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Ameren – Exhibit 18
Williams
Surrebuttal
File No. EF-2024-0021

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Witness: Jim Williams
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Union Electric Company
File No.: EF-2024-0021
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EF-2024-0021

SURREBUTTAL TESTIMONY

OF

JIM WILLIAMS

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
March, 2024**

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SURREBUTTAL TESTIMONY

OF

JIM WILLIAMS

FILE NO. EF-2024-0021

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Jim Williams. My business address is 1901 Chouteau Avenue,
4 St. Louis, Missouri 63103.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by Union Electric Company d/b/a Ameren Missouri
7 ("Ameren Missouri" or "Company") as the Senior Director of Operations Excellence
8 Support in the Company's power operations group, which manages the Company's non-
9 nuclear generation resources.

10 **Q. Are you the same Jim Williams that submitted direct testimony in this**
11 **case?**

12 A. Yes, I am.

13 **Q. To what testimony or issues are you responding?**

14 A. I am responding to certain aspects of rebuttal testimony filed by Staff
15 witness Cedric Cunigan, and by Office of the Public Counsel ("OPC") witnesses John
16 Robinett and Angela Schaben.

1 However, Mr. Cunigan also makes the following recommendations:

- 2 1. Staff recommends that, any bids or estimates received during the pendency
3 of this case be provided to Staff for review and closure cost estimates
4 updated.
- 5 2. Ameren Missouri should request and receive a bid for the work prior to
6 issuance of any bond.

7 **Q. Do you have concerns about those two recommendations?**

8 A. Not with the substance of them but yes, I do have concerns about the timing
9 they seem to imply. The plant will most likely not close until October of this year. Before
10 the decommissioning work studied by Black & Veatch will occur, we first will need to bid
11 out and ultimately complete the safe closure work I discuss in my direct testimony at pages
12 6 - 7. Given that winter will be approaching, we won't complete many of these safe closure
13 activities until next year, but we will address a few of them that could be necessary this fall
14 due to freezing risks. As an example, if we don't get the water drained from certain lines,
15 pipes could freeze causing safety concerns.² Later, we will work with specialty contractors
16 to dispose of the different chemicals and oils, as well as a vacuum contractor. There may
17 also be areas where scaffolding will need to be erected to provide proper isolation or
18 disconnections. Once the safe closure activities are completed – likely sometime next year
19 – we can then proceed with efforts to arrange the demolition work that is within the scope
20 of the Black & Veatch study.

² Once the plant is closed, we will no longer have heat in the building.

1 **Q. How will that process proceed?**

2 A. To ensure we are providing the lowest cost for our customers, we will likely
3 issue RFPs for four distinct parts of the work, as follows: 1. Demolition generally (first line
4 item from Black & Veatch estimate) and Continuous Barge Unloader and River Intake
5 Structure demolition (5th item); 2. Ash and coal removal (2nd item); 3. Coal Pile Area and
6 Soil Cover (3rd and 4th items); and 4. ACM (asbestos containing materials) (6th item). To
7 get the most accurate and competitive bids in each of these four areas, the ideal time to bid
8 that work is Spring 2025 thru early 2026, which is after the expected bond issuance date,
9 which is planned for fall of this year. Time will be needed to review those bids and ensure
10 our scope is being met. While the bids are being reviewed, we will need to lay out a detailed
11 schedule to ensure all of these activities are sequenced in a safe and efficient manner. Once
12 the schedule is developed, then we will have to resource load the schedule with manpower
13 estimates to provide a high-level accurate schedule. Basically, the schedule is greatly
14 affected by the different contractors, manpower, and resources. Consequently, the actual
15 decommissioning work, which is expected to take three years, is not expected to start until
16 Spring-Summer 2025 with some of the activities starting in 2026-2027. Given the schedule,
17 I just want to be clear that there will not be any additional bids or cost estimates prior to
18 the date the order is due in this case (which as I understand it is in June of this year) nor
19 will bids be received prior to the expected bond issuance date. Again, the Company has no
20 issue with providing the RFPs, the bids, and any contracts to Staff, and is fully supportive
21 of properly reconciling the estimates to actuals through the reconciliation process discussed

1 by Mr. Wills, but literally read, cannot comply with the two recommendations of Mr.
2 Cunigan.³

3 **Q. What issues from Mr. Robinett's rebuttal testimony will you address?**

4 A. Issues relating to providing the MISO Attachment Y study report, the
5 decommissioning cost estimate from Black & Veatch (the same estimate with which Staff
6 agreed, as noted above), and issues he raises about possible reuse/transfer of certain items.

