

**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	)	<u>File No. ET-2025-0184</u>
for Approval of New Modified Tariffs for	)	
Service to Large Load Customers	)	

**POSITION STATEMENTS OF THE STAFF OF THE
MISSOURI PUBLIC SERVICE COMMISSION**

COMES NOW, the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Position Statements* states as follows:

A. Should the Commission adopt Ameren Missouri’s or Staff’s conceptual tariff, rate structure, and pricing in order to comply with Mo. Rev. Stat. Section 393.130.7?

Staff recommends finalization and promulgation of its recommended tariff, attached as Appendix 2 - Schedule 1, to the Staff Rebuttal Report, for service to LLCS customers.¹ This recommendation represents Staff’s best efforts to implement the mandate that the LLCS customers’ rates reflect their representative share of the costs incurred to serve them and prevent other customers from reflecting any unjust or unreasonable costs arising from service to LLCS customers. However, there will be at least some times when other customers’ rates will be higher than they otherwise would be due to buildout of new, costly, capacity to eventually serve LLCS customers, even under this structure.² This is because new generation capacity is incredibly expensive, as acknowledged by over a decade of programs under the Missouri Energy Efficiency Investment Act (MEEIA) to compensate shareholders for the benefit of reducing energy sales and avoiding construction of costly new power plants.³

The Commission should not expect that new power plants will “pay for themselves,” or produce revenues from energy and capacity sales that offset the cost of service increases they cause. Mr. Wills addressed this concept in his surrebuttal testimony in EA-2023-0286 regarding Ameren Missouri’s application for Solar Certificate of Convenience and Necessity (CCNs):⁴

¹ Staff Recommendation / Rebuttal Report, page 1, line 9-11.

² Under the Ameren-proposed structure, there will be additional or pervasive times when other customers’ rates will reflect the risk and costs of variable energy market expenses that are not appropriately recovered from the LLCS class. Staff Recommendation / Rebuttal Report, page 7, footnote 13.

³ Staff Recommendation / Rebuttal Report, page 7, lines 1-9

⁴ Staff Recommendation / Rebuttal Report, page 8, lines 22-25.

Q. Have generation additions for which CCNs have been approved historically been justified on the grounds that they were expected to pay for themselves?

A. Not the ones with which I am familiar. The Commission granted CCNs to the Company for its Meramec, Sioux, Labadie, Rush Island, and Callaway baseload plants, and its Taum Sauk and Howard Bend peaking plants. The Staff discusses these and seven other generation CCNs in its briefing in the South Harper CCN case. Some of those other plants are baseload units and some peaking or combined cycle units. I am confident that those plants were not built based upon speculation that they would generate revenues in excess of their costs. And as I noted, some of them are peakers, which would never be expected to pay for themselves, even today. And while I have not reviewed the dockets for all of the Ameren Missouri plants listed above, I have reviewed some of them, notably for Meramec, Sioux, Labadie, and Rush Island, and there is nothing in those case files suggesting that the Company justified them on the basis that they would be "free" and pay for themselves, that the Commission approved CCNs on that basis, or that the Staff, when it came to those fossil-fueled resources, claimed that the test in a generation CCN case is whether the resource will generate revenues in excess of its costs.⁵

The original capital cost of Ameren Missouri's generation fleet is approximately \$12.2 billion. Net of depreciation reserve and adjusted for the ratebase value of its fuel inventories, that amount is about \$7 billion. Accumulated Deferred Income Tax (ADIT) is the total amount of money that ratepayers have paid in for decades for income taxes, that Ameren Missouri has yet to pay in income taxes, because Ameren Missouri was able to use accelerated depreciation for tax purposes. While allocation methods for ADIT will vary depending on exactly what the allocation is needed for, looking just at gross plant amounts, around \$1.3 billion of ADIT offsets the ratebase of Ameren Missouri's current generation fleet, bringing the net capital cost for Ameren Missouri's current generation fleet in Ameren Missouri's current rates to around \$5.7 billion, which is about \$0.9 million per MW, for the current Ameren Missouri total demand of about 6,220 MW.⁶

While much of Ameren Missouri's existing power plant fleet was built in the 1970s-1990s at costs typical for their times, for 2023, the Energy Information Administration reported average construction costs of \$1.6 million per MW for photovoltaic power plants, \$1.3 million per MW for batteries, and \$1.7 million for wind. For simple cycle combustion turbines, the reported cost for 2023 was \$562 million per MW. For combined cycle units, the CT portion was \$782 million and the Heat Recovery Steam Generator (HRSG) portion was \$1.122 million. The cost of power plants has risen since 2023, and will likely continue to rise.⁷

Investor Owned Utilities such as Ameren Missouri are in the business of investing shareholder dollars for a return that is paid through regulated rates for the provision of

⁵ Staff Recommendation / Rebuttal Report, page 9, lines 1-20 (quoting Surrebuttal Testimony of Steven M. Wills in File No. EA-2023-0286, page 56, line 23-page 57, line 12).

⁶ Staff Recommendation / Rebuttal Report, page 9, line 26 – page 10, line 2.

