

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

In the Matter of the Application of Union)
Electric Company d/b/a Ameren Missouri)
for Approval of Decommissioning Cost)
Estimate for Callaway Energy and Funding)
Level of Nuclear Decommissioning Trust)
Fund)

Case No. EO-2023-0448

PUBLIC COUNSEL’S OBJECTIONS TO SETTLEMENT

COMES NOW the Office of Public Counsel (“Public Counsel”) and objects to the Commission approving “the actuarial assumption[] used in Amended Attachment 4 to Ameren Missouri’s *Application*” that “[a]n asset allocation of 65% equities and 35% bonds for the market value of the trust fund will be maintained until such time as the fund will begin to de-risk,” and to the Commission “[r]ecognizing that the Company shall request reinstating the customer contributions to the fund, if the trust fund is estimated to be underfunded by an amount greater than \$50 million at the time of the next triennial filing” as Ameren Missouri and the Commission’s Staff request in their Stipulation and Agreement on the grounds that follow:

65% EQUITIES / 35% BONDS ACTUARIAL ASSUMPTION

1. Public Counsel opposes the Commission approving the actuarial assumption of a Callaway decommissioning trust fund asset allocation of 65% equities and 35% bonds until such time as the fund will begin to de-risk because the fund already has sufficient funds to decommission the Callaway Energy Center (“Callaway”) and the Callaway Independent Spent Fuel Storage Installation (“ISFSI”) and should be “de-risked.”

2. According to TLG Services, Inc.’s 2023 *Decommissioning Cost Analysis for the Callaway Energy Center* decommissioning cost estimate for decommissioning both Callaway and the Callaway ISFSI is \$1,097,947,000 as of June 30, 2023.

3. The market values of the trust fund assets as of the dates shown were:

June 30, 2023	\$ 1,075,239,541.82 ¹
September 30, 2023	\$ 1,041,851,708.58 ²
December 31, 2023	\$ 1,149,677,255.22 ³
April 30, 2024	\$ 1,188,488,833.00 ⁴
June 30, 2024	\$ 1,266,283,235.12 ⁵
September 30, 2024	\$ 1,332,575,656.47 ⁶
December 31, 2024	\$ 1,342,170,136.43 ⁷

4. Section 393.292, RSMo states, “The commission shall also have the authority . . . to ensure that the amounts collected from ratepayers and paid into such trust funds **will be neither greater nor lesser than** (Emphasis added.) the amounts necessary to carry out the purposes of the trusts.” The purposes of the Callaway decommissioning trust funds are to decommission Callaway and the Callaway ISFSI. Based on Callaway’s current NRC operating license that decommissioning will not happen before 2044 when that license expires.

5. Rule 20 CSR 4240-20.070(6) provides, “The utility shall take every reasonable action to provide reasonable assurance that adequate funds are available at the nuclear generating unit’s termination of operation, so that decommissioning can be carried out in a safe and timely manner, and that lack of funds does not result in delays that may cause undue health and safety hazards.”

¹ [June 2023 account summary by type 20230712095248_357935733.pdf](#); Amended Application p. 7, ¶ 15.

² [Account_Summary_September_2023.pdf](#).

³ [December_2023_Account_Summary_By_Type.pdf](#).

⁴ [Account_Summary_By_Type_APRIL_2024.pdf](#).

⁵ [Account_Summary_By_Typ_JUNE_2024.pdf](#).

⁶ [SEPTEMBER_2024_Account_Summary_By_Type.pdf](#).

⁷ [2024_Account_Summary_By_Type.pdf](#).

6. Recognizing the inherently higher risk of equities, by rule 20 CSR 4240-20.070(5)(E)3 the Commission requires, “The trustee or investment manager(s) shall invest the tax-qualified trust assets and nontax-qualified trust assets only in assets that are prudent investments for assets held in trust and in a manner designed to maximize the after-tax return on funds invested, consistent with the conservation of the principal, subject to the limitations specified as follows: * * * 3. A utility’s total book value of investments in equity securities in all of its decommissioning trusts shall not exceed sixty-five percent (65%) of the trust funds’ book value.”

