

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

Application of Union Electric Company d/b/a)	
Ameren Missouri for Approval of Decommissioning)	<u>File No. EE-2015-0046</u>
Cost Estimate for Callaway Energy Center and)	
Funding Level of Nuclear Decommissioning Trust Fund.)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through Staff Counsel's Office, in response to the Commission's August 15, 2014, Order Directing Filing Of Staff Recommendation And Setting Deadline To Intervene. Staff filed Staff's Motion For Extension Of Time on August 21, 2014 requesting a one day extension to August 22, 2014 to file its recommendation. The Commission issued an Order Granting Motion For Extension Of Time on August 21, 2014 authorizing Staff until 4:00 p.m. August 22, 2014 to file its recommendation. In response to the Commission's orders, the Staff states as follows:

1. On August 15, 2014 Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed a request for variance from the September 1, 2014 deadline to April 1, 2015 for filing a cost estimate for decommissioning the Callaway Energy Center ("Callaway") as required by Commission Rule 4 CSR 240-3.185(3) and Section 393.292 RSMo., and requested expedited treatment that the Commission issue an order regarding this matter by August 29, 2014, prior to the September 1, 2014 deadline. The Commission's rule on the submission of reports on the decommissioning of nuclear plants does contain a provision for the granting of a waiver for good cause shown, 4 CSR 240-3.185(5). Although Ameren Missouri's filing does not identify Commission

Rule 4 CSR 240-2.080(14), it does address the elements of a request for expedited treatment.

2. Staff notes that the nuclear power plant decommissioning trust fund statute, Section 393.292 RSMo., permits single issue ratemaking. Thus, Ameren Missouri does not need to have a general rate case pending before the Commission in order for the Commission to direct a change to the rates and charges contained in the schedules of an electrical corporation to effectuate a change in the level or annual accrual of funding necessary for an electrical corporation's nuclear decommissioning trust fund to be appropriate to carry out the purposes of the trust.

3. The Ameren Missouri pleading for a variance and expedited treatment is based on a Staff suggestion resulting from a meeting of Ameren Missouri and Staff technical personnel concerning what the results of the latest Callaway decommissioning cost analysis will show and the anticipated authorization of Ameren Missouri's request for a 20-year extension of the operating license of the Callaway. The Staff believes Ameren Missouri receiving (a) a variance/waiver from the September 1, 2014 deadline for filing a cost estimate for decommissioning Callaway and (b) expedited treatment for its request, will result in a more efficient and effective use of Staff resources than Ameren Missouri filing on September 1, 2014 its decommissioning cost analysis case for the Staff to process.

4. If Ameren Missouri were to file a September 1, 2014 Callaway decommissioning cost analysis case, it would be based on a 40-year life for Callaway and a decommissioning cost analysis showing materially increased decommissioning costs. Thus, Staff would start work on a case that presumably would require a notable

increase in the annual contribution in rates to be collected from Ameren Missouri customers for the external decommissioning trust fund due to higher decommissioning costs for Callaway. As previously noted, Section 393.292 RSMo., permits single issue ratemaking.

5. The Ameren Missouri decommissioning cost analysis cases have never been cases that have lent themselves to quick processing and there is no reason to believe that this Ameren Missouri case would be any different. Thus, Staff is concerned if a variance were not to be authorized, then while processing the September 1, 2014, Ameren Missouri filing, showing a material increase in decommissioning costs, Ameren Missouri is likely to receive its 20-year license extension for Callaway. The Staff then will have a different case to process because of the effect of the extension of the operating license on the decommissioning costs that have materially increased. With an extension in the operating license 20-years to 60-years rather than the present 40-years over which to collect decommissioning costs, this impacts the analysis performed and it is anticipated there may not be a need to increase the decommissioning cost annual contribution by increasing customer rates at all or any increase may be ameliorated by the 20-year extension in the operating license, i.e., the magnitude of the increase may not need to be as great.

WHEREFORE Staff recommends that the Commission grant (a) Ameren Missouri's request for a variance from the present September 1, 2014 deadline to April 1, 2015 for filing a cost estimate for decommissioning the Callaway Energy Center and (b) expedited treatment by issuing an order granting the variance by August 29, 2014.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing *Staff Recommendation* has been transmitted electronically to all counsel of record this 22nd day of August, 2014.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. EE-2015-0046, Union Electric Company, d/b/a Ameren Missouri

FROM: David Murray, Utility Regulatory Manager, Financial Analysis Unit

/s/ David Murray August 22, 2014 /s/ Steven Dottheim August 22, 2014
Financial Analysis Unit / Date Staff Counsel's Office/Date

SUBJECT: Staff's Recommendation to Approve Union Electric Company's Application for
Variance on Date for Decommissioning Cost Rate Filing

DATE: August 22, 2014

Rationale for Staff Recommendation:

Union Electric Company, d/b/a Ameren Missouri, ("Ameren Missouri") pursuant to 4 CSR 240-3.185(3) is required to file a study regarding the projected adequacy of the decommissioning trust fund established for purposes of the eventual decommissioning of the Callaway Energy Center. Staff most recently reviewed the projected adequacy of the decommissioning trust fund in Case No. EO-2012-0070.

