

May 1, 2009

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

Before the Atomic Safety and Licensing Board

In the Matter of)	
)	Docket No. 52-037-COL
UNION ELECTRIC COMPANY d/b/a AmerenUE)	
)	
(Callaway Power Plant, Unit 2))	ASLBP No. 09-884-07-COL-BD01
)	
(Combined License))	

**AmerenUE's Answer To The Public Service Commission Of The State Of Missouri's
Petition For Leave To Intervene As An Interested State, Or,
In the Alternative, Petition For Discretionary Intervention**

I. Introduction

Union Electric Company d/b/a AmerenUE ("AmerenUE") hereby submits its answer ("Answer") to the Petition For Leave To Intervene As An Interested State, Or, In The Alternative, Petition For Discretionary Intervention by the Public Service Commission of the State of Missouri ("Petition") filed in this proceeding on April 6, 2009. In its Petition, the Public Service Commission of the State of Missouri ("MoPSC") seeks to intervene in this proceeding as an interested State, or in the alternative, seeks discretionary intervention, and requests that the Nuclear Regulatory Commission ("NRC" or "Commission") conduct a hearing regarding AmerenUE's Application for a combined construction permit and operating license ("COL" or "combined license") for new Unit 2 ("Callaway 2") at the Callaway Plant site. AmerenUE supports MoPSC's admission to this proceeding as an interested State under 10 C.F.R. § 2.315(c). MoPSC does not meet the requirements, however, for discretionary intervention.

II. Current Status Of The Project

This section is in response to the April 27, 2009 Memorandum and Order (Initial Prehearing Order) issued by the Atomic Safety and Licensing Board (at 5). This proceeding involves an application, submitted by AmerenUE on July 24, 2008, for a combined license to construct and operate an AREVA U.S. Evolutionary Power Reactor (“U.S. EPR”) pressurized water reactor at Callaway (the “Application” or “COLA”).¹ Callaway is located in Callaway County, Missouri near Fulton, Missouri. Callaway is the site of the currently operating Callaway Power Plant.

In early 2009, legislation was proposed to revise existing Missouri law which prevents Missouri investor-owned utilities from recovering any plant development costs, including financing costs, until an energy plant is operating. This proposed legislation was entitled the “Missouri Clean and Renewable Energy Construction Act,” and would have allowed regulators to authorize funding mechanisms for construction of clean energy plants in Missouri – including Callaway 2. On April 23, 2009, senior management of AmerenUE announced that they had asked the legislative sponsors to withdraw the bills from consideration by the Missouri General Assembly. AmerenUE believed that pursuing the legislation being considered in the Missouri Senate in its current form would not give AmerenUE the financial certainty needed to complete the project. As a result, AmerenUE announced that it was suspending its efforts to build a new nuclear unit in Missouri. A copy of the press release is attached to this Answer as Attachment 1.

¹ Callaway Plant Unit 2 Combined License Application (Rev. 0, July 24, 2008), transmittal letter available at ADAMS Accession No. ML082140630. On February 25, 2009, AmerenUE filed Rev. 1 to the Application. Callaway Plant Unit 2 Combined License Application (Rev. 1, February 25, 2009) transmittal letter available at ADAMS Accession No. ML090710444. The entire Application (Rev. 1 and Rev. 0) is available at <http://www.nrc.gov/reactors/new-reactors/col/callaway.html>.

However, as set forth in a letter dated April 28, 2009 to the NRC Staff, AmerenUE requested that current activities associated with the NRC Staff's technical review of the Application be continued as currently scheduled while AmerenUE reviews its options associated with the Application. AmerenUE already has commenced that review, but believes that immediately placing the review of the Application on hold could negatively impact certain of AmerenUE's options under consideration. AmerenUE is sensitive to the fact that continuation of the review of the COLA impacts the NRC resources, and consequently will keep the Board, the Staff, the Commission, and any admitted intervenors informed of the status of AmerenUE's internal review. A copy of the letter is attached to this Answer as Attachment 2.

Notwithstanding AmerenUE's request that the current activities associated with the NRC Staff's review of the Application be continued as currently scheduled, AmerenUE recognizes that the financial qualifications of AmerenUE cannot currently be reviewed by the NRC Staff. With AmerenUE's request that the sponsors of the legislation withdraw the bills from consideration, the premise of the financial qualifications analysis in the Application is no longer correct. Therefore, it is AmerenUE's understanding that the NRC Staff's review of its financial qualifications will not (and cannot) continue at this time.

III. Background

The NRC Staff conducted a sufficiency review of the Application and, finding it acceptable for docketing, docketed the Application on December 12, 2008. 73 Fed. Reg. 77,078 (Dec. 18, 2008). On February 4, 2009, the NRC published a Notice of Hearing and Opportunity to Petition for Leave to Intervene and Order Imposing Procedures for Access to Sensitive Unclassified Non-Safeguards Information and Safeguards Information for Contention

Preparation on a Combined License for Callaway 2. 74 Fed. Reg. 6,064 (Feb. 4, 2009). On April 6, 2009, MoPSC filed its Petition now before the Board.

