

**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.     )

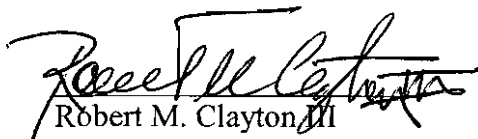
**Case No. EW-2009-0275**

**CHAIRMAN CLAYTON'S PUBLIC DISCLOSURE OF PROPOSED ORDER  
REJECTED BY COMMISSION ON JANUARY 27, 2009**

Issue Date: February 3, 2009

The attached is an order proposed by Chairman Clayton at the January 27, 2009, agenda meeting opening a workshop docket to study issues involving Callaway II. This order was rejected by the Commission and was not adopted.

Respectfully submitted,

  
Robert M. Clayton III  
Chairman

Dated at Jefferson City, Missouri,  
on this ~~3rd~~ day of February 2009.

*6th*

**Not Approved**

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**AGENDA: January 27, 2009**

Stearley/Myers

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the [ ] day of  
[ ], 2009.

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     ) **Case No. EW-2009-0275**  
and Finance a Potential Second Nuclear Generating     )  
Unit at the Callaway Nuclear Plant Site     )

**ORDER ESTABLISHING A WORKSHOP DOCKET  
AND DIRECTING FILING**

Issue Date: [ ], 2009

Effective Date: [ ], 2009

On October 6 2008, The Office of the Public Counsel ("Public Counsel") filed a petition, generating the Docket Number EO-2009-0126, requesting that the Commission open a case "to allow interested entities and the Commission to investigate some of the many issues created by the prospect of a huge investment [by AmerenUE]<sup>1</sup> in a new nuclear generating unit." Public Counsel claims this investigation is required because of options presented by AmerenUE in its current Integrated Resource Planning case for how to meet the needs of its customers in the future, which seem to point to the possible construction of a second nuclear generating unit at the Callaway site.

Public Counsel observes that rather than engaging in adversarial proceedings in an attempt to determine accurate cost projections and the most cost-effective way to finance a

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<sup>1</sup> Union Electric Company d/b/a AmerenUE.

new nuclear plant, **“it is likely that a much better result could be achieved by proceeding in a more collaborative way.”** The Commission agrees that any case opened to consider costs and financing of a potential second nuclear unit at Callaway should be a collaborative process similar in nature to the workshop docket initiated by Kansas City Power and Light Company (“KCPL”) in Case No. EW-2004-0596. That initial workshop proceeding brought together representatives of all stakeholders, i.e. residential ratepayers, industrial ratepayers, environmental and consumer advocates, and the Commission-regulated utility, in a collaborative effort to resolve many critical issues associated with the financing and construction of a large generating facility. Ultimately, those collaborative efforts resulted in KCPL’s successful experimental regulatory plan, a plan still serving the public interest of all Missouri citizens.

It is in that collaborative spirit that the Commission will, on its own motion, establish a workshop case to consider all cost projections and cost-effective financial methods to finance a new nuclear plant. Given Missouri’s, and the nation’s, current need to develop cost-effective and carbon-reduced energy sources, another nuclear generation facility may be an appropriate option.

To aid the Commission with establishing this case, the Commission shall direct its Staff to file suggestions on the scope of the workshop proceeding, including timelines and schedule of information exchange among the parties. Any framework for the scope of this workshop proceeding should encompass the Commission’s Staff’s consideration and evaluation of all currently authorized methods of plant construction financing and any other legislatively proposed methods of financing that could be employed to construct a large-

scale electric generating facility. The Commission expects an unbiased evaluation of all options to be thoroughly vetted and considered by all interested entities.

In conjunction with its petition filed in Case No. EO-2009-0126, Public Counsel submitted for the Commission's consideration an analysis of three different "regulatory regimes" identified as potential viable options for Missouri during periods of major new investments in public utility infrastructure for utility service. Those regimes were: (1) Traditional Rate of Return Regulation; (2) Construction Work in Progress Rate of Return Regulation; and (3) Cash Metric Regulation. The analysis focused on a hypothetical investment by AmerenUE of \$6 billion for the cost of a new nuclear generating electric facility utilizing baseline financial data from AmerenUE's current rate case filing (Case No. ER-2008-0318), a construction cycle of six to eight years, annual rate relief to reflect current revenue requirements, an investment life cycle of sixty years, and no change with the relationship of investment to customers.

As part of the newly opened workshop, the Commission shall direct its Staff to respond to the three methods of financing outlined by Public Counsel in its petition in Case No. EO-2009-0126, and state whether it agrees with the description of the financial models and with Public Counsel's analysis and conclusions. Staff is free to offer its own analysis utilizing other hypothetical variables. Additionally, any other interested entity is free to respond to the Commission's directives in this order, file its own critique of Public Counsel's analysis and its own analysis and suggestions for use of any other regulatory regimes to finance major utility infrastructure projects.

It is the Commission's desire to fully engage all stakeholders on these critical issues

in the most collaborative and transparent format possible with the aim of reaching a joint resolution that serves the totality of the public interest. The purpose is not to reach any specific position on legislation pending before the Missouri General Assembly. The goal of the proceeding is to reach stakeholder consensus on all aspects of such a significant decision of how future generation needs will be met and allow for the commission to adequately plan for any and all eventualities.

**THE COMMISSION ORDERS THAT:**

1. A workshop case is established for the purposes outlined in detail in the body of this order.

2. The workshop case shall be captioned: "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."

3. The Commission's Data Center shall complete the ministerial task of assigning the chronological number to the case with its workshop classification.

4. No later than February 27, 2009, the Staff of the Missouri Public Service Commission shall file the pleadings and responses described in detail in the body of this order.

5. Any other party that wishes to respond to the Commission's directives, or respond to The Office of the Public Counsel's Analysis of Regulatory Regimes, or file its own financial model analysis or suggestions, shall do so no later than February 27, 2009.

6. This order shall become effective immediately upon issue.

**BY THE COMMISSION**

Colleen M. Dale  
Secretary

( S E A L )

Harold Stearley, Senior Regulatory Law Judge,  
by delegation of authority pursuant to  
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this [ ]th day of January, 2009.