

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 24<sup>th</sup> day of February, 2021.

In the Matter of the Application of Union )  
Electric Company d/b/a Ameren Missouri for )  
Approval of Decommissioning Cost Estimate ) **File No. EO-2021-0050**  
for Callaway Energy Center and Funding )  
Level of Nuclear Decommissioning Trust Fund )

**ORDER APPROVING STIPULATION AND AGREEMENT**

Issue Date: February 24, 2021

Effective Date: March 26, 2021

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

Commission Rule 20 CSR 4240-20.070(4) 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 November 5, 2020, Ameren Missouri filed an application pertaining to Callaway asking the Commission to 1) approve Ameren Missouri's decommissioning cost estimates for the Callaway Energy Center (Callaway or Plant) and for the Callaway Independent Spent Fuel Storage Installation (ISFSI); 2) approve the continuation of the funding level of its nuclear decommissioning trust fund at the current \$6,758,605 amount, with \$6,242,226 allocated to plant decommissioning and \$516,379 allocated to ISFSI decommissioning;

3) find that the Callaway decommissioning costs are to be included in Ameren Missouri's current cost of service for ratemaking purposes; and 4) confirm that this funding level is based on the parameters and assumptions stated in the application.

Staff and Ameren Missouri filed a non-unanimous stipulation and agreement on February 9, 2021. Commission Rule 20 CSR 4240-2.115(2) 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.

Having considered the 2020 decommissioning cost study, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for Plant and ISFSI decommissioning, assuming a decommissioning cost escalation rate of 4.1916%, and the stipulation and agreement, which will be received into evidence, the Commission determines that the stipulation and agreement should be approved. In doing so, the Commission finds that Ameren Missouri's 2020 decommissioning cost study satisfies the requirements of Commission Rule 20 CSR 4240-20.070(4).

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, with \$6,242,226 allocated to Plant decommissioning and \$516,379 allocated to ISFSI decommissioning. 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 retail rates for ratemaking purposes. The

Commission acknowledges that the annual decommissioning expense and contribution amount proposed in the stipulation and agreement is based on Attachment 3, the October 2020 *Decommissioning Cost Analysis for the Callaway Energy Center*, and that Attachment 3, the October 2020 *Decommissioning Cost Analysis for the Callaway Energy Center*, meets the requirements of Commission Rule 20 CSR 4240-20.070(4).

**THE COMMISSION ORDERS THAT:**

1. The stipulation and agreement filed by Ameren Missouri and Staff on February 9, 2021, is approved.

2. The signatories shall comply with the terms of the stipulation and agreement.

3. The following documents are admitted into evidence: The Non-Unanimous Stipulation and Agreement; Attachment 3 to Ameren Missouri's *Application*, TLG Services, Inc.'s (TLG) "*Decommissioning Cost Analysis for the Callaway Energy Center*," dated October, 2020; and Attachment 4 to Ameren Missouri's *Application*, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for Plant and ISFSI decommissioning, assuming a decommissioning cost escalation rate of 4.1916%.

4. Ameren Missouri's *Application* and the 2020 Study satisfy the requirements of 20 CSR 4240-20.070(4).

5. Ameren Missouri's Missouri retail jurisdictional annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605, with \$6,242,226 allocated to Plant decommissioning and \$516,379 allocated to ISFSI decommissioning.

6. For the decommissioning fund to continue to utilize the external sinking fund method of decommissioning funding, the current decommissioning costs for the Plant and

ISFSI are in Ameren Missouri's current Missouri retail cost of service and are reflected in its current retail rates for ratemaking purposes.

7. Pursuant to 20 CSR 4240-20.070(5)(C), the use of a jurisdictional demand allocator of 100.00% is approved.

8. The annual decommissioning expense and contribution amount proposed in this *Stipulation* is based on Attachment 3, the October 2020 *Decommissioning Cost Analysis for the Callaway Energy Center*.

9. The Commission approves the actuarial assumptions used in Attachment 4 to Ameren Missouri's *Application*, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for the Plant and ISFSI decommissioning, specifically:

- The after-tax value of Missouri jurisdictional sub-account of the Plant Tax-Qualified Nuclear Decommissioning Trust Fund as of September 30, 2020, was \$814,003,088.
- The after-tax value of Missouri jurisdictional sub-account of the ISFSI Tax-Qualified Nuclear Decommissioning Trust Fund as of September 30, 2020, was \$2,414,043.
- The proposed expense and contribution amount and allocation between Plant and ISFSI is to be effective beginning with calendar year 2021.
- The Plant decommissioning cost estimate is \$1,036,260,000 and the ISFSI decommissioning cost estimate is \$10,575,000, both in terms of 2020 dollars.
- Operating license expiration date of October 18, 2044.
- The Missouri jurisdictional allocator (for both Plant and ISFSI) is 100%.
- The federal income tax rate is 20%.

- The state income tax rate is 0%.
- The composite federal and state income tax rate is 20%.
- An asset allocation of 65% equities and 35% bonds is assumed to exist through 2043, at which time all equity investments will be divested.
- Investment management and trust fees are estimated at 15 basis points annually.
- An inflation rate of 2.150% is assumed for general (CPI) inflation.
- The pre-tax and expense nominal return on bonds is assumed to be 3.200%.
  - The pre-tax and expense real return on bonds is assumed to be 1.050%.
- The pre-tax and expense nominal return on equities is assumed to be 8.500%.
  - The pre-tax and expense real return on equities is assumed to be 6.350%.
- The pre-tax and expense nominal weighted-average return is assumed to be 6.645% through the 2043 date of divestiture of equity investments.
  - The pre-tax and expense real weighted-average return is assumed to be 4.495% through the 2043 date of divestiture of equity investments.
  - The pre-tax and expense real weighted-average return is assumed to be 1.050% following the 2043 date of divestiture of equity investments.
  - The annualized pre-tax and expense nominal return over the life of the fund (Plant and ISFSI consolidated) will be 6.082%
- Decommissioning cost escalation is assumed to be 4.1916%.

10. ISFSI funds recovered from the DOE will be used to reduce plant-in-service and depreciation reserve balances by the amount of the proceeds until the costs of the re-racking project and dry cask storage construction project are covered. Any ISFSI funds recovered from the DOE in excess of the re-racking project and dry cask storage construction project costs will be used to offset the decommissioning costs of the Plant and ISFSI.

11. Pursuant to 20 CSR 4240-20.070(16), excess trust funds from the costs of decommissioning the Plant and ISFSI are to be reimbursed to the ratepayers through the ratemaking process.

12. This order shall become effective on March 26, 2021.

13. This file shall be closed on March 27, 2021.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and  
Holsman CC., concur.

Pridgin, Regulatory Law Judge