⁷ Staff Recommendation / Rebuttal Report, page 10, lines 3 -9.

electric service to retail customers. From time to time, Ameren Missouri builds power plants to facilitate that business. There is no requirement or check in current Missouri regulation that requires Ameren Missouri to vet potential customers for the best economic, environmental, public benefit, or any other interest of the State of Missouri, its service territory, or a given community – other than this Commission. How the revenues from LLCS customers are treated; has as much to do with the level of harm caused to captive Ameren Missouri ratepayers, as the setting of the rates themselves.⁸

B. Should Large Load Customer Electric Service (“LLCS”) be a subclass of the LPS or a stand-alone class?

Staff does not support Ameren Missouri’s request to serve LLCS customers on the LPS rate schedule. This is problematic for several reasons, including that the LPS rate schedule is in need of modernization. The Commission has recognized the need for modernization of Ameren Missouri’s existing rates in prior rate cases; see Case Nos. ER-2021-0240 [Report and Order in ER-2021-0240, pages 29 – 34.], and ER-2022-0337[Report and Order in ER-2022-0337, pages 23 and 49]. Rate modernization was not at issue in ER-2024-0319, because, as noted in the “Notice Regarding Status of Issues” filed in ER-2022-0337 on June 14, 2024, “Ameren Missouri and Staff have discussed how Ameren Missouri anticipates restructuring its non-residential rates by removing Rider B in a rate case subsequent to ER-2024-0319 and implementing charges within applicable rate classes to reflect the voltage of service received by customers. Ameren Missouri and Staff have further discussed how the end result of this restructuring would likely include discrete rate components for customers served at (1) transmission voltages, (2) subtransmission voltages, and (3) primary voltages. Given these discussions, Ameren Missouri and Staff agree that implementing such restructuring in a rate case subsequent to ER-2024-0319, with the goals of the restructuring to include alignment of revenue responsibility and cost causation while considering customer impacts in the timing and implementation of a restructuring, would reasonably address the Rider B sub-issue which the Commission directed be addressed in the Commission’s above-referenced Report and Order.” The problems that the parties are attempting to address in Ameren Missouri’s rate modernization are exacerbated by applying Ameren Missouri’s LPS rate to massive new customers.⁹

Another concern is that while some level of averaging energy expenses by season and across time and using non-specific demand charges may be reasonable with the size of current LPS customers, further specificity is appropriate for LLCS customers given not only the size of these customers, but also the relative sophistication of these customers. Staff has determined, perhaps most significantly, that it is most appropriate for LLCS customers to be billed for the gross cost of service of capacity and the full expense of market energy, without offset for revenues from wholesale energy sales or the benefit of accumulated deferred income taxes.¹⁰

Finally, to ensure compliance with the requirements of SB 4, it makes practical sense to place these customers in a separate rate class. This separation facilitates future

⁸ Staff Recommendation / Rebuttal Report, page 7, lines 10-18.

⁹ Staff Recommendation / Rebuttal Report, page 38, lines 2- 20.

¹⁰ Staff Recommendation / Rebuttal Report, page 38, lines 21 -27.

class cost of service studies and simplifies reference to these customers where specific treatment may be ordered or provided in a tariff.¹¹

C. What should be the threshold demand load in megawatts (“MW”)/criteria for LLCS customers to receive service under a Commission approved LLPS tariff?

25 MW.¹² In response to discovery in the Evergy LLPS case, File No. EO-2025-0154, Staff learned that 25 MW is an industry standard demarcation for customers that must practically be served at transmission voltage. This is consistent with trends that Staff has observed in utility infrastructure. This is also generally consistent with the demand of a customer for whom a utility would seek a special contract or develop a tariff with that particular customer in mind. While SB 4 establishes a floor of 100 MW for Ameren Missouri’s large load customer class, it includes the option for the Commission to set a lower floor.¹³

a. To the extent the threshold captures existing customers, should a grandfathering provision for such customer be adopted?

Yes.

D. What other existing programs and riders should or should not be available to LLCS customers, if any?

Customers taking service under Schedule LLCS should not be eligible for service under or participation in:

1. The LPS Optional Time-of-Day Adjustment,
2. Charge Ahead programs,
3. Rider B (discounts for customer-owned substations),
4. Rider D (temporary service),
5. Rider E (supplementary service),
6. Rider F (shut-down service),
7. Renewable Solutions Program,
8. Economic Development Incentive, or Economic Development and Retention Rider, or Economic Re-Development Rider,
9. Community Solar Program,
10. Standby Service Rider,
11. Renewable Choice Program,
12. Any compensated demand response or curtailment programs.¹⁴

¹¹ Staff Recommendation / Rebuttal Report, page 39, lines 1-4.

¹² Staff Recommendation / Rebuttal Report, page 40, lines 8-9.

¹³ Staff Recommendation / Rebuttal Report, page 42, lines 1-7.

¹⁴ Staff Recommendation / Rebuttal Report, page 40, lines 21-35.

E. Should the LLPS customer bear responsibility for its interconnection and related non-FERC transmission infrastructure costs?

Yes. Staff recommends the following tariff provisions:

a. When applying for service, a prospective LLCS customer shall be responsible for prepayment of the transmission extension, which shall consist of all substations, conductors, devices, poles, conduits, transformers, and all appurtenant facilities and meter installation facilities installed by Company or for which the Company is financially responsible for installation, whether or not under the functional control of the Company, including any and all equipment necessary to ensure adequate power quality with the addition of prospective LLCS customer's load.

b. Prior to construction of any electrical facilities for service to a prospective LLCS customer, the Company and the prospective LLCS customer shall prepay an estimate of the construction costs of the required facilities, including the cost of all materials, labor, rights-of-way, trench and backfill, together with all incidental underground and overhead expenses connected therewith.

(1) The prospective LLCS customer will be responsible for nonrefundable charges for infrastructure that is owned and under the functional control of Ameren Missouri, which would not have been constructed but-for the provision of service to the prospective LLCS customer.

