

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

Application of Union Electric Company d/b/a Ameren )	
Missouri for Approval of Decommissioning Cost )	
Estimate for Callaway Energy Center and Funding )	File No. EO-2015-0253
Level of Nuclear Decommissioning Trust Fund. )	

**STAFF RESPONSE TO COMMISSION ORDER EXTENDING  
TIME TO RESPOND AND AMEREN MISSOURI'S STATUS REPORT**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through the Staff Counsel's Office, and states that on August 11, 2015, the Missouri Public Service Commission ("Commission") issued an Order Extending Time To Respond, granting the Staff until November 2, 2015, to respond to the Application of Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed for approval of Ameren Missouri's 2014 cost study detailing its latest cost estimate for decommissioning its Callaway Energy Center (nuclear power plant). The Commission's August 11, 2015 Order Extending Time To Respond states in ORDERED 1: "Staff may request additional time if it is unable to offer its recommendation by that date." On November 2, 2015, Ameren Missouri filed a Status Report and requested that the Commission accept the Status Report in lieu of a Staff response. In response to the Commission's August 11, 2015 Order Extending Time To Respond and Ameren Missouri's November 2, 2015, Status Report, the Staff states as follows for purposes of clarification from the Staff's perspective:

1. Every three years, on September 1, Commission rate-regulated electric utilities with decommissioning trust funds are required to file cost studies detailing the latest cost estimates for the decommissioning of the utility's nuclear plant(s) along with

the funding levels necessary to defray these decommissioning costs. 4 CSR 240-3.185(3); Section 393.292 RSMo. 2000.

2. On August 14, 2014, Ameren Missouri filed with the Commission a Request For Variance Of Date For Decommissioning Cost Estimate Filing And Motion For Expedited Treatment. Ameren Missouri filed a request to allow it to file its latest decommissioning cost estimate report no later than April 1, 2015, due to its license extension request that was pending before the Nuclear Regulatory Commission ("NRC") and the potential impact of that request to extend the life of its Callaway Energy Center from 2024 to 2044 upon the necessary funding level of its decommissioning trust. The Commission issued an Order Granting Variance on August 27, 2014, in File No. EE-2014-0046.

3. On March 6, 2015, the NRC approved Ameren Missouri's application for a 20-year operating license extension. The expiration date of the Callaway Energy Center's operating license is now October 18, 2044 rather than in 2024.

4. On April 1, 2015, Ameren Missouri filed its most current decommissioning cost estimate Application asking the Commission to accept its 2014 Callaway decommissioning cost report, approve its decommissioning cost estimate, continue its annual accrual at current levels, find that Callaway decommissioning costs are included in its current cost of service and are properly reflected in current rates for ratemaking purposes, and confirm that the current annual funding level of \$6,758,605 is based on the parameters and assumptions (economic, financial, and investment) stated in its Application. The decommissioning cost estimate and funding adequacy analysis

presented with Ameren Missouri's Application filed April 1, 2015, are based on the extended life of the Callaway Energy Center.

5. On April 2, 2015, the Commission issued an Order Directing Staff To File A Recommendation no later than August 1, 2015, and, in the alternative, authorized the filing by the Staff, no later than August 1, 2015, of a request for additional time if the Staff is unable to offer a recommendation by that date. Due to the press of other Commission cases, the Staff had not completed its work respecting Ameren Missouri's cost study by August 1, 2015. The Staff filed on July 31, 2015 a Staff Response to Commission Order Directing Staff To File Recommendation And Authorizing Staff To Request Additional Time requesting additional time to November 2, 2015, to file a stipulation and agreement or the Staff's recommendation. The Commission granted the Staff's request on August 11, 2015.

6. On November 2, 2015, Ameren Missouri filed a Status Report, and in Paragraph 2, on page 1 of its Status Report states, in part, as follows: "For reasons described further in this pleading, Ameren Missouri requests the Commission accept this Status Report in lieu of a Staff response." Ameren Missouri's Status Report in Paragraph 10, on page 3 states as follows: "The Company has met with the Commission Staff and briefed them on the proposed supplemental filing, and the Company believes there is general agreement on the proposed course of action." The Staff believes that Ameren Missouri's characterization that "the Company believes there is general agreement on the proposed course of action" is an unintentional overstatement of the situation as is explained below.

7. On August 6, 2015, the Staff met with Ameren Missouri technical Staff in the Governor Office Building in Jefferson City. Ameren Missouri had asked to meet with the Staff to explain the additional scope for decommissioning that had developed after the filing of Ameren Missouri's Application in File No. EO-2015-0253 on April 1, 2015, and, as a consequence, was not included in the decommissioning cost estimate submitted as part of the April 1, 2015 filing.

