

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 29th day of
May, 2025.

**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 Acceptance of Its Triennial Filing of)
Cost Estimates for Callaway Energy Center)
Decommissioning, Including the Independent)
Spent Fuel Storage Installation, and Approval)
of the Funding Level of the Nuclear)
Decommissioning Trust Fund.)

File No. EO-2023-0448

REPORT AND ORDER

Issue Date: May 29, 2025

Effective Date: June 28, 2025

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APPEARANCES

UNION ELECTRIC COMPANY D/B/A AMEREN MISSOURI:

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STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION:

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OFFICE OF THE PUBLIC COUNSEL:

Nathan Williams, Deputy Public Counsel, 200 Madison Street, Suite 650, P.O. Box 2230, Jefferson City, Missouri 65102.

REGULATORY LAW JUDGE: Ronald D. Pridgin, Deputy Chief

REPORT AND ORDER

I. Procedural History

On December 1, 2023, Union Electric Company d/b/a Ameren Missouri filed its *Application for Acceptance of Decommissioning Cost Estimates for Callaway Energy Center, Including Independent Spent Fuel Storage Installation, and Approval of Funding Level for Nuclear Decommissioning Trust Fund*. Ameren Missouri amended that application on March 4, 2024.

On February 7, 2025, Ameren Missouri and the Commission of the Staff (Staff) filed a Non-Unanimous Stipulation and Agreement (Stipulation). The Office of the Public Counsel (OPC) timely objected to portions of the Stipulation on February 14, 2025. Upon OPC's objection, the Stipulation became the signatories' positions.¹

The evidentiary hearing was held on April 29, 2025.² After the evidentiary hearing was held at the Commission's offices in Jefferson City and via WebEx, the Commission admitted exhibits into evidence as requested by the parties. The final post-hearing briefs were filed on May 7, 2025, and the case was deemed submitted for the Commission's decision on that date.³

¹ Commission Rule 20 CSR 4240-2.115(2)(D).

² Tr. Vol. 2.

³ "The record of a case shall stand submitted for consideration by the commission after the recording of all evidence or, if applicable, after the filing of briefs or the presentation of oral argument." Commission Rule 20 CSR 4240-2.150(1).

II. General Matters

A. General Findings of Fact

1. Ameren Missouri is a Missouri corporation with its principal office and place of business located at One Ameren Plaza, 1901 Chouteau Avenue, Saint Louis, Missouri 63103. The Applicant provides electric and gas utility services in portions of Missouri as a public utility under the jurisdiction of the Missouri Public Service Commission.⁴

2. Ameren Missouri supplies electric service to 1.2 million customers and natural gas service to 0.1 million customers in a 24,000-square-mile area in central and eastern Missouri, including the Greater St. Louis area. Ameren Missouri is the owner and operator of Callaway, a nuclear generating unit, and the Independent Spent Fuel Storage Installation (ISFSI), a spent fuel storage installation at Callaway.⁵

3. Callaway has been in operation since December 19, 1984.⁶

4. The present total decommissioning cost estimate is \$1,097,947,000 in terms of 2023 dollars.⁷

5. Staff is a party to this case pursuant to Section 386.071, RSMo, and Commission Rule 20 CSR 4240-2.010(10).

6. OPC is a party to this case pursuant to Section 386.710(2), RSMo, and by Commission Rule 20 CSR 4240-2.010(10).

⁴ Ex. 12, p. 3.

⁵ Ex. 12, p. 3.

⁶ Ex. 12, p. 4.

⁷ Ex. 2, p. 6.

B. General Conclusions of Law

A. Ameren Missouri is an “electrical corporation” and a “public utility” as defined in Sections 386.020(15) and 386.020(43), RSMo, respectively, and as such is subject to the personal jurisdiction, supervision, control and regulation of the Commission under Chapters 386 and 393 of the Missouri Revised Statutes.

B. The Commission finds that any given witness’s qualifications and overall credibility are not dispositive as to each and every portion of that witness’ testimony. The Commission gives each item or portion of a witness’ testimony individual weight based upon the detail, depth, knowledge, expertise, and credibility demonstrated with regard to that specific testimony.

C. Consequently, the Commission will make additional specific weight and credibility decisions throughout this order as to specific items of testimony as is necessary.⁸ Any finding of fact reflecting that the Commission has decided between conflicting evidence is indicative that the Commission attributed greater weight to that evidence and found the source of that evidence more credible and more persuasive than that of the conflicting evidence.⁹

⁸ Witness credibility is solely a matter for the fact-finder, “which is free to believe none, part, or all of the testimony”. *State ex rel. Public Counsel v. Missouri Public Service Comm’n*, 289 S.W.3d 240, 247 (Mo. App. 2009).