Ameren Missouri indicated in its request for variance that it, Staff and the Office of the Public Counsel ("OPC") either support or do not oppose the variance request. Staff communicated to Ameren Missouri that it supports the variance request. Ameren Missouri technical personnel (Kevin Redhage and Darrell Hughes) met with Staff technical personnel (Bob Schallenberg, David Murray, Shana Atkinson and Zephania Marevange) on August 7, 2014 to discuss matters related to the upcoming triennial decommissioning filing. Ameren Missouri and Staff discussed several technical issues in this meeting with one of these issues being how to handle the filing considering the fact that the Missouri regulation required it to be filed on September 1, 2014, which would be before the date in which Ameren Missouri expected to receive the Nuclear Regulatory Commission's ("NRC") decision regarding the extension of its nuclear license from 2024 to 2044 and increases in decommissioning costs in the triennial decommissioning cost analysis by TLG Services, Inc. for Ameren Missouri. Ameren Missouri technical staff expressed their concern that if the decommissioning study were filed on September 1, 2014, because Missouri rules indicate the study should be based on the remaining licensed life and the NRC rules require the funding to be adequate for the expected permanent termination, this would necessitate that the September 1 filing would need to be based on the current license termination date in 2024.

The nuclear power plant decommissioning trust fund statute, Section 393.292, permits single issue ratemaking for decommissioning costs and has no time frame within which the Commission must render a determination. Ameren Missouri does not need to have a general rate case pending before the Commission in order for the Commission to direct a change to the rates

and charges contained in the schedules of Ameren Missouri as a result of a change in the level or annual accrual of funding necessary for its nuclear decommissioning trust fund. The Commission must have a full hearing and consider all facts relevant to such funding level or accrual rate. Due to an increase in the decommissioning cost estimate since Ameren Missouri's last decommissioning filing, a notable increase in the contribution level may be necessitated based on the current license termination date in 2024. The increase may be avoided or the magnitude of the amount ameliorated if the license termination date were 2044. Consequently, Staff suggested Ameren Missouri request a variance for the date of filing its triennial decommissioning cost analysis. Staff thinks this would be most efficient because Ameren Missouri believes there is a high probability it will receive a 20-year extension to its nuclear license termination date. Staff notes that the Wolf Creek nuclear generating facility operating license has already been extended 20-years.

One of the primary drivers for determining the projected adequacy of the trust fund is the projected life of the fund. The longer the life of the fund, the more time Ameren Missouri can make contributions and allow the current balance to accumulate to reach cost estimates. Being that this is one of the primary variables/parameters that affects whether the current contribution amount is adequate and given Staff's understanding the triennial decommissioning cost analysis will show a material increase in decommissioning cost, it would be efficient and effective to delay the filing of the required triennial filing until Ameren Missouri receives a decision from the NRC rather than to process Ameren Missouri's application under a material variable/parameter that is likely to change in the near term. Under one license termination date scenario, 2024, the Callaway decommissioning charges presumably would be required to increase, while under the other license termination date scenario, 2044, the Callaway decommissioning charges may not be required to increase or the magnitude of any required increase would be significantly decreased. Ameren Missouri has communicated to Staff that it is unlikely that the 20-year license extension would not be approved. In the last Ameren Missouri decommissioning case, in achieving a resolution resulting in the filing of a Staff recommendation that the funding level not be changed, Staff and Ameren Missouri negotiated over certain of the appropriate inputs to the decommissioning cost study on a going forward basis for almost a year because of the uncertainty of certain inputs and the nature of the Commission's and the NRC's rules.

Consequently, Staff recommends the Commission approve the Company's request for a variance to make its decommissioning cost study filing no later than April 1, 2015 and for expedited treatment for a Commission order by August 29, 2014 for good cause shown.

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) File No. EE-2015-0046
for Approval of Decommissioning Cost)
Estimate for Callaway Energy Center and)
Funding Level of Nuclear Decommissioning)
Trust Fund)

AFFIDAVIT OF DAVID MURRAY

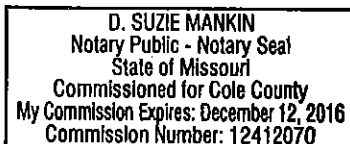
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

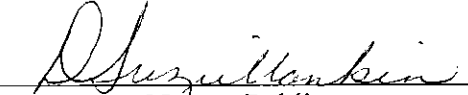
David Murray, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.



David Murray

Subscribed and sworn to before me this 22nd day of August, 2014.





Notary Public