IV. The Petition For Admission As An Interested State Should Be Granted

The Commission's regulations allow an interested State to participate in a hearing as a non-party. 10 C.F.R. § 2.315(c). Under Section 274(l) of the Atomic Energy Act, the State in which a proposed facility will be located has the right to participate in that facility's licensing proceedings. 42 U.S.C.A. § 2021(l) (West 2009). Commission regulations require, however, that each State requesting to participate designate a single representative for the hearing. 10 C.F.R. § 2.315(c). Because Callaway 2 will be located in Missouri and because MoPSC has asserted that it will be the State's representative for this proceeding,² AmerenUE supports MoPSC's admission as an interested State.

V. The Petition For Discretionary Intervention Should Be Denied

To be admitted as a party in this proceeding, MoPSC must demonstrate standing and plead at least one admissible contention. 10 C.F.R. § 2.309(a). Even when a petitioner requests discretionary intervention, which eliminates the requirement to establish standing to intervene as a matter of right if certain other factors are satisfied, an admissible contention is still required. Andrew Siemaszko, CLI-06-16, 63 N.R.C. 708, 719 (2006); Pacific Gas and Electric Co. (Diablo Canyon Nuclear Power Plant, Units 1 and 2), CLI-02-16, 55 N.R.C. 317, 346 (2002). As MoPSC states explicitly in its Petition, it "has no contentions to file respecting Callaway Unit 2." Petition at 2. Therefore admission of MoPSC as a discretionary intervenor would be inappropriate.

² See Petition at 1.

VI. Conclusion

For all of the foregoing reasons, the Board should grant MoPSC's Petition to participate in this proceeding as an interested State, but the Board should deny MoPSC's request for discretionary intervention.

Respectfully Submitted,

/Signed (electronically) by Michael G. Lepre/

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May 1, 2009

ATTACHMENT 1



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FOR IMMEDIATE RELEASE

**AmerenUE Requests Sponsors to Withdraw
Missouri Clean and Renewable Energy Construction Bills in General Assembly**

***Company Appreciates Strong Support Offered by Courageous Legislators,
Applauds Vigorous Debate about Energy Issues***

ST. LOUIS, MO, April 23, 2009—Senior management of AmerenUE, the Missouri operating subsidiary of Ameren Corporation (NYSE: AEE), today announced that they have asked the legislative sponsors of the Missouri Clean and Renewable Energy Construction Act (SB228/HB554) to withdraw the bills from consideration by the General Assembly.

"We want to thank the visionary leadership in both the Missouri House and Senate, where this legislation won strong initial support in committees in both bodies," said AmerenUE President and Chief Executive Officer Thomas R. Voss. "Many representatives and senators understood the need for acting now to secure Missouri's energy independence and security, agreeing with us that allowing these funding mechanisms is best for Missouri.

"As we were moving forward to preserve the option for nuclear energy for our state, we stressed that we needed financial and regulatory certainty before we could begin construction. However, the current version of the bill being debated in the Senate strips the legislation of the very provisions we needed most to move forward. As a result, AmerenUE is suspending its efforts to build a nuclear power plant in Missouri."

The legislation, as originally proposed, would have allowed regulators to authorize funding mechanisms for construction of clean energy plants in Missouri—including a nuclear power plant, which UE officials believe offered the best solution for providing reliable, low-cost energy with a reduced carbon footprint. A key element of the legislation, known as CWIP, or construction work in progress, is a funding plan used across the United States to allow utilities to recover financing costs from customers, while building a new plant. Current Missouri law prevents Missouri investor-owned utilities from recovering any plant development costs until an energy plant is operating. This law makes financing a new plant in the current economic environment impossible.

-- more --

Add One

"We salute the strong leadership of the bill sponsors---Senators Delbert Scott and Frank Barnitz and Representatives Ed Emery and Gina Walsh; of individuals like Hugh McVey, of the AFL-CIO; of officials of cooperative and municipal utilities and associations; and of union, civic and environmental leaders who understood the benefits to customers of this legislation. They understood the importance of bringing 3,000 jobs and over \$6 billion in economic benefits, including significant tax revenues, to the state with this clean energy project. We also want to thank the hundreds of people who wrote letters supporting this legislation. These individuals are only some of the many who helped our elected officials understand that this legislation is an essential first step for development of clean energy sources in Missouri."

However, Voss said at this point the legislation does not provide the assurances needed for UE to take on a multi-billion dollar project. "A large plant would be difficult to finance under the best of conditions, but in today's credit constrained markets, without supportive state energy policies, we believe getting financial backing for these projects is impossible," he said. "Pursuing the legislation in its current form will not give us the financial and regulatory certainty we need to complete this project."

