes are likely without sufficient tariff provisions that – as yet – have not been developed. The loss-adjusted energy approach has been adopted for Evergy Missouri West Schedule SUR and Liberty SUTC.⁴⁰

While bondholders require two bond payments of equal size each year, Mr. Brubaker's requested allocation would result in funds for payments varying in size from 6% - 43%, under normalized conditions, with experienced volatility under actual weather and other factors unquantifiable.⁴¹ If the Commission adjusted Mr. Brubaker's requested allocation to better align funds for payments with semi-annual payment requirements, it is expected that the magnitude of the percentage adjustment applied under Mr. Brubaker's request would be up to nearly 40%, with a charge of 2.15% for the first 6 months of a year, and a charge of 1.57% for the following 6 months, prior to the implementation of true-ups.⁴² Ameren Missouri is not aware of a utility securitized tariff bone in any jurisdiction that is billed in the manner requested by Mr. Brubaker.⁴³ Mr. Brubaker's requested allocation is not accompanied by proposed tariff language available in this case to implement this

³⁷ Sarah Lange Rebuttal, p 2, L 7 – L 19.

³⁸ Sarah Lange Rebuttal, p 2, footnote 2.

³⁹ Sarah Lange Surrebuttal p 5 L 3 – p 7 L 4.

⁴⁰ Sarah Lange Rebuttal p 2 L 17 – p 3 L 11.

⁴¹ Sarah Lange Surrebuttal p 3 L 2 – p 4 L 4.

⁴² Sarah Lange Surrebuttal p 4 L 5 – p 5 L 2.

⁴³ Sarah Lange Surrebuttal p 7 L 5 – p 7 L 11.

allocation.⁴⁴ Mr. Brubaker’s requested allocation does not address transaction costs, true-ups, or the timing of bond payments.⁴⁵

To the extent that the Commission may enter an order to allocate any SUTC charge to individual customers as a percentage of a bill, Staff refers the Commission to its recommended tariff language that “Charges under Rider SUR are payable in full and are not eligible for any discount,” and would clarify that this language should be interpreted or explicitly modified so that any charge if applied as requested by Mr. Brubaker would not be subject to discounts, and would be assessed on the basis of the non-discounted bill.⁴⁶

As Ameren Missouri did not have any Special Contract customers within the meaning of Section 393.1700 subsections (17) and (19), there are no customers or classes of customers to exclude from allocation of any SUTC authorized in this case.⁴⁷

17. **Tariff**

Should the tariff changes recommended by Staff be adopted? If securitization is authorized, should the compliance tariff sheets:

Yes. Staff’s recommended tariff, subject to the modifications described in response to parts B and C, below, is reasonable should the Commission authorize a SUTC in this case. This tariff is substantially similar to the Liberty SUTC tariff resulting from File Nos. EO-2022-0040 and EO-2022-0193, and is appended to Sarah Lange Rebuttal testimony as Schedule SLKL d-2.⁴⁸ In addition to the items addressed separately in 17.a., 17.d., and 20, and its substantive modification to a formula consistent with the Liberty SUTC tariff, Staff’s recommended tariff incorporates tariff language that “Charges under Rider SUR are payable in full and are not eligible for any discount.” To the extent that the Commission may enter an order to allocate any SUTC charge to individual customers as a percentage of a bill, this language should be interpreted or explicitly modified so that any charge if applied as requested by Mr. Brubaker would not be subject to discounts, and would be assessed on the basis of the non-discounted bill.⁴⁹ Staff’s recommended tariff also clarifies the billing of the charge for customers under the Net Metering Easy Connection Act,⁵⁰ clarifies of the billing of the charge for customer-generators under any other provision of law, and clarifies application of partial payments to the securitized utility tariff charge.⁵⁰

⁴⁴ Sarah Lange Surrebuttal p 2 L 10 – 12.

⁴⁵ Sarah Lange Surrebuttal p 2 L 13 – p 3 L 1.

⁴⁶ Sarah Lange Rebuttal, Schedule SLKL d-2, page 1.

⁴⁷ Sarah Lange Rebuttal, p 8 L 6 – 10.

⁴⁸ Sarah Lange Rebuttal, p 14, L 10 – L 14.

⁴⁹ Sarah Lange Rebuttal, Schedule SLKL d-2, page 1. Sarah Lange Rebuttal page 18 L 1 – 8.

⁵⁰ Sarah Lange Rebuttal, p 18, L 9 – L 16.