(2) The prospective LLCS customer will be responsible for refundable charges that may be reimbursed to that LLCS customer during the five years following completion of the transmission extension, and shall consist of (a) the portion of charges for infrastructure that is owned and under the functional control of Ameren Missouri, which has been constructed in excess of the level of infrastructure that would not have been constructed but-for the provision of service to the prospective LLCS customer, and (b) the portion of charges for infrastructure that is not under the functional control of Ameren Missouri, but for which Ameren Missouri is compensated by entities other than its Missouri retail ratepayers.

(3) To the extent that future prospective customers request service which utilizes the infrastructure referenced in part 2 within five years following the completion of construction, payment for such infrastructure, when obtained, shall be provided to the LLCS customer who initially funded such infrastructure.

(4) Upon completion of construction, Ameren Missouri shall prepare a reconciliation of the actual construction costs and estimate construction costs, which shall promptly be refunded to, or paid by, the LLCS customer, as applicable.¹⁵

a. How should such interconnection and related non-FERC transmission infrastructure costs be accounted for or tracked, if at all?

See above.

¹⁵ Staff Recommendation / Rebuttal Report, pages 62, line 31 – page 63, line 28.

F. What minimum term of service should be required for an LLCs customer to receive service under the Commission approved LLCs tariffs?

10 years, following a ramp-up period of up to 5 years.¹⁶

a. What is the minimum and maximum ramp schedule?

Please see above response in F.

b. What is the minimum term after the maximum ramp period ends?

Please see above response in F.

c. Is Elective Termination permitted? If so, then what is the appropriate Termination Fee?

Staff recommends the following provisions applicable to any termination, unless otherwise ordered by the Commission:

Early Termination:

In the event that an LLCs customer's monthly load (in kWh) is 50% or less of its expected load under its updated contract load for 3 consecutive months, the customer will be required to pay, or cause to be paid, all amounts expected for the remainder of the contract under the following charges: Facilities Charge, Demand Charge for Generation Capacity, Demand Charge for Transmission Capacity, Variable Fixed Revenue Contribution, and Stable Fixed Revenue Contribution.

- A. If a customer anticipates a temporary closure or load reduction related to retooling, construction, or other temporary causation, this anticipated reduction shall not trigger the termination charges described above until the anticipated load reduction has exceeded the anticipated duration by three months;
- B. The amount due under the Variable Fixed Revenue Contribution Charge in the event of early termination shall be due at the level associated with normal usage in the most recent applicable rate proceeding. If a rate proceeding has not occurred establishing normal usage, or if the customer was not recognized at the anticipated contract maximum load in the prior rate proceeding, the amount due under the Variable Fixed Revenue Contribution Charge shall be at the level associated with the contract projected usage;
- C. In the event an LLCs customer either declares bankruptcy, the facility is closed, or is more than 5 business days late in payment of a properly-rendered bill for service, termination charges are immediately due;
- D. Except in the case of bankruptcy, closure, or lack of timely payment, termination charges are due on the due date of the bill for the third month of 50% or lower usage;

¹⁶ Staff Recommendation / Rebuttal Report, page 43.

- E. The portion of termination charge revenue associated with the Facilities Charge shall be recorded as a regulatory liability, and treated as an offset to transmission plant. The amortization period for this regulatory liability shall be set to coincide as closely as is practicable with the depreciable life of the transmission-related infrastructure associated with the LLCS customer;
- F. The remaining termination charge revenue shall be recorded as a regulatory liability and treated as an offset to production ratebase with a 50-year amortization;
- G. These termination provisions can be waived or varied by the Commission if the Commission determines that it is just and reasonable to do so upon application of Ameren Missouri and an opportunity for hearing;
- H. Provisions contained herein supersede the Termination of Service provisions of the Rules and Regulations of the generally-applicable tariff.¹⁷

G. What minimum demand terms and conditions should apply to LLCS customers?

Staff recommends addressing variation between initially requested capacity and actual demand from LLCS customers by ordering implementation of Demand Deviation and Imbalance Charges as proposed by Staff. Doing so provides a financial incentive for LLCS customer to provide projections that are as accurate as possible for purposes of MISO Resource Adequacy Requirements as well as long term planning for adding generation to Ameren Missouri's system.¹⁸ Staff's approach obviates the need to include minimum demand charges. Furthermore, Staff's approach allows for more flexibility for customers that may have seasonal demand fluctuations that do not exacerbate system peak conditions.

a. What Maximum LLC Capacity reduction should be allowed?

If the Commission determines that Staff's proposed approach of implementing Demand Deviation and Imbalance Charges is not an appropriate way to address changes to the proposed demand from LLCS customers, Staff recommends that the Commission reject Google's proposal to allow for up to 20% reduction in contract demand without penalty. Doing so would allow massive reductions in load, penalty free, from the largest customers that would be on Ameren Missouri's system after the costs of new generation resources are already included in rates.¹⁹ The result of such scenario is very likely to be an increase in rates to non-LLCS ratepayers.

b. Under what terms should a capacity reduction be allowed? How much should the capacity be in terms of percentage of the original Maximum LLC Capacity?

¹⁷ Staff Recommendation / Rebuttal Report, page 65, line 22 - page 66, line 36 .

¹⁸ Staff Recommendation / Rebuttal Report, page 60, line 4 - page 61, line 4.

¹⁹ Surrebuttal Testimony of J Luebbert, page 11, line 10 - page 12, line 20.