⁹ An administrative agency, as fact finder, also receives deference when choosing between conflicting evidence. *State ex rel. Missouri Office of Public Counsel v. Public Service Comm’n of State*, 293 S.W.3d 63, 80 (Mo. App. 2009).

III. Disputed Issues

The Stipulation contains some terms to which the parties do not object. The parties have no dispute on the estimated cost to decommission Callaway, which is \$1,097,947,000 in 2023 dollars. The parties also have no dispute on the appropriate amount for Ameren Missouri's ratepayers to contribute to the trust fund, which is \$0. OPC objects to the remaining two issues from the Stipulation.

1. Is it reasonable for the trustee to continue to maintain a trust fund asset allocation of 65% equities and 35% bonds when the trust balance is currently sufficient to cover the estimated decommissioning costs in the most recent triennial filing?

Findings of Fact

7. The U.S. Nuclear Regulatory Commission (NRC) establishes minimum amounts necessary for licensees to provide reasonable assurance that funds will be available for the decommissioning process. Federal regulations also provide that funding for the decommissioning of power reactors may also be subject to the regulation of federal or state government agencies (e.g., the Federal Energy Regulatory Commission (FERC) and State Public Utility Commissions) that have jurisdiction over rate regulations.¹⁰

8. An annual contribution amount is determined and included in Ameren Missouri's base rates. This annual contribution is intended to be an amount deposited into a Nuclear Decommissioning Trust Fund (NDF). Upon the expiration of Callaway's

¹⁰ Ex. 13, p. 4.

operating license, the fund should have a balance that is neither greater nor lesser than the amount necessary to perform Callaway's decommissioning.¹¹

9. Determining a correct amount of annual contribution ensures that ratepayers over multiple decades are equally burdened with the cost of decommissioning. Setting a current annual contribution amount that is excessive burdens today's ratepayers with an uneven percentage of the total decommissioning cost for benefits future ratepayers will receive. Setting a current annual contribution amount that is insufficient will burden future ratepayers for benefits provided to current ratepayers.¹²

10. An allocation of 65% equities and 35% bonds for the trust fund is a reasonable allocation. Such an allocation does not harm Ameren Missouri customers.¹³

11. Ameren Missouri has a Nuclear Regulatory Commission license to operate Callaway until 2044.¹⁴

12. Ameren Missouri is expected to receive a 20-year extension of that license.¹⁵

13. Investors tend to invest using more equities than bonds for long-term investing.¹⁶

14. Ameren Missouri's consultant, Willis Towers Watson (WTW), modeled different allocation scenarios. After doing so, WTW determined that the 65/35 mix was the ideal allocation because that's the point at which Ameren Missouri has the highest degree of probability of success of funding the decommissioning.¹⁷

¹¹ Ex. 13, p. 7.

¹² Ex. 13, p. 7.

¹³ Tr. Vol. 2, pp. 39-41.

¹⁴ Ex. 2, p. 7; Tr. Vol. 2, p. 40.

¹⁵ Ex. 15, pp. 14, 20.

¹⁶ Tr. Vol. 2, p. 40.

¹⁷ Tr. Vol. 2, pp. 35-36.

15. OPC did not present an “equities to bonds” recommendation.¹⁸

16. Reallocating the fund requires selling equities to acquire fixed income assets and with the sale, the nuclear decommissioning fund will incur taxes based on any of the unrealized gains. OPC did not analyze the current tax implications of reallocating the fund.¹⁹

17. WTW evaluated the tax implications associated with rebalancing the assets with an allocation target of 65% equity and 35% bonds as the assumptions.²⁰

18. A 65% equity and 35% fixed income asset allocation offers the highest probability of success to adequately fund the trust to meet the decommissioning obligations.²¹

General Conclusions of Law, cont'd.

D. The NRC establishes minimum amounts necessary for licensees to provide reasonable assurance that funds will be available for the decommissioning process.²² Every three years, utilities with decommissioning trust funds must perform and file with the Commission cost studies detailing the utilities’ latest cost estimates for decommissioning their nuclear generating unit along with the funding levels necessary to defray these decommissioning costs.²³

E. The Commission is authorized to review and authorize changes to the rates and charges contained in the schedules of an electric corporation as a result of a change in the level or annual accrual of funding necessary for its nuclear power plant

¹⁸ Tr. Vol. 2, pp. 63-65, 70-71.

