

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 23rd day
of January, 2018.

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

File No. EO-2018-0051

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: January 23, 2018

Effective Date: February 22, 2018

This order approves the stipulation and agreement between the Union Electric Company d/b/a Ameren Missouri and the Staff of the Commission regarding Ameren Missouri's funding for the decommissioning of its Callaway Energy Center.

Commission rule 4 CSR 240-3.185 (3) states, in part:

On or before September 1, 1990, and every three years after that, utilities with decommissioning trust funds shall perform and file with the commission cost studies detailing the utilities' latest cost estimates for decommissioning their nuclear generating unit(s) along with the funding levels necessary to defray these decommissioning costs. These studies shall be filed along with appropriate tariff(s) effectuating the change in rates necessary to accomplish the funding required.

On September 1, 2017, Ameren Missouri filed an application pertaining to Callaway asking the Commission to 1) approve Ameren Missouri's decommissioning cost estimates for the Callaway Energy Center (Callaway or Plant) and for the Callaway Independent Spent Fuel Storage Installation (ISFSI); 2) approve the continuation of the funding level of its nuclear decommissioning trust fund at the current \$6,758,605 amount, with \$6,323,396 allocated to plant decommissioning and \$435,209 allocated to ISFSI decommissioning; 3) find that the Callaway decommissioning costs are to be included in Ameren Missouri's

current cost of service for ratemaking purposes; and 4) confirm that this funding level is based on the parameters and assumptions stated in the application.

Staff and Ameren Missouri filed a non-unanimous stipulation and agreement on January 4, 2018. Commission rule 4 CSR 240-2.115 provides that if no party objects to a non-unanimous stipulation and agreement within seven days of its filing, the Commission may treat the stipulation and agreement as unanimous. The Office of the Public Counsel, the only other party, did not sign the stipulation and agreement, but has not opposed the agreement. Therefore, the Commission will treat the stipulation and agreement as unanimous.

Having considered the 2017 decommissioning cost study, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for Plant and ISFSI decommissioning, assuming a decommissioning cost escalation rate of 4.0519%, and the stipulation and agreement, which will be received into evidence, the Commission determines that the stipulation and agreement should be approved. In doing so, the Commission finds that Ameren Missouri's 2017 decommissioning cost study satisfies the requirements of 4 CSR 240-3.185(3). In addition, the Commission finds that Ameren Missouri's retail jurisdiction annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605, with \$6,323,396 allocated to Plant decommissioning and \$435,209 allocated to ISFSI decommissioning. The Commission also finds that the current decommissioning costs for Callaway are included in Ameren Missouri's current Missouri cost of service and are reflected in its current retail rates for ratemaking purposes. The Commission acknowledges that the annual decommissioning expense and contribution amount proposed in the stipulation and

agreement is based on Attachment 3, the August 2017 *Decommissioning Cost Analysis for the Callaway Energy Center*, and that Attachment 3, the August 2017 *Decommissioning Cost Analysis for the Callaway Energy Center*, meets the requirements of 4 CSR 240-3.185(3).

THE COMMISSION ORDERS THAT:

1. The stipulation and agreement filed by the Union Electric Company d/b/a Ameren Missouri and the Staff of the Missouri Public Service Commission on January 4, 2018, is approved.

2. The signatories shall comply with the terms of the stipulation and agreement.

3. The following documents are admitted into evidence: The Non-Unanimous Stipulation and Agreement; Attachment 3 to Ameren Missouri's *Application*, TLG Services, Inc.'s (TLG) "*Decommissioning Cost Analysis for the Callaway Energy Center*," dated August, 2017; and Attachment 4 to Ameren Missouri's *Application*, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for Plant and ISFSI decommissioning, assuming a decommissioning cost escalation rate of 4.0519%.

4. Ameren Missouri's Missouri retail jurisdictional annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605, with \$6,323,396 allocated to Plant decommissioning and \$435,209 allocated to ISFSI decommissioning.

5. Pursuant to 4 CSR 240-20.070(4)(C), the use of a jurisdictional demand allocator of 100.00% is approved.

6. The Commission approves the actuarial assumptions used in Attachment 4 to Ameren Missouri's *Application*, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for the Plant 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, 2017, was \$594,889,944.
- The after-tax value of Missouri jurisdictional sub-account of the ISFSI Tax-Qualified Nuclear Decommissioning Trust Fund as of June 30, 2017, was \$590,889.
- The proposed expense and contribution amount and allocation between Plant and ISFSI is to be effective beginning with calendar year 2018.
- The Plant decommissioning cost estimate is \$934,296,000 and the ISFSI decommissioning cost estimate is \$9,169,000, both in terms of 2017 dollars.
- 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 and state income tax rate is 20%.
- An asset allocation of 65% equities and 35% bonds is assumed to exist through 2043, at which time all equity investments will be divested.
- Investment management and trust fees are estimated at 15 basis points annually.
- An inflation rate of 2.200% is assumed for general (CPI) inflation.

- The pre-tax and expense nominal return on bonds is assumed to be 3.900%.
 - The pre-tax and expense real return on bonds is assumed to be 1.700%.
- The pre-tax and expense nominal return on equities is assumed to be 8.600%.
 - The pre-tax and expense real return on equities is assumed to be 6.400%.
- The pre-tax and expense nominal weighted-average return is assumed to be 6.955% through the 2043 date of divestiture of equity investments.
 - The pre-tax and expense real weighted-average return is assumed to be 4.755% through the 2043 date of divestiture of equity investments.
 - The pre-tax and expense real weighted-average return is assumed to be 1.700% following the 2043 date of divestiture of equity investments.
 - The annualized pre-tax and expense nominal return over the life of the fund (Plant and ISFSI consolidated) will be 6.508%
- Decommissioning cost escalation is assumed to be 4.0519%.

7. ISFSI funds recovered from the DOE will be used to reduce balances in appropriate accounts by the amount of the proceeds until the costs of the re-racking project and dry cask storage construction project are covered. Any reimbursements for ISFSI decommissioning received by Ameren Missouri from DOE in excess of the re-racking project and dry cask storage construction project costs shall be refunded to ratepayers through the ratemaking process by Ameren Missouri pursuant to a methodology approved by the Commission.

8. Pursuant to 4 CSR 240-20.070(12), excess trust funds from the costs of decommissioning the Plant and ISFSI are to be reimbursed to the ratepayers through the ratemaking process by Ameren Missouri pursuant to a methodology approved by the Commission.

9. This order shall become effective on February 22, 2018.

10. This file shall be closed on February 23, 2018.

BY THE COMMISSION



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Kenney, Rupp, Coleman, and
Silvey, CC., concur.

Woodruff, Chief Regulatory Law Judge

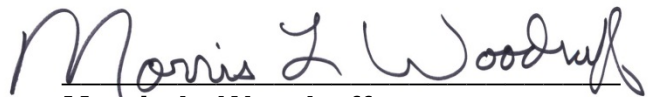
STATE OF MISSOURI

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 23rd day of January 2018.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

January 23, 2018

File/Case No. EO-2018-0051

**Missouri Public Service
Commission**

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

Sincerely,



**Morris L. Woodruff
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.