"While we are disappointed with the outcome of this legislative initiative, the Missouri Clean and Renewable Energy Construction Act sparked a vigorous debate about energy issues and caused everyone involved to think more deeply about energy policy," added Voss. "That debate has established a foundation for the constructive energy policy discussions we must continue to have with legislators, regulators, customers and other stakeholders to meet the energy needs of our children and grandchildren in decades to come." Energy demand in Missouri has increased 50 percent since 1990 and is projected to grow significantly in the next 20 years.

Voss added that UE has been a vital part of Missouri for over 100 years. "We illuminated the 1904 Worlds Fair. We built Bagnell Dam at the Lake of the Ozarks during the Great Depression, and since 1984, our Callaway Nuclear Plant has provided safe, reliable, affordable clean energy. AmerenUE turned on the power yesterday and today and will always work to keep the power on," he said. "Now, we will continue looking at options for providing the electricity Missourians will need in coming years."

With residential electric retail rates that are approximately 38 percent below the national average, AmerenUE provides electricity and natural gas to 1.2 million customers in Missouri. With assets of approximately \$23 billion, Ameren Corporation (www.ameren.com) serves 2.4 million electric customers and one million natural gas customers in a 64,000-square-mile area of Missouri and Illinois.

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Forward-looking Statements

Statements in this release not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed elsewhere in this release and in our filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations and future rate proceedings or future legislative actions that seek to limit or reverse rate increases;*
- changes in laws and other governmental actions, including monetary and fiscal policies;*
- changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including AmerenUE and Ameren Energy Marketing Company;*
- increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely fashion in light of regulatory lag;*
- prices for power in the Midwest, including forward prices;*
- business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products;*
- disruptions of the capital markets or other events that make the Ameren companies' access to necessary capital, including short-term credit, impossible, more difficult or costly;*
- our assessment of our liquidity and the effect of regulatory lag on our available liquidity sources;*
- actions of credit rating agencies and the effects of such actions;*
- operation of AmerenUE's nuclear power facility, including planned and unplanned outages, and decommissioning costs;*
- the effects of strategic initiatives, including acquisitions and divestitures;*
- the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which could have a negative financial effect; and*
- legal and administrative proceedings.*

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

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ATTACHMENT 2

AmerenUE
Callaway Plant

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April 28, 2009

U.S. Nuclear Regulatory Commission
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ALNRC 00018



**AMERENUE – CALLAWAY PLANT UNIT 2,
NRC Docket No. 52-037
Suspension of Efforts to Build Proposed Nuclear Power Plant**

This letter provides information on developments regarding legislation proposed to revise Missouri law relative to rate recovery of financing costs during power plant construction.

In early 2009 legislation was proposed to revise Missouri law which prevents Missouri investor-owned utilities from recovering any plant development costs, including financing costs until an energy plant is operating. This proposed legislation was entitled the Missouri Clean and Renewable Energy Construction Act (SB228/HB554) and would have allowed regulators to authorize funding mechanisms for construction of clean energy plants in Missouri—including a Callaway Plant Unit 2, which UE officials believe offered the best solution for providing reliable, low-cost energy with a reduced carbon footprint.

On April 23, 2009 AmerenUE announced that they have asked the legislative sponsors to withdraw the bills from consideration by the Missouri General Assembly, citing “the current version of the bill being debated in the Senate strips the legislation of the very provisions we needed most to move forward.” A copy of the press release is attached.

AmerenUE also announced on April 23, 2009 that it was suspending its efforts to build a nuclear power plant in Missouri. AmerenUE requests that the current activities associated with the review of our application under Docket 52-037 be continued while we review our options associated with the license application for a new nuclear unit at Callaway. This review has already commenced. Precipitous steps to place the review of the current application on hold could impact certain of our options which are under consideration. We are sensitive to the fact

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that continuation of the review of our application impacts your resources. We pledge to keep you informed of the status of our internal review in order for us to collectively work best together and assist you in arranging your resources in the review of our and other company's license applications.

We look forward to additional discussions related to this request. I can be reached at 573-676-8241 or THerrmann@ameren.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. E. H.' followed by a long horizontal flourish.

T. E. Herrmann
Vice President, Engineering

TEH/DS/lrd

Attachment: Ameren News Release, April 23, 2009

cc:

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May 1, 2009

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

Before the Atomic Safety and Licensing Board

In the Matter of)	
)	Docket No. 52-037-COL
UNION ELECTRIC COMPANY d/b/a AmerenUE)	
)	
(Callaway Power Plant, Unit 2))	ASLBP No. 09-884-07-COL-BD01
)	
(Combined License))	

CERTIFICATE OF SERVICE

I hereby certify that, on this 1st day of May 2009, a copy of the foregoing “AmerenUE’s Answer To The Public Service Commission Of The State Of Missouri’s Petition For Leave To Intervene As An Interested State, Or, In the Alternative, Petition For Discretionary Intervention,” dated May 1, 2009, was provided to the Electronic Information Exchange for service upon the following persons.

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