

Memorandum

To: The Missouri Public Service Commission and parties to
Case No. EA-2026-0183

From: Geoff Marke, Chief Economist and Jordan Seaver, Policy Analyst
Missouri Office of the Public Counsel

Date: October 6, 2026

RE: The Commission's Tartan Criteria: Need

Growth should not come at the expense of the families and communities companies call home. In 2025, I was proud to sign Senate Bill 4 into law, which, along with provisions for building more reliable generation in Missouri and attracting new large loads, includes consumer protections to ensure that customers only pay for their own power. This year, we built on this commitment to growth and affordability by signing onto President Trump's Ratepayer Protection Pledge.¹

Governor Mike Kehoe: Missouri State Energy Plan and Policy Brief

We are filing these comments with the Missouri Public Service Commission (the "Commission") to help articulate why the Office of the Public Counsel (the "OPC") is not a signatory to but also not opposing the Non-Unanimous Stipulation and Agreement filed in this matter. Consistent with our position in Case No. EA-2025-0239, we believe the investments contemplated in this docket are alarmingly cost-prohibitive, provide little to no winter capacity accreditation, and have been met with a high degree of skeptical and resistant local public outcry.

Overall, we do not believe it is reasonable for existing customers to foot the bill for solar and battery generation investments they do not need, at an excess cost premium given the demand, and which will only receive an 8% default accreditation factor in the winter.

Under these conditions, these investments make no sense.

That is, unless you are building explicitly at the request and with the full financial support of the data center(s) that need the generation as quickly as possible and are willing to pay the premium for less reliable but renewable generation.

¹ Missouri Department of Natural Resources (2026) State Energy Plan and Policy Brief. Letter from Mike Kehoe., p. 3. <https://dnr.mo.gov/document-search/missouri-state-energy-plan-state-energy-plan-policy-brief-volume-1-sept-30-2026>

Ameren Missouri believes these generation investment costs should be socialized across existing customers.² The narrative refrain that “the data centers pay their own costs” only applies to “plugging into the grid” and not the power that supports their operations or the stranded asset risk that accompanies these expensive investments.

To be clear:

The mere presence of a large load tariff does
not ensure that data centers are paying their fair share or
that legacy ratepayers are held harmless from stranded asset risk.

In an era of rapid uncertainty and rising costs, it is both economically unsustainable and profoundly unfair to expect Missouri citizens to backstop the capital required for massive grid expansions to serve data centers. This is the exact rationale behind the Trump Administration’s Ratepayer Pledge (which both Ameren and Evergy signed on to) and Governor Kehoe’s Executive Order 26-02.

Presently, there are three interconnected pressure points that are currently shaping the economy and driving up costs for just about everything. Those include:

- 1.) Record High Fuel Costs: Fuel costs reached unprecedented highs this September, with diesel setting four separate price records and increasing 89% since January.³ This surge has ignited cost-push inflation, rapidly escalating the cost of goods and services nationwide.
- 2.) Nineteen-Year High on 10-year U.S. Treasury Yields (5.277%⁴): High yields raise corporate borrowing costs and make funding the expensive artificial intelligence infrastructure boom (and anything else) much harder.
- 3.) The Massive AI Infrastructure Buildout: The Brookings Institute projects that AI investment in data center buildings, power systems, networking infrastructure, and

² Grawitch, K. (2026) Ameren says Armory data center wouldn’t raise electric bills in St. Louis. STLPR.
<https://www.stlpr.org/health-science-environment/2026-02-19/ameren-armory-data-center-electric-bills-st-louis>

Alderwoman Anne Schweitzer asked Ameren officials to clarify what costs are absorbed by all Ameren consumers. Owners of large-load facilities must pay all costs associated with connecting to Ameren’s power grid, said James O’Mara, Ameren Missouri’s manager of economic development.

But when pressed, O’Mara clarified that all Ameren customers, including residential customers, pay for expanding the grid through building new power plants through rate increases, and that may be needed to accommodate large-load customers.

³ USA Facts (2026) Diesel prices rose 89% from January low to September record high.
<https://usafacts.org/articles/diesel-prices-rose-89-from-january-low-to-september-record-high/>

⁴ As of 12:40 p.m. October 6, 2026. See also U.S. 10 Year Treasury Note. *The Wall Street Journal*.
<https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y>

specialized chips and other equipment will total an enormous \$10.3 trillion from 2025 to 2032, or an average of 3.63% of U.S. gross domestic product per year.⁵ It will attempt to do this as the technology sector faces mounting public resistance,⁶ growing massive off-balance-sheet debt obligations,⁷ interdependent circular financing,⁸ and an unproven record of showing a positive return on investment (ROI).⁹

To protect the public interest and comply with Missouri statute, we believe the best path forward is to require data centers to finance these investments in their entirety from day one.¹⁰

In Case No. EA-2026-0154 Dr. Marke put forward the following suggestion as a path forward:

Data Centers:

- Use their capital, up-front, to finance investment needed to support their demand; and
- Receive needed electric service that conforms to state law

Utility:

- A proxy number could be used to impose a reduced return on equity (“ROE”) across all customer classes in recognition of the upfront work undertaken to identify and secure the generation investments as well as successful execution of the contract and operation of the facility; and
- Capital that would otherwise have gone to the data center generation investments can now be redirected to necessary investments needed to support the grid.