If the Commission determines that Staff's proposed approach of implementing Demand Deviation and Imbalance Charges is not an appropriate way to address changes to the proposed demand from LLCs customers, Staff recommends that the Commission order that all minimum demand charges be premised on the initial requested contract demand for each customer and keep the minimum demand threshold high. Doing so will help mitigate issues of revenue certainty from what will be the largest load customers on Ameren Missouri's system.²⁰

Additionally, in the past Ameren Missouri proposed a Take or Pay provision that would have required 100% payment of every charge for the State of Missouri's only historic large load customer, Noranda.²¹

c. Under what terms should a subsequent contract reduction occur?

Staff recommends addressing variation between initially requested capacity and actual demand from LLCs customers by ordering implementation of Demand Deviation and Imbalance Charges as proposed by Staff.²² Staff's approach allows for flexibility for customers as well as revenue certainty.

d. How should the Capacity Reduction Fee be determined?

See above.

H. What collateral or other security requirements should be required for a LLCs customer to receive service under the Commission approved LLCs tariffs?

The Commission should be aware that, in general, termination notices from LLCs customers who will cease taking service are for the benefit of the utility to time rate cases as opposed to the benefit of existing captive customers. While a timely termination notice could result in Ameren Missouri scaling back planned build-out of new power plants, such notice would likely need to be significantly longer than the two years requested by Ameren Missouri.²³ Staff recommends a pledge of collateral or other security as ordered by the Commission in this proceeding, which shall equal or exceed the indicated termination fees, and a commitment to pay or cause to be paid any applicable termination charges, as defined in the LLCs tariff. In the event that any additional termination provisions may be necessary or appropriate to address additional risk with a particular LLCs customer, those provisions shall be defined in the Service Agreement.²⁴

I. What should the notice requirements be, if any, for extension of service beyond the initial minimum term?

²⁰ Surrebuttal Testimony of J Luebbert, page 12, lines 13-20.

²¹ Surrebuttal Testimony of Sarah Lange, page 14, lines 3-8; page 36, line 25 – page 38, line 10; page 47, lines 12-14.

²² Staff Recommendation / Rebuttal Report, page 60, line 4 - page 61, line 4.

²³ Staff Recommendation / Rebuttal Report, page 29, lines 2-6.

²⁴ Staff Recommendation / Rebuttal Report, page 43, lines 11-17.

Staff takes no position at this time, but reserves the right to do so based on the pre-filed testimony and the evidence presented at hearing.

J. Should LLCs customers be included in the Fuel Adjustment Clause (“FAC”)?

Given the size of potential LLCs customers, Staff recommends that the Commission require that each LLCs customer be registered with MISO as a separate commercial pricing node. Absent this treatment, it is difficult to isolate the expenses caused by LLCs customers that would otherwise be flowed through the FAC and which may cause unreasonable impacts on captive ratepayers.²⁵ For customers who opt into the wholesale energy expense arrangement, it is appropriate to remove the customer’s load and wholesale energy expense from the FAC, and that change should be made in the next general rate case.²⁶ If the Commission does not order Staff’s recommended treatments, the Commission should order the creation of a deferred regulatory liability account into which Ameren Missouri defers the level of LLCs revenues each month that are equal to the values incurred for the LLCs customer that are subject to FAC treatment. These deferred amounts should be flowed back to customers through the FAC after a future rate case, using an amortization period of 4 years or less.²⁷

a. What impact will the inclusion of LLCs customers in the FAC have on non-LLCs customers and, if there is an impact, what if anything should the Commission order to address it?

For every 876,000 MWh of new LLCs load (equivalent to a 100 MW customer with a 100% load factor), prior to rate case recognition, the operation of the FAC will pass on approximately \$22 million in annual bill increases through the FAC, assuming the market value of energy is \$27.50 per MWh.²⁸

Adding a 500 MW LLCs customer with an 85% load factor on the FAC (using a plug value of \$27.50 per MWh for all expenses the customer causes that are included in the FAC) will increase the FAC charges to all customers (including the LLCs customer) by about \$86 million per year.²⁹ An LLCs customer of this size would be responsible for about 11.5%³⁰ of that \$86 million per year. Non-LLCs customers will be paying a portion of these additional costs through the FAC. The remaining 88.5% of that 86 million, about \$76.1 million annually, will be collected from existing customers. To address this, Staff recommends the Commission order Ameren Missouri to have a separate commercial pricing node for the large load customers, create a separate subaccount for the CP node to isolate these costs, and remove the costs/revenues from the FAC. If the Commission does not approve Staff’s recommendation to have a separate CP node to isolate and remove the costs/revenues from the FAC, Staff recommends the alternative of making an

²⁵ Staff Recommendation / Rebuttal Report, page 23, lines 19 through 23.

²⁶ Staff Recommendation / Rebuttal Report, page 24, lines 21 through 23.

²⁷ Staff Recommendation / Rebuttal Report, page 21, lines 18 through 24.

²⁸ Staff Recommendation / Rebuttal Report, page 4, lines 3 through 9.

²⁹ Staff Recommendation / Rebuttal Report, page 26, line 24 through page 27, line 6.

³⁰ Staff Recommendation / Rebuttal Report, page 2, line 20.

adjustment similar to the “N Factor” that was utilized in the Ameren Missouri FAC associated with its service to Noranda.³¹

b. What, if any, changes should be made to Ameren Missouri’s existing FAC tariff sheet?