7 **Q. What is the issue with the MISO Attachment Y report?**

8 A. Simply put; it was inadvertently omitted from my direct testimony.
9 However, Mr. Robinett has asked for it and the Company has provided it in response to
10 OPC Data Request No. OPC 8532. I am also attaching it to my surrebuttal testimony as
11 Schedule JW-S1 to complete the record and will correct the reference to it in my direct
12 testimony at the hearings in this case.

13 **Q. What issue does Mr. Robinett raise about the Black & Veatch**
14 **decommissioning cost estimate?**

15 A. I read his rebuttal as expressing concerns about the fact that actual costs
16 could vary significantly from the estimate, and that is true. The study report is explicit. It
17 reflects an American Association of Civil Engineers ("AAACE") "Class 4" estimate, so we
18 should expect actuals to vary from the estimate by as much as 30% (higher or lower).

³ Taken literally, we can comply with the first recommendation to provide bids or estimates received during this case but practically speaking, there will be no such bids or estimates to provide.

1 **Q. Mr. Robinett also seems concerned about the plus/minus 30% and the**
2 **inclusion of a 20% contingency in the estimate itself. Is this a cause for concern or**
3 **unusual for estimates of this type?**

4 A. Not at all. Any estimate, of whatever AACE class will include contingency,
5 as well as other line items (like the estimate at issue in this case). And those line items,
6 including the contingency amounts, will be less certain with a Class 4 estimate than they
7 would be with a Class 3, or Class 2, or Class 1 estimate. But it is entirely appropriate that
8 estimates, whatever the Class, itemize to the extent possible various categories and include
9 some contingency. This was the case with the Empire estimate for the Asbury
10 decommissioning costs, which the Commission approved for inclusion in the securitized
11 costs associated with that plant.

12 **Q. Is there something different about the approach Black & Veatch took**
13 **for Ameren Missouri than it took for Empire in the securitization case involving**
14 **Asbury?**

15 A. While I am unable to review the confidential Empire-specific report, we
16 discussed that very point with Black & Veatch and were advised that the estimate approved
17 for inclusion in Energy Transition Costs by the Commission for Empire in its Asbury
18 securitization case was also a Class 4 AACE estimate, and it also included additional
19 dollars for contingency.

20 **Q. Mr. Robinett also raises an issue about "items that may be transferred**
21 **[that] could be included in salvage values estimated." Please address this point.**

22 A. The question of what materials and supplies could or could not be reused
23 has absolutely nothing to do with decommissioning the plant. When we talk about salvage

1 from the decommissioning, we are not referring to materials or supplies, which are not
2 within the decommissioning study scope at all.

3 **Q. What about Mr. Robinett's comments about Black & Veatch's**
4 **demolition plan or an optimization of that plan?**

5 A. As noted, the approximately \$18 million of materials and supplies has
6 nothing to do with the work within the scope of Black & Veatch's estimates. More
7 fundamentally, the contracts with the contractors hired to perform that scope will be
8 required to salvage what can be salvaged as part of their work. That salvage will be
9 accounted for and will reduce what the demolition costs would otherwise be, which in turn
10 will reduce the ultimate cost to customers. Black & Veatch accounted for the expected
11 salvage in developing its **** _____ **** estimate (as can be seen from the **** _____**
12 **_____**** reduction in its study). As for Mr. Robinett's comment about there not yet being
13 a highly detailed or optimized demolition plan, for the reasons discussed earlier such a plan
14 cannot be developed until we go through the RFP process. I would also note that there was
15 no such highly detailed or optimized plan as part of Black & Veatch's work for Empire in
16 its Asbury securitization case. It is premature at this stage to develop such a plan.

17 **Q. What issues raised by OPC witness Schaben will you address?**

18 A. My \$4.4 million safe closure cost estimate.

19 **Q. What issue does Ms. Schaben raise?**

20 A. Ms. Schaben raises two issues, both of which appear to be due to her lack
21 of experience with utility generation plants and the working of an electric grid. Ms.
22 Schaben is an auditor, but nothing in her background suggests she has knowledge about
23 the workings and operations of a thermal generating plant or about the workings of

1 transmission infrastructure to which generating plants connect. Accordingly, her testimony
2 suggests that she has made certain assumptions that are inaccurate, which in turn has led
3 to confusion about what actually makes up the safe closure costs.

4 Specifically, she first attempts to link the safe closure activities that must be
5 undertaken once the power plant itself stops operating to transmission
6 substation/switchyard work that is completely separate and apart from the power plant's
7 operations. To be clear, the Company is not seeking to securitize any transmission system
8 costs, so I agree with Ms. Schaben's testimony at page 6, lines 15-16 that such transmission
9 system costs should not be securitized. Second, she opposes inclusion of some, or all of the
10 Black & Veatch estimated demolition costs discussed earlier.