7. Because TLG Services, Inc.’s decommissioning cost estimate shows that Ameren Missouri’s Callaway decommissioning trust fund already has more funds than TLG’s estimate as updated, the fund should be being managed to preserve its assets, *i.e.*, not to grow them more than required for inflation. For this reason, and because the Commission need not make the requested finding, Public Counsel opposes Ameren Missouri and Staff’s request that the Commission approve “the actuarial assumption[] used in Amended Attachment 4 to Ameren Missouri’s *Application*” that “[a]n asset allocation of 65% equities and 35% bonds for the market value of the trust fund will be maintained until such time as the fund will begin to de-risk.” Now the fund should be managed to preserve the capital in the fund by reducing the asset allocation to equities.

8. Reflected in footnote 19 of Ameren Missouri and the Commission’s Staff Stipulation and Agreement is a 4.70% decommissioning cost inflation rate used for purposes of updating TLG’s decommissioning cost estimate from June 30, 2023, to June 30, 2024, to compare the cost of decommissioning Callaway to a more current trust fund balance. The original output from Willis Towers Watson’s model, including the 4.7% decommissioning cost inflation rate, was based on break-even parameters Ameren Missouri identified in its original application. The 4.7% decommissioning cost inflation rate does not represent a discrete projected inflation rate. Public Counsel does not object to the range of 2.2% to 6.2% per year for inflation for purposes of updating TLG’s decommissioning

cost estimate. Now that the value of the decommissioning fund assets exceeds the updated decommissioning cost estimate, the estimated decommissioning cost inflation rate will drive the return required to preserve the real value of the fund (*i.e.* preserve the fund's capital).

AMEREN MISSOURI CUSTOMER CONTRIBUTIONS REQUEST TRIGGER

9. Public Counsel opposes Ameren Missouri and Staff's request that the Commission "[r]ecogniz[e] that the Company shall request reinstating the customer contributions to the fund, if the trust fund is estimated to be underfunded by an amount greater than \$50 million at the time of the next triennial filing" both because the Commission need not do so to find that customer decommissioning trust fund contributions should cease at this time, but also because the trust fund has already met its goal of having the funds required to decommission Callaway and the Callaway ISFSI, and, absent imprudence, it would require an extraordinary event, such as a major unforeseen change to the Callaway decommissioning cost estimate, for the trust fund to become underfunded by the next triennial filing.

NON-OPPOSITION

10. The Commission will continue to revisit the adequacy of the Callaway decommissioning trust fund every three years.

11. There are over nineteen years remaining on Callaway's current operating license.

12. Given the need for non-carbon-based reliably dispatchable generation and that the NRC recently has begun extending the licenses of nuclear plants built before Callaway an additional second twenty years (80 years total), there is no reason to expect that the NRC will not extend Callaway's current license by an additional twenty years to 2064.

13. Callaway will not be decommissioned before it ceases to operate.

14. Public Counsel does not dispute TLG Services, Inc.'s 2023 *Decommissioning Cost Analysis for the Callaway Energy Center* decommissioning cost estimate for decommissioning both Callaway and the Callaway ISFSI is \$1,097,947,000 as of June 30, 2023.

15. As shown in paragraph three above, the Callaway decommissioning trust fund was overfunded by December 31, 2023, and remains overfunded.

16. Because of all the foregoing, Public Counsel not only does not oppose customer contributions to the Callaway decommissioning trust fund ceasing at this time, Public Counsel supports their cessation. Further, Public Counsel supports the Commission providing guidance for managing the investment risk of the Callaway decommissioning trust fund when the fund is fully funded in light of the Commission's rules 20 CSR 4240-20.070(5)(E)3 and 20 CSR 4240-20.070(6).

17. In Public Counsel's view, the Commission only needs to find that the cost for decommissioning both Callaway and the onsite spent nuclear fuel is \$1,097,947,000 as of June 30, 2023; that the Callaway decommissioning trust fund balances were \$ 1,075,239,541.82 as of June 30, 2023, \$1,149,677,255.22 as of December 31, 2023, and \$1,342,170,136.43 as of December 31, 2024; and that the trust fund balance is more than sufficient to decommission Callaway and the Callaway ISFSI; and order that customer contributions to the Callaway decommissioning trust fund cease as soon as practicable.

Wherefore, Public Counsel opposes Ameren Missouri and Staff's Stipulation and Agreement as set forth above, but concurs in their request that the Commission order that customer contributions to the Callaway decommissioning trust fund cease.

Respectfully,

/s/ Nathan Williams

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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 14th day of February 2025.

/s/ Nathan Williams