When a new LLCS customer comes onto the system it will begin paying for every kWh of energy it consumes. Simultaneously, Ameren Missouri will reflect additional energy cost in its FAC.³² Staff acknowledges a reverse effect as well if a large load customer leaves the system and reduces Ameren’s load after that customer has been recognized in base rates and the FAC base factor. Ameren would then no longer incur the wholesale energy and transmission expense associated with service to that customer.³³

Staff recommends Ameren have a separate commercial pricing node for the large load customers, create a separate subaccount for the CP node to isolate these costs, and remove the costs/revenues from the FAC.³⁴ For reasons explained in subpart c below, no changes can be made to Ameren Missouri’s existing FAC tariff sheet. However, in the next general rate case, if the Commission does not approve Staff’s recommendation to have a separate CP node to isolate and remove the costs/revenues from the FAC, Staff recommends the alternative of making an adjustment similar to the “N Factor” that was utilized in the Ameren Missouri FAC associated with its service to Noranda.³⁵

c. When/in what case should any changes be made?

It is Staff’s understanding that, except for changes because of any federal, state or local environmental law, regulation, or rule, FAC tariff sheets cannot be changed outside of a general rate case. Further, it is Staff’s understanding that those exemptions are not applicable here, therefore FAC LLCS adjustments should be incorporated in the FAC tariff sheet and in the next general rate case.³⁶

K. Should LLCS customers be served from a separate, unique, designated load node?

Yes. Given the size of potential LLCS customers, Staff recommends that the Commission require that each LLCS customer be registered with MISO as a separate commercial pricing node and that Ameren Missouri develop subaccounts that would allow for simple and concise tracking of the MISO costs and revenues directly associated with each customer. Absent this treatment, it is difficult to isolate the expenses caused by LLCS customers that would otherwise be flowed through the FAC and which may cause unreasonable impacts on captive ratepayers.

³¹ Staff Recommendation / Rebuttal Report, page 27, lines 19 through 22.

³² Staff Recommendation / Rebuttal Report, page 26, lines 16 through 18.

³³ Staff Recommendation / Rebuttal Report, page 27, lines 11 through 14.

³⁴ Staff Recommendation / Rebuttal Report, page 27, lines 16 through 18.

³⁵ Staff Recommendation / Rebuttal Report, page 27, lines 19 through 22.

³⁶ Staff Recommendation / Rebuttal Report, page 28, lines 7 through 10.

In the absence of separate commercial pricing nodes for each LLCS customer, Staff recommends that the Commission order each of the conditions included in Appendix 2, Schedule 3 of Staff's Recommendation Report. The conditions included in Appendix 2, Schedule 3 are not a perfect solution for identifying the costs associated with the LLCS customers, will not allow for full cost causation transparency, and will create additional work processes for Staff and other parties.³⁷

L. Is a waiver of RES requirements 20 CSR 4240.20.100(1)(W) and the authorizing statute lawful and reasonable with regard to LLCS customers?

Aside from the clear intent in the RES rule to exclude a company's REC sales to customers from impacting RES requirements, and the legislative intent to specifically exclude Ameren Missouri and Liberty from the new requirements in Section 393.1030.2. RSMo., Ameren Missouri's proposed variance goes beyond the language in Section 393.1030.3. RSMo. that ties the retirement of RECs by an accelerated renewable buyer with the portion offset from the utility's obligation. Staff recommends the Commission deny Ameren Missouri's request for a variance from 20 CSR 4240.20.100(1)(W) to exclude Large Load Customers load that is supported with renewables it receives or is reasonably projected to receive that are sufficient to cover the applicable Renewable Energy Standard (RES) Portfolio Requirement in 20 CSR 4240-20.100(1)(R). If the Commission finds it appropriate to grant a variance, the Commission should require proof of compliance as contemplated by Senate Bill 4 and laid out in Section 393.1030.2. RSMo.³⁸

M. How should revenues from LLCS customers be treated?

It is important to note that Ameren Missouri is recovering the full cost of owning and operating its generation fleets from existing customers as of the conclusion of its last rate cases. If a new LLCS customer begins paying for the generation fleet – as they should – then Ameren Missouri will over-recover that amount.³⁹ Due to the inherent lag between when an LLCS customer begins paying its bills, and when that revenue is recognized in a rate case, Ameren Missouri will experience positive regulatory lag. This lag is different than ordinary positive lag associated with customer growth due to its scale, and the lack of offsetting revenue requirement increases.⁴⁰ This lag is unlawful due to

³⁷ Staff Recommendation / Rebuttal Report, page 22, line 19 - page 24, line 11.

³⁸ Staff Recommendation/Rebuttal Report, page 69, lines 8-19.

³⁹ Staff Recommendation / Rebuttal Report, page 15, lines 10-13.

⁴⁰ Staff Recommendation / Rebuttal Report, page 15, line 21 – page 16, line 1. When a new home or business begins taking service, not only is the scale of revenue growth much smaller than will be the case for an LLCS customer, but also there are more offsetting increases to revenue requirement. For an LLCS customer, Ameren Missouri will not be paying for some or all of the costs to install a meter, a service line, or a line transformer, although going forward its cost of service will include some amount of expenses associated with ownership and operation of these customer-contributed facilities. However, those costs will be recognized in rates at the time that the associated revenue will be recognized in rates. Nor will Ameren Missouri be paying for the accumulated need to expand distribution systems or substations to serve customers collectively with the addition of an LLCS customer. Rather, the LLCS customer will be prepaying for its transmission interconnection, its meter, and any infrastructure in between. This required customer

the statutory requirement that LLCs customers' rates will reflect the customers' representative share of the costs incurred to serve the customers and prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to LLCs customers.⁴¹

