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October 19, 1981

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Dr. Jerry R. Kline
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Washington, D.C. 20555

In the Matter of
Union Electric Company
(Callaway Plant, Unit 1)
Docket No. STN 50-483 OL

Administrative Judges Gleason, Bright and Kline:

Please find enclosed, for your information, a copy of the press release recently issued by Union Electric Company to announce the cancellation of Unit 2 of the Callaway Plant and a change in the schedule for Unit 1.

Please note that where the press release states that Unit 1 is now expected to be "completed" in early 1984, it refers to the commencement of commercial operation. The more meaningful schedule milestone for licensing purposes is the

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Dr. Jerry R. Kline
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expected fuel load date. I advised, at the special prehearing conference, that fuel loading was scheduled to occur in October, 1982. Fuel loading is now scheduled for June, 1983 -- a change of eight months.

Sincerely,

Thomas A. Baxter

Thomas A. Baxter
Counsel for Applicant

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Enclosure

cc: Service List

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
)
UNION ELECTRIC COMPANY) Docket No. STN 50-483 OL
)
(Callaway Plant, Unit 1))

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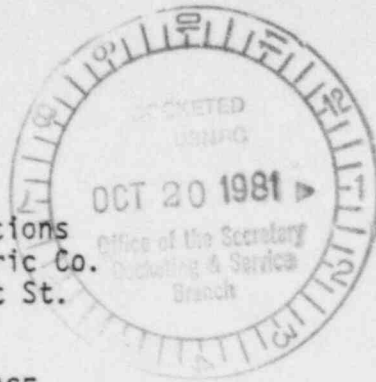
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FOR IMMEDIATE RELEASE

October 9, 1981

Union Electric Company announced today that it is cancelling the second unit of its Callaway nuclear power plant. It had been scheduled to go into operation in 1990. Union Electric Board Chairman Charles J. Dougherty said, "We regret having to make the decision to cancel this unit, but we cannot expose our investors and customers to the financial risks and uncertainties inherent in its construction."

"The inability to include plant under construction in our rate base and the ever-deepening regulatory morass are continually and dramatically increasing the financial risks associated with the construction of nuclear generating facilities," Dougherty said.

"For the past several years, we have been able, at relatively little cost, to maintain the option to build the second Callaway unit. Now, however, we have reached the point where we can no longer maintain that option without incurring substantial additional costs," Dougherty said.

"On many occasions we have pointed out that we elected to build a nuclear plant because we were convinced that nuclear fuel provided the most efficient, most economical, safest, and most environmentally-acceptable method of generating the additional electricity that will be required by our customers. That is still true today", Dougherty asserted. "However", he continued, "the prohibition against including plant under construction in

rate base, which was harmful when adopted by initiative in 1976, has now become intolerable because of the continually increasing red tape of regulation. In other words, the extremely unrealistic requirement that billions of dollars must be invested over a decade or more before a cash return is allowed thereon makes the financing of such investment very unattractive in spite of the overall economic advantage of nuclear generation."

"Although cancellation of the second Callaway unit will result in power reserves falling below minimum levels in the early 1990's", Dougherty said that the Company will immediately begin examining other available alternatives for meeting the area's power needs.

About a month ago, when the Company revealed that it was considering cancelling the second unit it was estimated that such a cancellation would amount to about \$70 million after taxes. Dougherty said that was still a reasonable estimate. He reiterated that the Company would seek to recover such costs in its rates.

Dougherty also announced that the first unit of the Callaway Plant, which had been scheduled for completion in April 1983, is now expected to be completed in early 1984. The first unit is expected to cost \$2.1 billion.

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NOTE: A news conference will be held at 1:00 p.m. today (October 9). Mr. Dougherty will be available to answer media questions concerning this release. The conference will be held at Union Electric's General Office Building, 1901 Gratiot Street, St. Louis. Those attending should park on the West side of the building and enter through the West lobby.