¹⁹ Ex. 3, pp. 14-15.

²⁰ Ex. 3, p. 14.

²¹ Ex. 3, pp. 14-15.

²² 10 CFR 50.75(a) (2002).

²³ Commission Rule 20 CSR 4240-20.070(4).

decommissioning trust fund only after a full hearing and after considering all facts relevant to such funding level or accrual rate.²⁴ The Commission is authorized to adopt regulations governing the procedures for tariff changes under Section 393.292, RSMo, and to ensure that the amounts collected from ratepayers and paid into such trust funds will be neither greater nor lesser than the amounts necessary to carry out the purposes of the trusts.²⁵

F. Under the Commission’s regulations, an electric utility shall establish a tax-qualified externally managed trust fund for the purpose of collecting funds to pay for decommissioning costs if it owns, (in whole or in part), or operates, nuclear generating units, the costs of which are reflected in the rates charged to Missouri ratepayers.²⁶

G. The study must also detail the funding levels necessary to defray these decommissioning costs.²⁷ The study must be filed with the Commission along with any appropriate tariff to effectuate any rate change necessary to defray the decommissioning costs.²⁸

2. Is it reasonable for the Commission to approve a customer contribution cost trigger of \$50 million before the company can request to resume customer contributions to the fund in a future triennial filing?

²⁴ § 393.292, RSMo (Supp. 2024). This authority is an exception to the prohibition against single-issue ratemaking. See, e.g., § 393.270.4, RSMo (2016); State ex rel. Utility Consumers’ Council of Mo., Inc. v. Pub. Serv. Comm’n, 585 S.W.2d 41, 56 (Mo. banc 1979)

²⁵ § 393.292, RSMo (Supp. 2024).

²⁶ 20 CSR 4240-20.070(5). Under federal law, the NRC establishes minimum amounts necessary for licensees to provide reasonable assurance that funds will be available for the decommissioning process. 10 CFR 50.75 (2019). However, federal regulations also provide that “Funding for the decommissioning of power reactors may also be subject to the regulation of Federal or State Government agencies (e.g., Federal Energy Regulatory Commission (FERC) and State Public Utility Commissions) that have jurisdiction over rate regulations.” 10 CFR 50.75(a) The NRC’s federal regulations are “in addition to, and not substitution for, other requirements, and are not intended to be used by themselves or by other agencies to establish rates.” 10 CFR 50.75(a).

²⁷ 20 CSR 4240-20.070(4).

²⁸ 20 CSR 4240-20.070(4).

Findings of Fact

19. Ameren Missouri and Staff agreed that Ameren Missouri would not seek to reinstate customer contributions to the trust until the value of the trust was underfunded by \$50 million or more.²⁹

20. Ameren Missouri's request for a \$50 million trigger represents roughly 5% of the value of the trust.³⁰

21. The \$50 million trigger is consistent with the legal mandate that the amounts collected from ratepayers will be neither greater than, nor lesser than, the amounts necessary to carry out the purposes of the trust.³¹

22. The \$50 million trigger is an attempt to not unduly burden either current or future ratepayers.³²

23. Without the \$50 million trigger, Ameren Missouri would be free to request a resumption of customer contributions in its next triennial filing.³³

24. With the \$50 million trigger, customers will have a longer period of not paying into the trust fund than they would have without the trigger.³⁴

25. Ameren Missouri can only request the resumption of customer contributions in a triennial filing if there is a \$50 million deficit between the estimated decommissioning costs and the net value of the NDF.³⁵

²⁹ Tr. Vol. 2, pp. 34-35.

³⁰ Tr. Vol. 2, p. 34.

³¹ Tr. Vol. 2, p. 34.

³² Tr. Vol. 2, p. 42.

³³ Tr. Vol. 2, p. 54.

³⁴ Tr. Vol. 2, p. 54.

³⁵ Tr. Vol. 2, pp. 34-35.

General Conclusions of Law, cont'd.

There are no additional conclusions of law.

Decision

The likelihood that Ameren Missouri will receive an extension of its NRC license to operate Callaway means that Ameren Missouri will likely operate Callaway for decades to come. Due to the extended life of Callaway, and the likelihood that investors prefer equity over bonds for long-term investments, an equity heavy investment mix is likely the best way to fund Callaway's eventual decommissioning.

