

**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 Issue of) File No. EF-2024-0021
Securitized Utility Tariff Bonds for Energy)
Transition Costs related to Rush Island)
Energy Center)

**STATEMENT OF POSITION OF
RENEW MISSOURI ADVOCATES**

COMES NOW Renew Missouri Advocates d/b/a Renew Missouri (“Renew Missouri”), and pursuant to the Commission’s January 24, 2024 Amended Order, submits this Statement of Position. For its Statement of Position, Renew Missouri states the following:

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?

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?

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

- 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. . .”?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

- 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”?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

- 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?**

Renew Missouri Position: Ameren Missouri should recover such costs through the traditional financing and recovery methods as identified by the Commission in its *Report & Order* in File No. EO-2022-0193 involving Liberty’s (Empire’s) application to securitize the remaining debt related to the Asbury plant.

- 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?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri's Position: Taking direction from the Commission's Order in File No. EO-2022-0193, Renew Missouri believes the Company's WACC is the appropriate discount rate to be applied in quantifying the net present value of benefits as required by the statute.

2. Post Financing Order Process/Procedure

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

- 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?**

Renew Missouri Position: Yes.

- 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?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

3. Prudence of Retirement

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

- a. **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?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

- b. **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?**

Renew Missouri position: Renew Missouri believes that Ameren Missouri’s decision not to retrofit the plant was both reasonable and prudent, and the U.S. Eighth Circuit Court of Appeals and the Federal District Court agree. We believe the decision not to retrofit the plant and instead retire it will end up saving ratepayers hundreds of millions of dollars, based on the analysis described in the Direct Testimony of Matt Michels (see pg. 5, Michels Direct).

- b. **(continued) If the decisions were not reasonable and prudent, were customers harmed and, if so, in what amount?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

4. Amount to Finance

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: No. Renew Missouri sees no evidence in this case that the Company's scrubber studies were imprudent or performed in bad faith. Moreover, the Commission approved broad energy transition costs including CWIP costs in File No. EO-2022-0193 regarding the Liberty Asbury plant's securitization. At the time the study was performed, EPA regulations appeared to indicate that certain plant scrubbers may be required. There appear to be no legal impediments to including such costs. Finally, Renew Missouri believes it is beneficial to allow broad recovery of such costs in order to encourage the use of securitization to retire plants in the future. The more plants that are retired and replaced with cleaner and lower cost resources, the better off all ratepayers will be in the long-term.

5. Planning for NSR Outcome

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?

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: No. Renew Missouri believes setting a precedent of punishing utilities for incurring costs in the past under changing and complex conditions would dissuade utilities from seeking securitization in the future. For this reason, we hold the position that the Commission should not order the Hold Harmless remedy recommended by Staff.

6. Net Plant

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

- a. If retired September 1, 2024?**
- b. If retired October 15, 2024?**

Renew Missouri Position: Renew Missouri takes no positions on either of these scenarios, but reserves the right to take a position at a later point in this case.

7. Basemat Coal Inventory

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

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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?**
 - ii. If retired October 15, 2024?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

9. Asset Retirement Obligations

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

10. Safe Closure Costs

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

11. Decommissioning Costs

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

12. Materials and Supplies

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

13. Community Transition Costs

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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?

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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?

Renew Missouri Position: Renew Missouri believes that Ameren Missouri should apply for and use EIR funds if and only if it has access to enough funds to first cover its planned renewable energy generation projects. If there are not sufficient EIR funds available to cover retirement costs in addition, the Company should issue bonds in the customary manner as envisioned by Missouri statute.

Renew Missouri presented the Rebuttal Testimony of James Owen, which proposed that Ameren Missouri apply for EIR funds from the Federal DOE to retire Rush Island at a lower cost. However, Ameren Missouri has made clear that using EIR funds for Rush Island retirement will actually reduce the amount of EIR funds available for new renewable generation projects, resulting in a higher total cost to ratepayers. As Ameren Missouri witness Darryl Sagel stated in his Surrebuttal Testimony at pg. 3, lines 3-8:

... the DOE will not *incrementally* fund both the securitized costs and the costs of eligible renewable energy projects to which the proceeds of the bonds are required to be allocated. Funding securitization costs via a DOE loan means we effectively forego the ability to

finance investments we will be making using all available sources of lower cost debt (both AAA-rated debt through a securitization transaction and DOE loans for renewables that qualify under the EIR Program).

We have no reason to doubt Ameren Missouri's contention here, and we appreciate the Company's consideration of our proposal. However, we stand behind the analysis conducted by the Rocky Mountain Institute, and we believe that the use of EIR funding to retire fossil fuel plant debt has potential in certain narrow circumstances. But given Ameren Missouri's planned investments in new renewable generation, it makes sense to use the limited EIR funds for those purposes and to finance the Rush Island retirement through bonds as envisioned in the state securitization statute.

16. Allocation of Revenue Requirement

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

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

17. Tariff

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

- a. Tie the voltage adjustment factors to the similar factors used in the Company's Fuel Adjustment Clause?**
- b. Include that the name of the securitization charge on the customer bill be labeled "Rush Island plant retirement charge"?**
- c. Require the rate be rounded to the nearest fifth decimal point?**
- d. Clarify the application of the SUTC in the event of a new or modified territorial agreement?**

Renew Missouri Position: Renew Missouri takes no position on the above-listed tariff changes recommended by Staff, but reserves the right to take a position at a later point in this case.

- 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?**

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

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

Renew Missouri Position: Renew Missouri takes no position on these issues, but reserves the right to take a position at a later point in this case.

- 20. Does an Ameren Missouri customer only have an obligation to pay Rush Island securitization charges that customer incurs when Ameren Missouri is 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?**

Renew Missouri Position: Renew Missouri is unsure of the question this issue poses. We are unaware of how a customer not currently taking electric service would pay any charges including a securitization charge. It is not clear that a utility would have the legal authority to bill customers of another utility or customers no longer receiving electric service. Accordingly, Renew Missouri takes the position that customers not currently receiving electric service from Ameren Missouri should not have an obligation to pay Rush Island securitization charges.

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?

Renew Missouri Position: Renew Missouri takes no position on this issue, but reserves the right to take a position at a later point in this case.

WHEREFORE, Renew Missouri submits its Statement of Position and asks that it be made part of the record in this case.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all counsel of record this 9th day of April 2023:

/s/ Andrew J. Linhares
Andrew J. Linhares