Under the Ameren Missouri proposal (and the Staff approach) the cost of customer facilities such as the transmission interconnection, the interconnecting lines, and the meter, would be paid by the LLCs customer, so there will not be significant increases to the experienced cost of service to offset the positive regulatory lag of new customer revenues. Ameren Missouri may incur expense for (1) Renewable Energy Credits necessary for compliance with the Missouri Renewable Energy Standard for new LLCs customer load, (2) customer service associated with interactions with LLCs customers and load forecasting, and (3) operation and maintenance expenses such as property taxes and insurance associated with the new transmission facilities and customer interconnection assets, and labor to run the facility, if applicable. Essentially all other changes in revenue requirement that adding a new LLCs customer will cause, will flow through the FAC.⁴²

Whether the LLCs customers pay rates that are too high, too low, or just right, under Ameren Missouri's approach, whatever the LLCs customer does pay for up to four years, other customers will pay the same base rates and higher FAC rates that entire time. Necessarily, captive ratepayers will also be paying higher rates than they otherwise would, due to the increases in cost of service caused by building new power plants which are more expensive than the existing power plants. Thus, the Ameren Missouri approach to allow Ameren Missouri to retain the revenues of LLCs customers through positive regulatory lag does not comply with the required statutory safeguard that the tariffs resulting from this case "prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to [LLCs] customers."⁴³

Staff recommends the following:

- A. All revenue from the Charge for Generation Capacity, the Variable Fixed Revenue Contribution Charge, the Stable Fixed Revenue Contribution Charge, the Demand Deviation Charge, the Imbalance Charge, and the RES Compliance Charge will be recorded to a regulatory liability account. The resulting regulatory liability will be treated as an offset to production ratebase with a 50 year amortization. The revenue recorded to the regulatory liability account will not be treated as revenue in setting rates.
- B. Until the first rate case recognizing a new LLCs customer at its anticipated full requirements, revenue from the Transmission Capacity Cost of Service Charge that is in excess of the level of revenue from that charge that has been recognized in rates will be recorded to a regulatory liability account. The resulting regulatory liability will be treated as an offset to transmission ratebase with a 50 year amortization. Normalized transmission revenues will be reflected in revenue in setting rates.

contribution is reasonable and appropriate, but it also distinguishes LLCs growth from ordinary customer growth. *Id.* at page 16, footnote 26.

⁴¹ Staff Recommendation / Rebuttal Report, page-16, lines 1-4.

⁴² Staff Recommendation / Rebuttal Report, page 14, lines 11-21.

⁴³ Staff Recommendation / Rebuttal Report, page 14, lines 22-30.

- C. All revenue billed under Imbalance Charge, Capacity Shortfall Rate, and the Capacity Cost Sufficiency Rider will be used to offset expense associated with the increased cost of service caused by the LLCS customer in any applicable rate case or through the FAC, if applicable.
- D. Revenue from the Energy Charge or revenue under an Optional Agreement for Payment of Actual MISO charges shall be deferred as a regulatory liability and incorporated into the FAC in a future general rate case. In the event the FAC is modified to exclude all costs and expenses associated with an LLCS customer, revenue from these charges will be treated as ordinary revenue.⁴⁴

These provisions ensure that Ameren Missouri does not experience excessive positive regulatory lag, and enables the revenues provided by LLCS customers to prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to LLCS customers. Treatment of these accumulated revenues to reduce the ratebase associated with production facilities is intended as a risk mitigation strategy. LLCS customers are going to prompt increases to generation revenue requirement. To the extent that LLCS customers' capacity needs may increase the bills paid by other customers, it is reasonable to capture the lagging LLCS revenues to effectively buy down the increased generation rate base caused by those customers.⁴⁵

If, in a future general rate case, these customers are exempted from the FAC or if the FAC is revised to incorporate a mechanism related to the historic Ameren "N Factor," then the full inclusion of the energy charge revenues in this regulatory liability should be adjusted. Also, in future cases, it could be reasonable to consolidate regulatory liability tranches to simplify accounting.⁴⁶

N. What additional riders, if any, should be authorized by the Commission at this time, including:

a. The Clean Capacity Advancement Program?

Ameren Missouri has not provided enough program details for Staff to be able to recommend approval of this program at this time. Staff recommends the Commission reject the program as currently written until such time that Ameren Missouri can present the full details of the proposed program.⁴⁷

⁴⁴ Staff Recommendation / Rebuttal Report, page 64, lines 11-37.

⁴⁵ Staff Recommendation / Rebuttal Report, page 65, lines 1-8. If, for whatever reason, capacity is built to serve LLCS customers, and LLCS customers terminate service prior to that capacity being fully depreciated, the regulatory liability will at least offset some portion of that generation asset to the extent the Commission includes the generation asset in rate base in future cases. *Id.* at page 65, footnote 105.

⁴⁶ Staff Recommendation / Rebuttal Report, page 65, lines 9-13.

⁴⁷ Staff Recommendation/Rebuttal Report, page 74, lines 7-12.

The Clean Energy Choice Program?

No. The IRP process will drastically change with the recent passage and signing of Senate Bill 4 (SB 4).⁴⁸ Also, with all of the uncertainty previously mentioned surrounding large customers that would receive service under the LLCS rate no sooner than the fourth quarter of 2026, and the new legislation requiring an integrated resource planning proceeding commencing by August 28, 2027, Staff is of the position that a new rider such as Rider CEC not be approved at this time. The Commission should allow for the new IRP process to be developed and understood prior to considering a rider that allows for customers to influence prudent resource planning.⁴⁹

b. The Nuclear Energy Credit Program?