Further, the Commission finds that the \$50 million trigger before Ameren Missouri can request to resume customer contributions is reasonable. The requested trigger benefits customers, in that it allows Ameren Missouri the opportunity to request the resumption of customer contributions in a future triennial filing only if there is a \$50 million deficit between the estimated decommissioning costs and the net value of the nuclear decommissioning fund. Otherwise, Ameren Missouri customers could be paying into the trust far sooner than they would need to, absent the trigger. The Commission finds that the 65% equities/35% bonds allocation is compliant with Commission rules for Ameren Missouri to fund Callaway's nuclear decommissioning trust.

Thus, the Commission will approve the Non-Unanimous Stipulation and Agreement.

THE COMMISSION ORDERS THAT:

1. The Non-Unanimous Stipulation and Agreement is approved, and its signatories shall comply with its' terms.

2. Ameren Missouri's Application and the 2023 Study satisfy the requirements of 20 CSR 4240-20.070(4).

3. Ameren Missouri's Missouri retail jurisdictional annual decommissioning expense accruals and trust fund payments shall be suspended as shown in the compliance tariffs approved by the Commission in File No. ER-2024-0319.

4. In order for the decommissioning fund to continue to utilize the external sinking fund method of decommissioning funding, the current decommissioning costs for the Callaway Energy Center and ISFSI shall be those shown in Ameren Missouri's current Missouri retail cost of service and as reflected in its current retail rates for ratemaking purposes.

5. Pursuant to 20 CSR 4240-20.070(5)(C), the Commission approves the use of a jurisdictional demand allocator of 100.00%;

6. The annual decommissioning expense and contribution amount proposed in this Stipulation is based on Attachment 3, the September 2023 Decommissioning Cost Analysis for the Callaway Energy Center and the Nuclear Decommissioning Report filed pursuant to 20 CSR 4240-23.020(3) in File No. EO-2025-0122.

7. The Commission approves the actuarial assumptions used in Amended Attachment 4 to Ameren Missouri's Application, the Nuclear Decommissioning Report filed pursuant to 20 CSR 4240- 23.020(3) in File No. EO-2025-0122, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for the Callaway Energy Center and ISFSI decommissioning, specifically:

- The after-tax value of Missouri jurisdictional sub-account of the Plant Tax-Qualified Nuclear Decommissioning Trust Fund as of June 30, 2023, was \$969,908,000 and the after-tax value of Missouri jurisdictional sub-account of the Plant Tax-Qualified

Nuclear Decommissioning Trust Fund as of December 31, 2024, was \$1,198,667,094.

- The Plant decommissioning cost estimate is \$1,085,651,000 and the ISFSI decommissioning cost estimate is \$12,296,000, both in terms of 2023 dollars and the total Plant decommissioning cost estimated in terms of 2024 dollars is \$1,162,825,986.
- Operating license expiration date of October 18, 2044.
- The Missouri jurisdictional allocator (for both Plant and ISFSI) is 100%.
- The federal income tax rate is 20%.
- The state income tax rate is 0%.
- The composite federal & state income tax rate is 20%.
- An 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.
- Investment management and trust fees are estimated at 15 basis points annually.
- A long-term annualized inflation rate range of 0.5 to 4.5% is assumed for general (CPI) inflation for the period through 2052.
- The long term annualized pre-tax & expense nominal return on bonds ranged from 2.7% to 5.9% for the period through 2052.
- The long term annualized pre-tax & expense nominal return on equities ranged from .4% to 12.9% for the period through 2052.
- The long term annualized pre-tax & expense nominal weighted-average return ranged from 2.1% to 9.9% for the period through 2052.
- Long term decommissioning cost escalation ranged from 2.2% to 6.2% for the period through 2052.

8. Ameren Missouri 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.

9. ISFSI funds recovered from the United States Department of Energy will be used to reduce plant-in-service and depreciation reserve balances by the amount of the proceeds until the costs of the re-racking project and dry cask storage construction project are covered. Any ISFSI funds recovered from the DOE in excess of the re-racking project and dry cask storage construction project costs will be used to offset the decommissioning costs of the Plant and ISFSI.

10. Pursuant to 20 CSR 4240-20.070(16), upon termination of the trust, excess trust funds from the costs of decommissioning the Plant and ISFSI are to be refunded or credited to customers through the ratemaking process.

11. All other requests for relief are denied.

12. This order shall become effective on June 28, 2025.



BY THE COMMISSION

A handwritten signature in black ink that reads "Nancy Dippell". The signature is written in a cursive, flowing style.

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Kolkmeier,
and Mitchell CC., concur.

Pridgin, Deputy Chief Regulatory Law Judge

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 29th day of May 2025.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

May 29, 2025

File/Case No. EO-2023-0448

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.