



October 10, 2019

Gary Pendergrass, PE, RG
Chairman, Missouri Air Conservation Commission
Missouri Department of Conservation
P.O. Box 176
Jefferson City, MO 65102

Re: Comments opposing the Missouri Air Conservation Commission resolution to repeal Missouri's ban on Construction Work in Progress

Chairman Pendergrass and Commissioners,

First I would like to thank the Missouri Air Conservation Commission (MACC) for delaying a vote on the proposed resolution and providing a comment period beyond the September 26th meeting. As stated at the meeting during my public testimony and again in this letter, Missouri Coalition for the Environment (MCE) opposes this resolution and requests the MACC to suspend the resolution or for Commissioners to oppose it should it come to a vote.

Only one resolution has been passed by the MACC with a directive to the Missouri Legislature. It was passed in 2005 and related to the vehicle emissions testing program for the St. Louis region; a program that the MACC had a role in promulgating once lawmakers passed enabling legislation in 1994. The resolution before you is different than the previous resolution because the MACC was not involved in the promulgation or passage of CSR 393.135 like it was with the automobile emissions program, nor has the MACC passed a resolution guiding the Missouri Legislature on energy policy in its history.

I hope public opinion is meaningful to the MACC when considering the proposed resolution. Regarding the will of Missouri voters, there are two examples of statewide votes informing our energy policies. Missouri voters banned Construction Work in Progress (CWIP) via Proposition 1 in 1976, which passed with 63% of the statewide vote.¹ In 2008, Missouri voters passed a renewable energy standard (RES) with 66% of the statewide vote, which defined renewables and did not include nuclear power.² Missouri voters have opposed paying in advance for

¹ [https://ballotpedia.org/Missouri_Electric_Utility_Rate,_Proposition_1_\(1976\)](https://ballotpedia.org/Missouri_Electric_Utility_Rate,_Proposition_1_(1976))

² <https://www.sos.mo.gov/CMSImages/ElectionResultsStatistics/AllRacesGeneralNovember2008.pdf>

nuclear power while supporting expansion of renewable energy, which I hope the commissioners will strongly weigh when deciding how to vote on this resolution.

The stated aim of the resolution is for the “advancement of clean air and a secure energy future for Missouri.” If this is truly the intended goal of Commissioners, rather than picking a preferred energy source, the resolution would seek to include all low- and no-carbon energy sources. Renewable energy and energy storage is noticeably lacking, even though these energy technologies would qualify for the “advancement of clean air and a secure energy future for Missouri.” The resolution also lacks reference to load reduction through energy efficiency programs that utilities admit are the cheapest, cleanest, and safest way to meet energy demand. I encourage the MACC to invite experts in their field to discuss renewable energy and energy efficiency policies before passing the first resolution in its history that suggests energy policy guidance to the Missouri Legislature.

The MACC should also consider the last ten years of legislative history regarding major changes to how the Public Service Commission (PSC) regulates monopoly electric utilities. Ten years ago, Ameren pursued a legislative campaign in Jefferson City to effectively do what this resolution states. The utility was rebuked by lawmakers concerned about the potential for skyrocketing utility rates; concerns that have been substantiated based on real-world examples of struggling and failed nuclear projects in our country over the last ten years. In 2011, Ameren supported a bill that would slowly erode Missouri’s voter-approved ban on CWIP. Again, the legislation failed to pass. A few years later, Ameren recalibrated its nuclear ambitions by teaming up with Westinghouse to support a bid for a Department of Energy (DOE) grant to support small modular reactors (SMRs). The DOE passed over the Ameren and Westinghouse SMR proposal. Shortly thereafter, Westinghouse went bankrupt due to its overleveraged nuclear division. Ameren Missouri eventually was able to work through a change to how the PSC regulates monopoly utilities in 2018. Worth noting for this discussion, the legislative text defines investments that qualify for early cost recovery as, “...all rate base additions, except rate base additions for new coal-fired generating units, new nuclear generating units, new natural gas units, or rate base additions that increase revenues by allowing service to new customer premises.”³ The legislation approved and signed into law is a result of Ameren’s understanding that nuclear power is not financially viable in Missouri. Again, I suggest the MACC suspend consideration of the proposed resolution considering the Missouri Legislature passed a comprehensive utility law in 2018.