Ameren Missouri has not provided enough program details for Staff to be able to recommend approval of this program at this time, and Staff questions whether such a program is necessary. If Ameren Missouri wishes to sell NECs via contracts with its large load customers, Staff is unsure why a tariff would be needed if none of the details of the agreement are included in the tariff. Staff recommends the Commission reject the program as currently written until such time that Ameren Missouri can present the full details of the proposed program.⁵⁰

c. The Renewable Solutions Program – Large Load Customers?

Ameren Missouri has not provided enough program details for Staff to be able to recommend approval of this program at this time, and Staff questions the need for such a program. If Ameren Missouri wishes to sell RECs via contracts with its large load customers, it is able to do so outside of a tariff according to 20 CSR 4240-20.100(3)(I). Additionally, Staff continues to be concerned that Ameren Missouri is proposing more tariffs to sell RECs to its customers while at the same time Ameren Missouri is unable to comply with its own Renewable Energy Standard requirements without purchasing RECs and requesting variances related to retirement timing. While Ameren Missouri has presented compliance plans annually, expecting that RECs purchases will taper off as Commission-approved resources become operational, each year the dependence on REC purchases and variances continues. Further, as Staff discussed in testimony in the recent Ameren Missouri rate case, Ameren Missouri continues to include resources in its RES compliance planning that it has dedicated to subscription-based programs. Staff recommends the Commission reject the program as currently written until such time that Ameren can present the full details of the proposed program along with a plan to meet its RES requirements while maintaining the program.⁵¹

⁴⁸ Staff Recommendation / Rebuttal Report, page 76, lines 22 – 23.

⁴⁹ Staff Recommendation / Rebuttal Report, page 78, lines 21 – 26.

⁵⁰ Staff Recommendation/Rebuttal Report, page 70, lines 12-17.

⁵¹ Staff Recommendation/Rebuttal Report, page 72, lines 21-26, page 73, lines 1-9.

d. The Clean Transition Tariff (as described in the Rebuttal Testimony of Dr. Carolyn Berry)?

No. Staff shares the same concerns with the CTT as it does with Rider CEC, and is concerned that it would not be reasonable to set aside a prudent resource plan and replace it with resource planning that was modified to incorporate specific resources due to the preferences of a particular customer.⁵²

O. Should a form customer service agreement be included in the Commission approved LLCS tariffs resulting from this case?

Yes. Staff's intention is that stakeholders will cooperate to draft and finalize the Service Agreement form as part of the compliance tariff process in this case.⁵³

The form ESA is subject to review by the Commission in this case. Additionally, Ameren Missouri proposes that individual ESAs be reviewed and approved by the Commission. Staff agrees with Ameren Missouri's direct position that the form ESA be included in the tariff with the individual ESA approved by the Commission. However, Ameren Missouri's form ESA as presented in this case should not be approved by the Commission, as it is based on Ameren Missouri's requested rate structure and approach to treatment of LLCS customers, which vary significantly from the rate structure and treatments recommended by Staff.⁵⁴

a. Should a form ESA be included in the pro forma LPS Tariff?

Yes. Staff's intention is that stakeholders will cooperate to draft and finalize the Service Agreement form as part of the compliance tariff process in this case.⁵⁵

The form ESA is subject to review by the Commission in this case. Additionally, Ameren Missouri proposes that individual ESAs be reviewed and approved by the Commission. Staff agrees with Ameren Missouri's direct position that the form ESA be included in the tariff with the individual ESA approved by the Commission. However, Ameren Missouri's form ESA as presented in this case should not be approved by the Commission, as it is based on Ameren Missouri's requested rate structure and approach to treatment of LLCS customers, which vary significantly from the rate structure and treatments recommended by Staff.⁵⁶

b. Should the ESA require approval by the Commission?

Yes. Staff recommends that the Commission include in its order in this case:

1. A process for review of a new LLCS customer prior to Ameren Missouri constructing interconnection facilities for that customer's making upstream

⁵² Surrebuttal Testimony of Brad Fortson, page 3, lines 9-12.

⁵³ Staff Recommendation / Rebuttal Report, page 42, lines 10-11.

⁵⁴ Staff Recommendation / Rebuttal Report, page 31, lines 3-9.

⁵⁵ Staff Recommendation / Rebuttal Report, page 42, lines 10-11.

⁵⁶ Staff Recommendation / Rebuttal Report, page 31, lines 3-9.

transmission investments to facilitate service to that customer; or building or acquiring power plants, or energy contracts, or capacity contracts to serve that customer.

2. Minimum filing requirements for the direct testimony of Ameren Missouri in a proceeding seeking authorization to serve a new LLCS customer.
3. A commitment from the Commission to prioritize such proceedings to the extent possible.⁵⁷

c. Should minimum filing requirements be required?

Yes. For the minimum filing requirements in proceedings to authorize service of a new LLCS customer, Ameren Missouri should file the following information under affidavit, and simultaneously file in the EFIS docket fully operable supporting workpapers describing:

1. The interconnection facilities to serve the LLCS customer, including:
 - a. a projection of the cost of removing the facilities at the end of the contract term,
 - b. a projection of property tax and insurance expense, each year, associated with the facilities for the projected life of the facilities,
 - c. a projection of operation and maintenance expenses, each year, associated with the facilities for the projected life of the facilities,
2. All information required under the Service Agreement included in Staff's recommended tariff. At a high level this includes projected demands and energy requirements for the full term of service, information related to financial assurances, and information related to day-to-day load management.
3. An updated capacity forecast without the new LLCS customer.
4. An updated capacity forecast with the new LLCS customer.

