

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri’s Tariffs to Adjust)
its Revenues for Electric Service) File No. ER-2024-0319

**STAFF RECOMMENDATION REGARDING
SECOND RESRAM PRUDENCE REVIEW**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel, and for its *Recommendation Regarding Second RESRAM Prudence Review* respectfully states as follows:

1. Staff filed notice regarding its second prudence review of Union Electric Company d/b/a Ameren Missouri’s (“Ameren Missouri” or “Company”) Renewable Energy Standard Rate Adjustment Mechanism (“RESRAM”) on August 28, 2024.

2. Commission Rule 20 CSR 4240-20.100(6)(A)26 provides in part that “A prudence review of the costs subject to the RESRAM shall be conducted no less frequently than at intervals established in the rate proceeding in which the RESRAM is established.”

3. Ameren Missouri’s RESRAM tariff (MO. P.S.C. Schedule No. 6, Original Sheet No. 93.3) states in pertinent part:

PRUDENCE REVIEWS:

A prudence review shall be conducted no less frequently than every twenty-four (24) months. RES Compliance Costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this rider shall be credited to customers through factor DA with interest using factor I. **RES Compliance Costs included in the revenue requirement in a general rate proceeding shall not be subject to further prudence review hereunder.** (Emphasis added)

4. Further, Commission Rule 20 CSR 4240-20.100(6)(A)11 provides in part that:

Commission approval of proposed rate schedules, to establish or modify a RESRAM, shall in no way be binding upon the commission in determining the ratemaking treatment to be applied to RES compliance costs **during a subsequent general rate proceeding when the commission may undertake to review the prudence of such costs.** (Emphasis added)

5. Pursuant to the foregoing rules and tariff provisions, Staff undertook its second RESRAM prudence review of Ameren Missouri's RESRAM as part of the Company's general rate proceeding, File No. ER-2024-0319. In the current case, Staff's prudence review covers the period of January 1, 2023 through December 31, 2024.

6. Staff last completed a prudence review of Ameren Missouri's RESRAM in File No. ER-2021-0240, for the period of January 1, 2019 through December 31, 2020. The revenue requirement in the Company's last general rate case, File No. ER-2022-0337, included RES Compliance Costs, thus a separate prudence review was not conducted per Ameren Missouri's RESRAM tariff.

7. Staff reviewed Ameren Missouri's 2022, 2023 and 2024 RES Compliance Plans (File Nos. EO-2022-0283, EO-2023-0359 and EO-2024-0231, respectively), annual tariff adjustment filings for the RESRAM rate applied to customers' bills (File Nos. ER-2022-0091, ER-2023-0117 and ER-2024-0112, respectively), general ledger data, and various data request responses from Ameren Missouri submitted in this docket. As outlined within Staff's Memorandum, attached and incorporated hereto as Appendix A, Staff did not find evidence that Ameren Missouri's management of its renewable energy standard compliance costs was imprudent.

8. Staff did locate a number of Missouri solar system installers that were not registered with the Missouri Secretary of State, or whose business registrations either listed incorrect addresses or were not active during the prudency review period. While this is not a violation of any statute, tariff, or Commission rule, Staff recommends that Ameren Missouri periodically check contractor standing with the Missouri Secretary of State, to ensure that participating solar installers are in good standing.

WHEREFORE, Staff prays the Commission accept this recommendation regarding Staff's second Ameren Missouri RESRAM prudence review for the Commission's information and knowledge.

Respectfully submitted,

/s/ Travis J. Pringle

Travis J. Pringle
Missouri Bar No. 71128
Chief Deputy Counsel
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Mo 65102-0360
(573) 751-5700 (Telephone)
(573) 526-1500 (Facsimile)
(Email) travis.pringle@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all parties and/or counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 4th day of March, 2025.

/s/ Travis J. Pringle

MEMORANDUM

TO: Missouri Public Service Commission, Official Case File; Case No. ER-2024-0319
Union Electric Company, d/b/a Ameren Missouri's ("Ameren Missouri")

FROM: Randall T. Jennings, Tariff/Rate Design Department

/s/ Randall T. Jennings 03-04-2025
Industry Analysis Division / Date

SUBJECT: Staff Summary of Union Electric Company, d/b/a Ameren Missouri's ("Ameren Missouri") Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) Prudence Review

DATE: March 4, 2025

Background:

The Commission first authorized a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") for Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri") in File No. EA-2018-0202.

