

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 3rd day of
October, 2012.

Application of Union Electric Company, d/b/a)	
Ameren Missouri for Approval of Decommissioning)	
Cost Estimate for Callaway Energy Center and)	<u>File No. EO-2012-0070</u>
Funding Level of Nuclear Decommissioning)	
Trust Fund.)	

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: October 3, 2012

Effective Date: October 13, 2012

This order approves the stipulation and agreement between the Union Electric Company d/b/a Ameren Missouri and the Staff of the Commission regarding Ameren Missouri's funding for the decommissioning of its Callaway Energy Center.

Commission rule 4 CSR 240-3.185 (3) states, in part:

On or before September 1, 1990, and every three years after that, utilities with decommissioning trust funds shall perform and file with the commission cost studies detailing the utilities' latest cost estimates for decommissioning their nuclear generating unit(s) along with the funding levels necessary to defray these decommissioning costs. These studies shall be filed along with appropriate tariff(s) effectuating the change in rates necessary to accomplish the funding required.

On September 1, 2011, Ameren Missouri filed an application pertaining to Callaway asking the Commission to 1) approve Ameren Missouri's decommissioning cost estimate; 2) approve the continuation of the funding level of its nuclear decommissioning trust fund at the current \$6,758,605 amount; and 3) find that the Callaway decommissioning costs are included in Ameren Missouri's current cost of service for ratemaking purposes and are reflected in current rates for ratemaking purposes.

Staff and Ameren Missouri filed a non-unanimous stipulation and agreement on September 21, 2012. Commission rule 4 CSR 240-2.115 provides that if no party objects to a non-unanimous stipulation and agreement within seven days of its filing, the Commission may treat the stipulation and agreement as unanimous. The Office of the Public Counsel, the only other party, did not sign the stipulation and agreement, but has not opposed the agreement. Therefore, the Commission will treat the stipulation and agreement as unanimous.

The stipulation and agreement asks the Commission to:

- Approve the stipulation and agreement;
- Receive into evidence the stipulation and agreement and the 2011 cost study, and the Revised 5/29/2012 Economic Analysis attached to the stipulation and agreement;
- Approve the expected nominal return on plan assets of 7.338% through 2023, which assumes a 65% allocation to equity securities with an expected 9.000% nominal return and a 35% allocation to bonds with an expected 4.250% nominal return, provided as part of the Revised 5/29/2012 Economic Analysis;
- Approve the 5.338% annual real rate of return through 2023, which is based on the weighted average return of 7.338% minus the CPI inflation of 2.000%.
- Find, pursuant to the stipulation and agreement, that Ameren Missouri's Missouri retail jurisdiction annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605;
- Find, in order for the Callaway decommissioning fund to continue to utilize the sinking fund method of decommissioning funding, that the current decommissioning costs for Callaway are included in Ameren Missouri's current Missouri cost of service and are reflected in its current rates for ratemaking purposes;
- Recognize that Ameren Missouri's 2011 cost study satisfies the requirements of 4 CSR 240-3.185(3);
- Approve, pursuant to 4 CSR 240-20.070(4)(C), the use of a jurisdictional demand allocator of 100.00%.

Having considered the 2011 decommissioning cost study, the Revised 5/29/2012 Economic Analysis and the stipulation and agreement, all of which are received into evidence, the Commission determines that the stipulation and agreement should be approved. In doing so, the Commission finds that Ameren Missouri's 2011 cost study satisfies the requirements of 4 CSR 240-3.185(3). In addition, the Commission finds that Ameren Missouri's retail jurisdiction annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605. The Commission also finds that the current decommissioning costs for Callaway are included in Ameren Missouri's current Missouri cost of service and are reflected in its current rates for ratemaking purposes.

THE COMMISSION ORDERS THAT:

1. The stipulation and agreement filed by the Union Electric Company d/b/a Ameren Missouri and the Staff of the Missouri Public Service Commission on September 21, 2012, is approved.
2. The signatories shall comply with the terms of the stipulation and agreement.
3. The stipulation and agreement, the 2011 cost study, and the Revised 5/29/2012 Economic Analysis attached to the stipulation and agreement are received into evidence.
4. The expected nominal return on plan assets of 7.338% through 2023, which assumes a 65% allocation to equity securities with an expected 9.000% nominal return and a 35% allocation to bonds with an expected 4.250% nominal return, provided as part of the Revised 5/29/2012 Economic Analysis is approved.

5. The 5.338% annual real rate of return through 2023, which is based on the weighted average return of 7.338% minus the CPI inflation of 2.000%, is approved.

6. Pursuant to the stipulation and agreement, Ameren Missouri's Missouri retail jurisdiction annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605.

7. In order for the Callaway decommissioning fund to continue to utilize the sinking fund method of decommissioning funding, the current decommissioning costs for Callaway are included in Ameren Missouri's current Missouri cost of service and are reflected in its current rates for ratemaking purposes.

8. Ameren Missouri's 2011 cost study satisfies the requirements of 4 CSR 240-3.185(3);

9. Pursuant to 4 CSR 240-20.070(4)(C), the use of a jurisdictional demand allocator of 100.00% is approved.

10. This order shall become effective on October 13, 2012.

11. This file shall be closed on October 14, 2012.

(S E A L)

BY THE COMMISSION



Steven C. Reed
Secretary

Gunn, Chm., Jarrett, Kenney, and
Stoll, CC., concur.

Woodruff, Chief Regulatory Law Judge