In addition to fully operable supporting workpapers, Ameren Missouri should file supporting documentation including:

1. Evidence that site control by the proposed customer is established, including local zoning approval as applicable.
2. The boundary of Ameren Missouri's facilities serving the customer in a format supported by the State's geographic information system ("GIS") software.
3. Documentation of customer consultation with other utility providers (i.e. water, sewer, gas) that will provide service to the proposed customer whether regulated by the Commission or not.
4. Evidence that Ameren Missouri has completed all internal engineering studies supporting the interconnection.
5. Proposed annual reporting requirements for Ameren Missouri to report to the Commission and the public on the proposed customer.⁵⁸

⁵⁷ Staff Recommendation / Rebuttal Report, page 30, lines 20-29 and page 31, lines 1-4.

⁵⁸ Staff Recommendation / Rebuttal Report, page 31, lines 5-33.

d. What is the standard for review?

Staff recommends that the Commission review consist of (1) whether the terms are just, reasonable, and not unduly discriminatory, (2) that they are consistent with the applicable statutes and the tariff approved in this case by the Commission, and (3) review of the projected demand and energy requirements of the potential customer being feasible for service by the utility. Staff further recommends minimum filing requirements to ensure Staff and the Commission receive sufficient information at the time of the filing to, as expeditiously as possible, complete such a review.⁵⁹

P. Are changes needed for the Emergency Energy Conservation Plan tariff sheet and related tariff sheets to accommodate LLCS customers?

Yes. Staff recommends the following language be included in Ameren Missouri's Emergency Energy Conservation Plan tariff (MO. P.S.C. Schedule 6 1st Revised Sheet No. 146 through 148):

Customers taking service under Schedule LLCS may be interrupted during grid emergencies under the same circumstances as any other customer.⁶⁰

Q. What studies should be required for customers to take service under the LLCS tariff, if any?

In the Evergy LLPS case, Evergy presented its "Path to Power" process which generally contemplates steps for studying large load customers, documenting such a process in its commission-approved tariffs, and inclusion of study fees in its tariffs. Staff recommends stakeholders engage in development of rules and regulations to be included in Ameren Missouri's compliance tariffs resulting from this case that provide its potential large load customers similar guidance.

For Commission awareness, in contrast to Evergy, Ameren Missouri does not plan to complete cluster studies for the interconnection of large load customers.⁶¹ Additionally, while Ameren Missouri specifies IEEE 519 Standard for Harmonic Control in Electric Power Systems, unlike Evergy, it is not clear that Ameren Missouri requires the inclusion of high-speed monitoring devices at large load customer sites to enable measurement of harmonics and other potential impacts to the transmission system.⁶²

Staff discussed various NERC actions in its rebuttal report⁶³ and noted the recent US DOE notice of advanced rulemaking.⁶⁴ Staff further recommends the Commission order Ameren Missouri to provide its response to the NERC alert in any order issued in this case.⁶⁵

⁵⁹ Surrebuttal Testimony of Claire Eubanks, page 7, lines 12-18.

⁶⁰ Staff Recommendation / Rebuttal Report, page 37, lines 6-9.

⁶¹ Staff Recommendation / Rebuttal Report, page 35, line 19 – page 36, line 6.

⁶² Staff Recommendation / Rebuttal Report, page 36, lines 2-6.

⁶³ Staff Recommendation / Rebuttal Report, page 36, lines 18-23.

⁶⁴ Surrebuttal Testimony of J Luebbert, page 5, footnote 6.

⁶⁵ Surrebuttal Testimony of Claire Eubanks, page 5, lines 15-17.

R. What reporting on large load customers should the Commission require?

Staff recommends annual reporting requirements be developed on an individual customer basis as a part of the approval process of individual ESAs (see Issue O).⁶⁶

If the Commission does not order an approval process of individual ESAs (see Issue O), Staff recommends the Commission order Ameren Missouri to provide regular reporting as a non-case related submission in EFIS containing:⁶⁷

1. Description of all interconnection facilities, and terms of related agreements, to serve any new LLCS customer, including:
 - a. a projection of the cost of removing the facilities at the end of the contract term,
 - b. a projection of property tax and insurance expense, each year, associated with the facilities for the projected life of the facilities,
 - c. a projection of operation and maintenance expenses, each year, associated with the facilities for the projected life of the facilities,
2. All information required under the Service Agreement included in Staff's recommended tariff. At a high level this includes projected demands and energy requirements for the full term of service, information related to financial assurances, and information related to day-to-day load management.
3. An updated capacity forecast without the new LLCS customer.
4. An updated capacity forecast with the new LLCS customer.
5. The boundary of Ameren Missouri's facilities serving the customer in a format supported by the State's geographic information system (GIS) software.
6. Evidence that Ameren Missouri completed all internal engineering studies supporting the interconnection.

S. Should the Commission order a community benefits program as described in the testimony of Dr. Geoff Marke?

Staff takes no position at this time, but reserves the right to do so based on the pre-filed testimony and the evidence presented at hearing.

⁶⁶ Staff Recommendation / Rebuttal Report, page 31, lines 32-33.

⁶⁷ Staff Recommendation / Rebuttal Report, page 30, line 20 – page 31, line 33.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record on this 10th day of November, 2025.

/s/ Alexandra Klaus