RESRAM is a mechanism which allows periodic billing rate adjustments to recover prudently incurred Renewable Energy Standards ("RES") compliance costs or pass-through savings benefits from RES to customers as billing credit. The RESRAM charge or credit is a line item on all Ameren Missouri customers' bills. Commission Rules 20 CSR 4240-20.100(6)11 and 20.100(6)26 requires the interval for prudence reviews to be established when the RESRAM is established. Ameren Missouri's RESRAM tariff specifies the interval for prudence reviews to be no less frequently than every twenty-four (24) months.¹

In this second prudence review of Ameren Missouri's RESRAM, Staff examined items affecting Ameren Missouri's Renewable Energy Standard Compliance costs for the period of January 1, 2023 through December 31, 2024. Staff's previous prudence review of Ameren Missouri's RESRAM was in File No. ER-2021-0240, for the time period of January 1, 2019 through December 31, 2020. Union Electric Company, MO.P.S.C. Schedule No. 6, Original Sheet No. 93.3 states "RES Compliance Costs included in the revenue requirement in a general rate proceeding shall not be subject to further prudence review hereunder." The revenue requirement established in File No. ER-2022-0337 included RES Compliance Costs. Due to the costs being included, a separate prudence review was not performed.

¹ Union Electric Company, MO.P.S.C. Schedule No. 6, Original Sheet No. 93.3.

Description of costs included for recovery under Ameren Missouri's RESRAM:

For Renewable Energy Standards compliance, Ameren Missouri purchases Renewable Energy Credits ("REC") from various sources via brokers and direct negotiated transactions. A REC represents one megawatt hour of electricity that has been generated from renewable energy resources. Renewable energy resources includes energy produced from wind, solar, hydro, biomass, and other qualified sources. RECs expire three years from the date the electricity was generated.² Solar rebates were offered to customers installing or expanding approved solar systems. Depreciation, operation and maintenance, interconnection, and property tax expenses are also recovered through the RESRAM. Below is a description of major cost categories included for recovery under Ameren Missouri's RESRAM through December 31, 2024:³

- Solar Rebates – Costs associated with the payment of solar rebates to participating customers on a per watt basis. A contractor was used to administer the solar rebate program which was monitored and audited by Ameren Missouri employees.⁴
- Renewable Energy Credits ("RECs") – Costs associated with the purchase and/or retirement of RECs.⁵ RECs are purchased via brokers and direct negotiated transactions and generally, these over-the-counter ("OTC") purchases are negotiated transactions to ensure compliance with MoRES.⁶
- Wind Generation capital investments and associated expenses for the High Prairie Energy Center and the Outlaw/Atchison Renewable Energy Center.
- Biomass Generation fuel expenses at the Maryland Heights Renewable Energy Center.
- Hydro Generation expenses for hydroelectric energy centers.
- North American Renewables Registry ("NARR") – Administrative costs associated with registering RECs and S-RECs.⁷
- Carrying Costs – Financing charges applicable to RES compliance costs based on the Company's short-term debt rate.
- MISO and SPP off-system sales are recorded in FERC account 447, of which 5% associated with the renewable resources is picked up in the RESRAM until those amounts are included in the base rates through net base energy calculation, which is expected to take place as part of this ongoing rate review.⁸

² RECs may be used for compliance during a calendar year in which it expired so long as it was valid at any time in that year.

³ Response to Staff Data Request 0405.

⁴ Response to Staff Data Request 0506.1.

⁵ When RECs are certified (similar to purchasing, transferring or creating), they are recorded to an inventory account. Expenses related to RECs are recorded in FERC accounts 557 and 509 with the Compliance Code REEA0 with various account minors/subaccounts and based on the type of REC. These expenses include the costs to purchase the RECs themselves, along with any associated fees (REC registry fees, broker fees, etc.).

⁶ Response to Staff Data Request 0507.

⁷ The NAR tracking system cost category may include minimal costs related to RECs not likely to be used for RES compliance. Staff will continue to monitor.

⁸ Response to Staff Data Request 0513.

Documents Reviewed

Staff reviewed Ameren Missouri's 2022, 2023 and 2024 RES Compliance Plans (File Nos. EO-2022-0283, EO-2023-0359 and EO-2024-0231, respectively), annual tariff adjustment filings (File Nos. ER-2022-0091, ER-2023-0117 and ER-2024-0112, respectively) for the RESRAM rate applied to customers' bills, general ledger data, and various data request responses from Ameren Missouri submitted in this docket.

Conclusion:

With regard to RESRAM prudence for the period of January 1, 2023 through December 31, 2024, Staff did not find evidence that Ameren Missouri's management of RES compliance costs during the review period was imprudent. Staff located a number of Missouri solar system installers that were either not registered with the Missouri Secretary of State or whose business registrations either listed incorrect addresses or whose business registrations were not active during the time frame included in this review. While there is no rule, statute or tariff about a matter such as this, Staff recommends that Ameren Missouri consider checking contractor standing with Missouri Secretary of State periodically, to ensure that participating solar installers are in good standing with the State of Missouri.

Staff has no additional recommendations or disallowances at this time.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2024-0319

AFFIDAVIT OF RANDALL T. JENNINGS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW RANDALL T. JENNINGS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

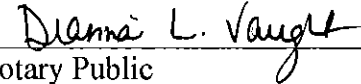
Further the Affiant sayeth not.



RANDALL T. JENNINGS

JURAT

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 4th day of March 2025.



Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377