Legacy Ratepayers:

- Receive a shared asset that is fully paid for which negates the stranded asset risk and minimizes cost shift subsidization concerns; and
- Will be responsible (along with the data center and the utility) for future tail risk costs related to operational uncertainty.

Whether or not an electric utility should earn any profit off of capital they did not put up is a legitimate concern; however, a small nominal amount of profit in exchange for assurance that

⁵ Nieuwerburgh, S.V. (2026) Financing the AI Buildout. *Brookings Institute*.
<https://www.brookings.edu/articles/financing-the-ai-buildout/>

⁶ According to a recent NBC poll, nearly 70 percent of Americans oppose the construction of a data center in their area. NBC News Decision Desk (2026) Survey Monkey Poll Results August 20 – Sept. 1, 2026.
<https://s3.documentcloud.org/documents/28601712/nbc-news-decision-desk-poll-september-ai-topline.pdf>

⁷ Price, G. & M. Dettwiler. (2026) Webs of AI debt. Union Bank of Switzerland: Asset Management.
<https://www.ubs.com/us/en/assetmanagement/insights/investment-outlook/the-red-thread/trt-end-year-2026/articles/webs-of-ai-debt.html#ai>

⁸ O’Brien, S. (2026) ‘Big Short’ investor Steven Eisman says Enron-era tricks are cropping up in the AI trade. *Business Insider*. <https://www.businessinsider.com/big-short-steve-eisman-enron-ai-trade-meta-oracle-nvidia-2026-9>

⁹ Rai, S. (2026) AI Faces \$6 Trillion Test to Justify Data Centers, Bain Says. *Bloomberg*.
<https://www.bloomberg.com/news/articles/2026-09-29/ai-faces-6-trillion-test-to-justify-data-centers-bain-says>

¹⁰ Case No. EA-2026-0154. Rebuttal Testimony of Geoff Marke p. 17-24.
<https://efis.psc.mo.gov/Document/Display/890355>

unnecessary costs and risks will not be imposed on legacy customers or utility investors is an outcome worth exploring.

In addition to the cost and cost allocation concerns, we would also be remiss if we did not mention the strong local opposition to the Projects, in particular to the Millcreek Battery Energy Storage System project in this case. Three hundred and twenty-one comments have been posted to the case file for this case¹¹—most of which relate to the Millcreek project. These comments are on top of the five well attended local public hearings that the Commission held—two of which focused on the Millcreek project.

Many customers expressed a feeling of being misled when they challenged Ameren Missouri over its long-term plans in Lincoln County. Namely, that approval of a BESS will make it easier to justify approval of future solar farms or further buildout of data centers.¹²

Other concerns were raised, including, but not limited to, safety concerns associated with the batteries themselves, environmental concerns associated with water runoff, the effects of potential fires, the secondary effects of the Projects on property values and local roads, accusations that Ameren is overpaying market value to secure property and other concerns.

The OPC believes that honest and straight-forward answers that include additional publicly available information may help alleviate some of these concerns. Though we are not attorneys, it is also our understanding that these types of concerns do not typically affect the Commission's *Tartan* factor analysis, but they may form the basis of a potential prudence disallowance in a future rate case. The OPC wishes to place Ameren on notice that it has heard the public's concerns and may support future prudence disallowances should information arise in future investigations that Ameren acted imprudently in constructing or operating these Projects.

In conclusion, we have offered a reasonable path forward for Ameren Missouri and the Commission to support expensive generation investment for the unique customers who are demanding it. We have also flagged the many concerns raised by the citizens of Lincoln County. Importantly, we believe these concerns are consistent across much, if not all, of Missouri and that absent better, up-front communication Ameren Missouri will almost assuredly experience increased push-back on future planned investments.

It doesn't have to be this way, but actions speak louder than words. From our vantage point, the ball is in Ameren Missouri's court to secure funding from the cost causers or be subject to future cost disallowances if the load does not materialize as planned.

¹¹ As of 12:40 p.m. on October 6, 2026. *See* Case File for Case No. EA-2026-0183.

¹² Gray, B. (2026) Ameren says in Lincoln County battery project will not lead to a data center. *St. Louis Post-Dispatch*. https://www.stltoday.com/news/local/business/article_444a6135-1c4e-422a-87c1-e358bba60374.html