- a. Tie the voltage adjustment factors to the similar factors used in the Company’s Fuel Adjustment Clause?**

Yes.⁵¹

- b. Include that the name of the securitization charge on the customer bill be labeled “Rush Island plant retirement charge”?**

Staff did not have an opportunity to address this change in its testimony, as this change was proposed in the Surrebuttal Testimony of OPC witness Lena Mantle. Staff does not oppose this recommendation.

- c. Require the rate be rounded to the nearest fifth decimal point?**

Staff did not have an opportunity to address this change in its testimony, as this change was proposed in the Surrebuttal Testimony of OPC witness Lena Mantle. Staff does not oppose this recommendation.

- d. Clarify the application of the SUTC in the event of a new or modified territorial agreement?**

Yes.⁵² From time to time, utilities may request additional authority to serve a larger geographic area, or to exchange certificated areas with another investor owned utility, a municipal utility, or a cooperative utility. Further, utilities may merge or be acquired. A well-designed tariff will include necessary details to guide the applicability of the SUTC to customers and entities under each of these circumstances. In general, the SUTC must remain non-bypassable, even if a premise or customer ceases service with Ameren Missouri and initiates service with a different utility, whether or not regulated by this Commission. However, in the event that an entire existing customer base of a different utility is merged with the customer base of Ameren Missouri, it would not be appropriate for the separate customer base to become responsible for the Ameren Missouri SUTC.⁵³

⁵¹ Sarah Lange Rebuttal, p 15, L 1 – L 8.

⁵² Sarah Lange Rebuttal, p 15, L 9 – p 18 L 16.

⁵³ Sarah Lange Rebuttal, p 17 L 20 – L 31.

18. Should certain amounts remaining on capitalized software and office equipment/furniture which are identified by OPC witness Schaben be excluded from the costs to be financed using securitized utility tariff bonds?

Staff has included these investments in the net plant in service to be securitized. Staff does not have any specific position on these investments.⁵⁴

19. Amount to be Securitized

After resolution of the other issues listed herein, what amounts should the Commission authorize Ameren Missouri to finance using securitized utility tariff bonds?

a. What total amounts of energy transition costs should the Commission authorize Ameren Missouri to finance for Rush Island?

\$490.9 million⁵⁵, assuming the retirement occurs October 15, 2024.

b. What total amount of upfront financing costs should the Commission authorize Ameren Missouri to finance?

\$6.5 million⁵⁶, assuming the retirement occurs October 15, 2024, and not inclusive of any adjustments from Issue 14.

20. Does an Ameren Missouri customer only have an obligation to pay Rush Island securitization charges that customer incurs when Ameren Missouri providing electric service to that customer, i.e., are former Ameren Missouri customers who are not served electricity by Ameren Missouri obligated to continue to pay Rush Island securitization charges until Ameren Missouri no longer collects Rush Island securitization charges?

Yes. Consistent with the effective Evergy SUTC tariff and the securitization statute, Staff's recommended tariff language includes a provision to ensure that the nonbypassability requirements of the securitization statute are fully implemented.⁵⁷ From time to time, utilities may request additional authority to serve a larger geographic area, or to exchange certificated areas with another investor owned utility, a municipal utility, or a cooperative utility. Further, utilities may merge or be acquired. A well-designed tariff will include necessary details to guide the applicability of the SUTC to customers and entities under each of these circumstances. In general, the SUTC must remain non-bypassable, even if a premise or customer ceases service with Ameren Missouri and initiates service

⁵⁴ Majors Surrebuttal, Schedule KM-s1, lines 1-2.

⁵⁵ Majors Surrebuttal, Schedule KM-s1, line 12.

⁵⁶ Majors Surrebuttal, Schedule KM-s1, line 13.

⁵⁷ Sarah Lange Rebuttal p 15 L 9 – p 16 L 17.

with a different utility, whether or not regulated by this Commission. However, in the event that an entire existing customer base of a different utility is merged with the customer base of Ameren Missouri, it would not be appropriate for the separate customer base to become responsible for the Ameren Missouri SUTC.⁵⁸

21. Carrying Cost Rate

What rate, if any, should be used to determine carrying costs that may occur between the retirement date of Rush Island and the issuance of the securitized bonds?

Carrying costs should be calculated at the most current rate of long term debt, consistent with the Liberty Utilities Order.⁵⁹ This rate is currently 4.051%.⁶⁰

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 8th day of April 2024.

/s/ Jeffrey A. Keevil

⁵⁸ Sarah Lange Rebuttal p 17 L 20 – 31.

⁵⁹ Majors Rebuttal, page 20, lines 3-25.

⁶⁰ Davis Surrebuttal, page 6, line 12.