

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 6<sup>th</sup> day of  
April, 2016.

Application of Union Electric Company, d/b/a	)	
Ameren Missouri for Approval of Decommissioning	)	
Cost Estimate for Callaway Energy Center and	)	<b><u>File No. EO-2015-0253</u></b>
Funding Level of Nuclear Decommissioning	)	
Trust Fund.	)	

**ORDER APPROVING STIPULATION AND AGREEMENT**

Issue Date: April 6, 2016

Effective Date: May 6, 2016

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 April 1, 2015, Ameren Missouri filed an application pertaining to Callaway asking the Commission to 1) approve Ameren Missouri's decommissioning cost estimate; 2) approve the continuation of the funding level of its nuclear decommissioning trust fund at the current \$6,758,605 amount; and 3) find that the Callaway decommissioning costs are included in Ameren Missouri's current cost of service for ratemaking purposes and are reflected in current rates for ratemaking purposes.

Staff and Ameren Missouri filed a non-unanimous stipulation and agreement on March 14, 2016.<sup>1</sup> 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 2014 decommissioning cost study, the February 1, 2016 Cost Analysis, and the stipulation and agreement, which are received into evidence, the Commission determines that the stipulation and agreement should be approved. In doing so, the Commission finds that Ameren Missouri's 2014 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. 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 rates for ratemaking purposes.

**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 March 14, 2016, is approved.
2. The signatories shall comply with the terms of the stipulation and agreement.

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<sup>1</sup> Staff and Ameren Missouri refiled that stipulation on March 30, 2016, along with a pleading explaining that some minor clerical errors were corrected in the refiling.

3. The following documents are admitted into evidence: The Non-Unanimous Stipulation and Agreement; Attachment 1 to Ameren Missouri's original April 1, 2015 filing in this case, TLG Services, Inc.'s ("TLG") "*Decommissioning Cost Analysis for the Callaway Energy Center*," dated March, 2015; Attachment 1 to this Non-Unanimous Stipulation and Agreement, Ameren Missouri and TLG's "*Callaway Energy Center Independent Spent Fuel Storage Installation Decommissioning Cost Analysis*," dated February 1, 2016; and Attachment 2 to this Non-Unanimous Stipulation and Agreement, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for the Callaway Energy Center and Independent Spent Fuel Storage Installation ("ISFSI") decommissioning, which assumes a decommissioning cost escalation rate of 3.5864%;

4. The Commission approves the actuarial assumptions used in Attachment 2 to this Non-Unanimous Stipulation and Agreement, Ameren Missouri's funding adequacy analysis calculating the required annual funding levels for the Callaway Energy Center and ISFSI decommissioning, specifically:

- For the Missouri Jurisdictional Callaway Energy Center annual decommissioning expense and contribution amounts:
  - \$6,314,620 of the total decommissioning expense and contribution amount of \$6,758,605 is allocated for Callaway Energy Center decommissioning and is to be contributed to the Callaway Energy Center sub-account
  - The beginning balance (after-tax liquidation value) of the Callaway Energy Center sub-account as-of December 31, 2015 is \$513,106,633
  - The proposed decommissioning expense and contribution amount is to be effective January 1, 2016
- For the Missouri Jurisdictional ISFSI annual decommissioning expense and contribution amount:
  - \$443,985 of the total decommissioning expense and contribution amount of \$6,758,605 is allocated for ISFSI decommissioning and is to be contributed to the ISFSI sub-account

- The beginning balance (after-tax liquidation value) of the ISFSI sub-account as-of December 31, 2015 is \$0
- The proposed decommissioning expense and contribution amount is to be effective January 1, 2016
- For the Missouri Jurisdictional Consolidated Callaway Energy Center and ISFSI annual decommissioning expense and contribution amounts:
  - The Missouri jurisdictional allocator 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 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 2.300% is assumed for general (“CPI”) inflation.
  - The pre-tax & expense nominal return on bonds is assumed to be 3.400%.
  - The pre-tax & expense real return on bonds is assumed to be 1.100%
  - The pre-tax & expense nominal return on equities is assumed to be 8.500%.
  - The pre-tax & expense real return on equities is assumed to be 6.200%
  - The pre-tax & expense nominal weighted-average return is assumed to be 6.715% through the 2043 date of divestiture of equity investments.
  - The pre-tax & expense real weighted-average return is assumed to be 4.415% through the 2043 date of divestiture of equity investments.
  - The pre-tax & expense real weighted-average return is assumed to be 1.100% following the 2043 date of divestiture of equity investments.

5. Pursuant to this Non-Unanimous Stipulation and Agreement, Ameren Missouri’s Missouri retail jurisdiction annual decommissioning expense accruals and trust fund payments shall continue at the current level of \$6,758,605, with \$6,314,620 allocated to decommissioning the Callaway Energy Center and \$443,985 allocated to decommissioning the ISFSI;

6. In order for the Callaway decommissioning fund to continue to utilize the external sinking fund method of decommissioning funding, the Commission orders that the current decommissioning costs for the Callaway Energy Center, including the ISFSI, are in Ameren Missouri's current Missouri retail cost of service and are reflected in its current retail rates for ratemaking purposes;

7. The Commission finds that TLG's "Decommissioning Cost Analysis for the Callaway Energy Center," dated March, 2015 and Ameren Missouri and TLG's "Callaway Energy Center Independent Spent Fuel Storage Installation Decommissioning Cost Analysis," dated February 1, 2016 meet the requirements of 4 CSR 240-3.185(3);

8. Pursuant to 4 CSR 240-20.070(4)(C), the Commission approves the use of a jurisdictional demand allocator of 100.00%;

9. The Commission approves Attachment 3 to this Non-Unanimous Stipulation and Agreement, the revised "Investment Guidelines for the Callaway Plant Nuclear Decommissioning Trust Fund(s)."

10. The Commission approves the use of the Vanguard 500 Index Fund and the Vanguard Bond Index Fund for investment of the ISFSI decommissioning contribution amounts (in accordance with 4 CSR 240-20.070(4)(A));

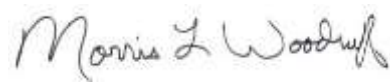
11. The Commission finds that the decommissioning expense and contribution for the ISFSI decommissioning shall be contributed to a separate sub-account of the Company's tax-qualified decommissioning trust unless not allowed by the IRS; if disallowed, then a non-tax qualified trust shall be established and the contributions made to the non-tax qualified trust.

12. The Commission recognizes that any reimbursements for ISFSI decommissioning received by Ameren Missouri from DOE shall be refunded to ratepayers by Ameren Missouri pursuant to a methodology approved by the Commission.

13. This order shall become effective on May 6, 2016.

14. This file shall be closed on May 7, 2016.

**BY THE COMMISSION**



Morris Woodruff  
Secretary



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

Pridgin, Deputy Chief Regulatory Law Judge