8. On August 6, 2015, Ameren Missouri related that because of the failure by the Department of Energy ("DOE") to fulfill its contract to remove spent fuel (high-level radioactive waste) from the Callaway Energy Center site, an Independent Spent Fuel Storage Installation ("ISFSI") has been constructed at the Callaway site. The plan is that the spent fuel which had been stored at the Callaway site in spent fuel pools and additional Callaway spent fuel will be transferred to dry storage modules located at the ISFSI at the Callaway site. Ameren Missouri's current spent fuel management plan is for the spent fuel to be fully removed from the Callaway site by 2050. Ameren Missouri discussed with the Staff the decommissioning cost estimate for the ISFS and that Ameren Missouri proposed to increase its contribution to its decommissioning trust because although Ameren Missouri had negotiated a settlement with DOE, the magnitude and timing of reimbursement was not certain. The Staff raised specific questions. Some of the Staff's questions were outstanding at the end of the meeting. The Staff was under the impression that Ameren Missouri would get back to the Staff with further information based on the August 6, 2015 meeting, but that did not occur until November 10, 2015, which is after Ameren Missouri filed the Status Report on November 2, 2015. As the November 2, 2015, date approached, Ameren Missouri

offered to make a Status Report filing on November 2, 2015, in lieu of the Staff's filing, which the Staff accepted.

9. At the August 6, 2015, meeting the Staff made no commitments as to procedure / methodology for recovery of the ISFSI costs or the time required for the Staff's processing of a supplemental application regarding the recovery of these costs from Ameren Missouri's retail customers. The Staff did not indicate on August 6, 2015, or subsequently, that it was in "general agreement" with Ameren Missouri that the way to proceed would be for Ameren Missouri to file a revised rate tariff or tariffs to recover the ISFSI decommissioning costs from Ameren Missouri's retail customers' rates. Based on the August 6, 2015 meeting, the Staff was under the impression that a course of action had not definitively been chosen by Ameren Missouri. Also no procedural schedule was discussed on August 6, 2015. The Staff made no representation that if Ameren Missouri filed a supplemental application by November 30, 2015 to increase Ameren Missouri's retail customers' rates by \$0.5 million the Staff could issue a favorable recommendation and the Commission could issue an Order by December 31, 2015 authorizing Ameren Missouri to proceed. Given the parameters of what was being discussed on August 6, 2015, the extent of the Staff's comfort level was indicating that a supplemental application to address solely the ISFSI costs seemed adequate rather than requiring a new application initiating a new case in addition to the instant case.

10. Ameren Missouri states in its Status Report that the total decommissioning cost of the ISFSI is estimated to be approximately \$8.5 million (2015 dollars) with decommissioning of the ISFSI occurring fully in 2051. According to Ameren Missouri,

funding this decommissioning cost will require additional contributions to the decommissioning trust fund of approximately \$0.5 million annually.

11. Ameren Missouri explains in its Status Report that it will submit a revised Application addressing the ISFSI decommissioning cost estimate and funding level analysis in the instant File No. Ameren Missouri relates that this will allow the Commission to address the 2014 Callaway decommissioning cost report and the ISFSI decommissioning cost estimate together. Ameren Missouri also states at Paragraph 9, page 3: “Revised rate tariffs will also be submitted in order for the additional ISFSI decommissioning costs to be recovered from ratepayers.” Both (1) the filing of a specific tariff or tariffs and (2) the filing outside of a rate case, under Section 393.292 RSMo. 2000 and 4 CSR 240-3.185(4), for the recovery of decommissioning costs will be a first in the history of the statute and rule. The filing is yet to be made so the Staff has yet to render an opinion as to the specifics of the filing itself. Moreover, the Staff is interested in seeing if this matter can be addressed in some other manner, particularly given the relative size of the costs.

12. Ameren Missouri says in its Status Report in Paragraph 11, page 3, that it intends to make the revised filing with the Commission by November 30, 2015. Ameren Missouri explains that it needs to file a request for a revised “Schedule of Ruling Amounts” with the Internal Revenue Service (“IRS”) no later than March 15, 2016. Ameren Missouri requests an Order from the Commission in this case by December 31, 2015 because it would be beneficial as Ameren Missouri could use it as the basis for the filing with the IRS.

**WHEREFORE** the Staff submits its response to the Commission's August 11, 2015 Order Extending Time To Respond and Ameren Missouri's November 2, 2015, Status Report for purposes of clarification from the Staff's perspective.

Respectfully submitted,

**/s/ Steven Dottheim**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 12th day of November, 2015.

**/s/ Steven Dottheim**