Finally, I want the MACC to seriously consider the actual financial risks of nuclear power for Missouri ratepayers and taxpayers. Nuclear power is so risky that banks will not lend for nuclear reactor construction and insurance companies will not cover operating nuclear reactor due to the exorbitant cost of a severe disaster.

³Senate Bill 564 (2018) pg. 9: <https://www.senate.mo.gov/18info/pdf-bill/tat/SB564.pdf>

There are only two states that have actually reached the construction phase for new nuclear power plants, while many other proposed projects have been cancelled, including Ameren's Construction and Operating License with the Nuclear Regulatory Commission in 2015.⁴ The Georgia project is underway, although significantly behind schedule and over budget, whereas the South Carolina project was cancelled after \$2 billion dollars had been collected from ratepayers.

Georgia Power – Vogtle Reactor Project

- **Total Cost:** In 2008, \$14 billion was the estimated cost for two of the Westinghouse AP1000 nuclear reactors. \$25-\$27 billion is the current estimate for the two reactors.⁵
- **Timeline:** Year 2016 and 2017 were the estimated completion dates for the two reactors, one in each year. 2024 is the new estimated time for completion of the two reactors, with further delays possible.
- **Taxpayers:** \$8.3 billion in federal loan guarantees from the DOE was earmarked for this project under President Obama, which comes from the same federal loan guarantee program as the \$525 million lost on Solyndra, the infamous solar manufacturer. \$3.7 billion in addition federal loan guarantees were issued by the DOE under President Trump, bringing the total federal taxpayer expense to \$12 billion.⁶

SCANA – VC Summer Reactor Project

- The Federal Bureau of Investigation found the utility executives lied to shareholders and regulators after the project was cancelled in 2017. The utility has been the target of lawsuits, including a class action from ratepayers and another from shareholders. Customers are now receiving pennies on the dollar they paid for the construction of the VC Summer nuclear project and the resolution of the shareholder lawsuit has been potentially blocked.⁷ More than \$2 billion was collected from ratepayers before the project was cancelled.

By asking lawmakers to repeal Missouri's voter-approved ban on Construction Work in Progress, the MACC endorses socialized cost on captive utility ratepayers while privatized profits of nuclear power construction for monopoly utility shareholders. Like customers in Georgia and South Carolina, the MACC resolution would subject people to pay for a nuclear power plant for

⁴ St. Louis Post-Dispatch, July 31, 2015: https://www.stltoday.com/business/local/ameren-officially-pulls-plug-on-new-callaway-nuke/article_c4202562-c6c3-5b93-95ee-f45dd8778378.html

⁵ Power Magazine; September 24, 2018: <https://www.powermag.com/how-the-vogtle-nuclear-expansions-costs-escalated/?pagenum=1>

⁶ DOE Press Release; March 22, 2019: <https://www.energy.gov/articles/secretary-perry-announces-financial-close-additional-loan-guarantees-during-trip-vogtle>

⁷ The Post and Courier https://www.postandcourier.com/business/scana-ceo-s-testimony-on-failed-sc-nuclear-project-watched/article_ca72de04-e420-11e8-8e98-87936fbc9cc3.html

which they may never see a benefit, whether that person moves outside of the service territory before the project is complete, their time on Earth expires, or the project is cancelled and the utility keeps the money even though no service is provided to its customers.

In conclusion, I encourage the MACC to vote against the resolution if there is a vote or further delay the vote so you can better inform yourselves on the financial risks of nuclear reactors and reflect on how these risks could negatively impact people on low- and fixed-incomes.

Thank you for your consideration.

A handwritten signature in black ink that reads "Ed Smith". The signature is written in a cursive, slightly slanted style.

Ed Smith
Policy Director
Missouri Coalition for the Environment
3115 S. Grand Blvd., Ste. 650
St. Louis, MO 63118
(314) 727-0600