

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Collaborative Workshop)
Ordered by the Commission, on its Own)
Motion, to Consider the Most Efficient and)
Cost-Effective Manner to Construct and Finance)
a Potential Second Nuclear Generating Unit at the)
Callaway Nuclear Plant Site.)

Case No. EW-2009-0275

NOTICE REGARDING EXTERNAL COMMUNICATIONS

Issue Date: April 16, 2009

On April 14, 2009 I received the attached document via electronic mail from
Dennis Morrissey regarding Senate Bill 228 and House Bill 554.

Respectfully submitted,


Robert M. Clayton III
Chairman

Dated at Jefferson City, Missouri,
on this 16th day of April 2009.

Parish, Dana

Subject: FW: SB 228/HB 554

From: Dennis Morrissey [mailto:dpmnjcmo@mchsi.com]
Sent: Tuesday, April 14, 2009 10:37 PM
To: bill.deeken@house.mo.gov; carl_vogel@senate.mo.gov
Cc: Gunn, Kevin; Jarrett, Terry; Davis, Jeff; Murray, Connie; Clayton, Robert; Mills, Lewis
Subject: SB 228/HB 554

Thank you both for discussing this bill with me and sharing your thoughts/position. I am an Ameren customer and shareholder. I agree we need to plan now for future energy needs and agree that a second nuclear plant is good for Missouri and our local economy. However, I don't think Ameren has done their due diligence. They have just said they "probably" won't be able to get financing. Seems to me they would know definitively about the availability/non-availability of private sector financing before asking for public assistance.

I do not like the fact that this legislation would allow them to recover construction work in progress (CWIP) costs. With a situation like this, the utility could also begin to place depreciation cost into the rate base before there was ever even any wear and tear on the equipment because it would not even be in production.

The bill has provisions that say utilities do not have to refund money to consumers if they decide not to finish the project. I fail to see the consumer benefit from this provision. As I told both of you in our conversations, there is a history of utilities starting nuclear plants but not finishing them.

The bill also has language that seems unnecessary and somewhat suspect in that it allows utilities to form a separate entity and call it part of the utility. Lastly, the bill removes some of the PSC regulatory review authority and puts the project on tight time lines. The bill does allow for recovery of consumer costs if the utility sells the facility.

Not wanting to be a nay-sayer with no solution, I would suggest the following alternative.

- 1) Change the bill so that costs can be recovered for consumers if the plant never goes into production.
- 2) Delete the provision allowing formation of a separate entity.
- 3) Revise the CWIP portion to only allow for recovery of finance costs until the project begins production. This would remove the concern that the finance costs would grow larger as time passed. This would allow the utility to input their funds at no costs. It would also leave the utility with a vested interest to finish the project. Cost of materials and labor would go into the rate base when production started.
- 4) Do not revise normal PSC regulatory authority and have the project run through normal approval channels.

Please feel free to share my message with your colleagues or whomever you wish. If anyone wishes to discuss this, I can be reached by telephone at 573 632-8989.

Dennis Morrissey

4/16/2009