11 **Q. Addressing the safe closure costs first, I take it that you disagree that**
12 **safe closure costs for the power plant should be excluded from the Energy Transition**
13 **Costs to be securitized?**

14 A. Yes, because the reason Ms. Schaben gives for her opposition to securitizing
15 them is simply incorrect. The safe closure cost activities will not "provide more value to
16 the site where the switchyard will remain" nor will the relevant site – the site of the power
17 plant -- "remain in use beyond the decommissioning..."⁴

18 **Q. Please explain.**

19 A. The power plant site, on which safe closure activities (such as draining oil
20 tanks, gear boxes, fans, turbine bearings, as well as the disposal of hazardous waste and
21 chemicals used for water treatment and boiler water treatment) is distinct from the
22 switchyard/substation that is adjacent to it. We are not closing the switchyard/substation,

⁴ File No. EF-2024-0021, Angela Schaben Rebuttal Testimony, p. 6, ll. 18-20, p. 7, ll. 6-7.

1 and the safe closure activities at the power plant have no impact on the transmission assets.
2 The assets in the switchyard/substation are not classified (for ratemaking or operational
3 purposes) as generation assets at all. Instead, they are part of the transmission system. If
4 closing Rush Island did not necessitate modifications to the switchyard/substation (or the
5 other transmission system modifications needed to ensure reliability without the Rush
6 Island plant connected to the grid) the safe closure activities would need to occur
7 regardless; they are not driven by nor tied to what is or is not needed on the transmission
8 system. And the operation of the transmission assets will be exactly the same whether we
9 safely close Rush Island or we don't.

10 **Q. Are the safe closure costs practically any different than the demolition**
11 **activities for which costs were estimated by Black & Veatch?**

12 A. In substance no, they are not. They are different activities (e.g., drain a tank
13 versus tear down a building). But like the activities within the scope of the Black & Veatch
14 study, they are activities that need to occur whether there is a switchyard adjacent to the
15 plant, or there isn't, and whether that switchyard is modified, or isn't. We didn't ask Black
16 & Veatch to estimate these closure costs because we have individuals like me who have
17 closed many power plants who are quite familiar with the activities and costs, which are
18 less unique from a site-specific basis than the demolition costs Black & Veatch estimated.
19 Regarding Ms. Schaben's reference to Porta Potties, like most on-site jobs occurring over
20 days, weeks, or months, there will be workers on-site and they will need lavatory facilities
21 (i.e., Porta Potties) to conduct the work. To be clear, these are not facilities for any workers
22 that may be modifying the adjacent switchyard, or for transmission employees. They are
23 facilities for workers engaged in safe closure activities at the power plant itself, which are

1 clearly Energy Transition Costs associated with the retirement of the plant. Porta Potties
2 (in use for a different time period) will also need to be on-site when the demolition work
3 which is the subject of the Black & Veatch demolition estimate takes place as well.

4 **Q. Please summarize your position on the safe closure costs.**

5 A. For the same reasons the Commission included the Black & Veatch
6 estimated demolition costs in Empire's Energy Transition Costs for the Asbury Plant, it
7 should include them in Ameren Missouri's as well (which Staff also supports). These
8 separate but similar costs to safely close the plant *so that it can be demolished safely* also
9 qualify as Energy Transition Costs.

10 **Q. Ms. Schaben criticizes the accuracy or completeness of the Black &
11 Veatch estimate claiming it does not provide a reasonable basis for including
12 demolition costs in the Energy Transition Costs. How do you respond?**

13 A. I addressed this in my discussion of Mr. Robinett's testimony. The estimate
14 is appropriate for its purpose, is from a well-respected engineering firm, and is of the same
15 type and quality that the Commission found appropriate for inclusion in Energy Transition
16 Costs for Empire's Asbury plant securitization case. As explained by Steve Wills in his
17 direct testimony, actuals will be reconciled to the estimates, as the securitization statute
18 requires.

19 **Q. Does this conclude your surrebuttal testimony?**

20 A. Yes it does.

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

In the Matter of the Petition of Union)
Electric Company d/b/a Ameren Missouri)
for a Financing Order Authorizing the Issue) EF-2024-0021
of Securitized Utility Tariff Bonds for)
Energy Transition Costs related to Rush)
Island Energy Center.)

AFFIDAVIT OF JIM WILLIAMS

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Jim Williams, being first duly sworn on his oath, states:

My name is Jim Williams, and hereby declare on oath that I am of sound mind and lawful age; that I have prepared the foregoing *Surrebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

Jim Williams
Jim Williams

Sworn to me this 18th day of March 2024.

EF-2024-0021

**Schedule JW-S1
is Confidential
in its Entirety**

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