

Exhibit No.:  
Issues: Callaway Power Plant  
Witness: Charles D. Naslund  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2007-0002  
Date Testimony Prepared: January 31, 2007

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. ER-2007-0002**

**REBUTTAL TESTIMONY**

**OF**

**CHARLES D. NASLUND**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a AmerenUE**

**St. Louis, Missouri  
January, 2007**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **Charles Naslund**

4 **CASE NO. ER-2007-0002**

5 **Q. Please state your name and business address.**

6 A. My name is Charles D. Naslund. My business address is One Ameren Plaza,  
7 1901 Chouteau Avenue, St. Louis, Missouri 63103.

8 **Q. Are you the same Charles D. Naslund that filed Direct Testimony in this**  
9 **proceeding?**

10 A. Yes, I am.

11 **Q. What is the purpose of your Rebuttal Testimony in this proceeding?**

12 A. The purpose of this testimony is to provide information on the potential for a  
13 20 year life extension for the Callaway Nuclear Plant in response to the Direct Testimony of  
14 Staff witness Warren Wood, State of Missouri witness Michael Brosch, Office of the Public  
15 Counsel witness William Dunkel and Missouri Industrial Energy Consumers witness James  
16 Selecky.

17 **Q. What is Callaway's life based on the operating license issued by the**  
18 **Nuclear Regulatory Commission (NRC)?**

19 A. The Callaway Plant is licensed by the NRC to operate until October, 2024.

1           **Q.     What is the technical basis, economic basis or other basis provided by**  
2     **Mr. Wood, Mr. Brosch, Mr. Dunkel or Mr. Selecky that Callaway can or will have its**  
3     **40-year license extended to 60 years?**

4           A.     Each of the witnesses base their proposal extend the depreciable life of the  
5     Callaway Plant to 60 years on the supposition that since the NRC licenses of numerous other  
6     nuclear plants have been extended, the license for the Callaway Plant can and will be  
7     extended. Other than this supposition, no technical studies, economic studies or any other  
8     evidence has been provided by any of these witnesses to support their position on this issue.

9           **Q.     How many of the individuals providing testimony on extending**  
10    **Callaway's license life have participated in the license extension process for a nuclear**  
11    **plant?**

12          A.     None.

13          **Q.     What issues could affect AmerenUE's decision to seek a license extension**  
14    **for the Callaway Plant?**

15          A.     Callaway's current license remains in effect until June 11, 2024 at midnight.  
16    There are numerous scenarios that could threaten AmerenUE's ability to extend the license  
17    that will not be known until later in Callaway's licensed life. These include: additional  
18    terrorist attacks in the USA or on nuclear plants in other countries, lack of adequate water  
19    supplies in the Missouri river to cool the plant, political changes in our country, significant  
20    nuclear safety issues with generation 2 nuclear plants or economics that don't support the  
21    need to extend the license. Any one of these issues could lead to a decision by AmerenUE to  
22    not seek an extension of Callaway's life.

1           **Q.     What studies has AmerenUE completed to investigate technical and**  
2 **economic issues that would need to be evaluated to allow extension of Callaway’s**  
3 **license?**

4           A.     No studies have been completed to investigate the technical issues or  
5 economic issues that would need to be evaluated to make a prudent decision on license  
6 extension.

7           **Q.     What technical issues are known today that would need to be resolved to**  
8 **allow the extension of Callaway’s license?**

9           A.     All components currently in Callaway were specified for a 40 year life by the  
10 original architect engineers, Westinghouse Electric and Bechtel Corporation. While two  
11 major components of Callaway have been replaced (Steam Generators and Turbines) as  
12 noted in the Staff’s testimony, there are literally thousands of components (approximately  
13 130,000) and miles of cable and piping that would have to be assessed for life extension or  
14 replaced, before a license extension would be granted. We already know that many of these  
15 components will have to be replaced to allow a license extension, including most of the  
16 buried pipe systems at the plant, the reactor vessel head and numerous other alloy 600 welds  
17 in the reactor coolant system.

18           **Q.     In Mr. Brosch’s testimony on pages 46 – 50 he recommends that if the**  
19 **depreciable life of the plant is not extended to 60 years, then the capital investments**  
20 **recently made at the Callaway Plant should not be included in AmerenUE’s rate base.**

1    **He also implies that Callaway's operations and maintenance (O&M) expenses are being**  
2    **incurred simply to allow life extension of Callaway out to 60 years. Is this correct?**

3           A.     No. All capital investments made at the Callaway Plant, including the large  
4    investments in Steam Generators and Turbines were justified and completed to allow  
5    Callaway to operate safely and economically to the end of its current 40 year life. All O&M  
6    expenses referenced by Mr. Brosch are expenses required to monitor and track component  
7    life during the course of the existing plant license life. These requirements are imposed on  
8    the plant in the Technical Specifications issued by the NRC to operate the plant and are  
9    further defined in the American Society of Mechanical Engineers' code and Institute of  
10   Electrical and Electronic Engineers standards. None of the capital or O&M expenses noted in  
11   Mr. Brosch's testimony were expended based on plant life extension beyond 40 years.

12           **Q.     Is the license extension process by the NRC a government funded**  
13   **process?**

14           A.     No. Current estimates are that AmerenUE's costs for submitting an  
15   application for a license extension with the NRC, and NRC review of the application will be  
16   at least \$20 million over a 3-4 year period. In addition, component replacement costs or  
17   remediation would also need to be completed at a currently undefined cost. It would not be  
18   beneficial for either AmerenUE or its customers for the Company to prematurely incur these  
19   considerable costs.

20           **Q.     Does this conclude your Rebuttal Testimony?**

21           A.     Yes, it does.