



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024	
COMMITTEE: Utilities			
TESTIFYING: <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: AVERY FRANK		PHONE NUMBER: 865-985-6261	
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TO THE HONORABLE MEMBERS OF THIS COMMITTEE Thank you for the opportunity to testify. My name is Avery Frank. I am a policy analyst at the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own and are offered in consideration of enabling the construction of clean nuclear energy projects in Missouri. The nuclear energy sector is a lot different now than it was 50 years ago, but the facilities that make up our infrastructure are not. Most of the United States’ fleet, including our very own Callaway Plant, was built between 1970 and 1990.1 However, following the Three Mile Island incident, and owing to general fear surrounding nuclear technology in the Cold War; some anti-nuclear policies (both at the federal and state level) emerged that have hampered the growth of clean, reliable, and powerful nuclear energy.2 One such policy passed in Missouri prevents utilities from raising rates in order to help pay for construction works in progress. This 1976 construction work-in progress (CWIP) law appeared to be created partly to halt the growth of nuclear energy in Missouri—and it has done its part for half a century.3 Facing stringent state and federal regulations, the nuclear energy industry has had to adapt in order to survive in a difficult regulatory environment. One adaptation has been the development of small modular reactors (SMRs). These types of reactors are different from our well-known Callaway Plant. They are smaller (both in size and in power production) and more versatile. Specifically, they can be pre-fabricated, combined together, and built in a wider range of geographical settings. In addition, they are even safer than older and larger nuclear reactors—which themselves are very safe. Finally, SMRs are less likely to be affected by a natural disasters or targeted attacks, as they do not require power from the grid to start-up or cool down.4 HB 1435 and 1804 would help Missourians reap the benefits of a nuclear renaissance with the emergence of SMRs and would help lay a foundation for nuclear energy development by neutralizing a regulation that was created in part to limit the industry. By allowing utilities to raise rates for SMR projects only, this bill could make nuclear investment more feasible in Missouri. HB 1435 and 1804 would help give Missourians access to future clean, powerful, and reliable energy even as coal plants continue to be decommissioned.5 Nuclear Energy’s Construction Process A nuclear project is an enormous undertaking, but the benefits are long-lasting, with experts saying there are no “technical limits” to plants operating for 80 years or longer.6 Such a lengthy lifespan helps justify the admittedly significant upfront construction costs.7 In Missouri, the CWIP law prohibits utilities from charging current energy customers for expenses during the construction phase. For nuclear energy, this is seemingly a dealbreaker. The current law essentially requires a state utility to fund the entire project on its own without passing on any of its additional charges on to customers during the construction process.8 This is an issue for nuclear construction, which can be derailed for months due to the understaffed Nuclear Regulatory Commission (NRC).9 HB 1435 and 1804 would

make future capital intensive nuclear projects more feasible. The SMRs that would benefit from HB 1435 and HB 1804 have several advantages over larger, traditional reactors. The shortcomings of the latter have become evident in the time overruns that have plagued Georgia's two newest traditional reactors (Vogtle Units 3 & 4).¹⁰ Whether it is due to regulations, risk-averse investors, or other challenges associated with large construction projects nowadays¹¹—there may be great hesitancy towards constructing traditional power plants with enormous cooling towers. However, as mentioned, the nuclear energy sector is changing, and Missouri should be ready for a potential renaissance brought about by SMRs. SMRs are pre-fabricated, so when reactor designs are approved, the same design can be used on numerous projects. Thus, construction costs and invested time should decrease as more successful designs are approved. SMRs are also smaller and safer. Tennessee's first planned SMR would produce 300 megawatts of electricity and have a facility the size of a football field.¹² Nuclear energy in general is not land intensive, with solar and wind needing 31 and 173 times more land to produce the same amount of electricity, respectively.¹³ One of the reasons SMRs can be so small is that they do not need power to cool down. In traditional reactors like Callaway, there are enormous cooling towers that contribute to keeping the reactor at normal temperatures. That is not needed for SMRs, which have built-in mechanisms to cool them down in case of emergency.

How These Bills Could Benefit Missouri As coal power is being phased out, Missourians will need an energy source that will keep the lights on and the air clean. Nuclear power can check both of these boxes—but power plants do not arise out of thin air, and they won't be built in Missouri if the regulatory environment here makes them infeasible or prevents them from being cost effective. Neutralizing the CWIP law through HB 1435 and HB 1804 would help utilities shoulder the up-front cost of plant construction so that they can work with both domestic and international nuclear developers to revive our state's nuclear industry.¹⁴

HB 1435 and 1804 Should Add a Potential Safeguard for Missouri Citizens HB 1435 and 1804 could benefit from incorporating a refund provision to protect consumers in case construction is never completed. There are valid concerns with potentially paying for a project that may never come to fruition. Adding a refund measure (if the project is cancelled) could help ease the concerns of ratepayers. A refund measure would also give utilities an additional incentive to finish what they started, which would further signal resolve to develop these reactors.

NOTES

1. Most U.S. Nuclear Power Plants Were Built between 1970 and 1990. U.S. Energy Information Administration. www.eia.gov/todayinenergy/detail.php?id=30972. Accessed 6 Feb. 2024.
2. Going Nuclear: The Benefits of Nuclear Regulatory Reform. The Heritage Foundation, 26 Apr. 2023; www.heritage.org/nuclear-energy/event/going-nuclear-the-benefits-nuclear-regulatory-reform.
3. Stokes, David. "Changes to Utility Financing Regulations Necessary for Cleaner, More Efficient Energy." Show Me Institute, 28 Feb. 2011; showmeinstitute.org/blog/privatization/changes-to-utility-financing-regulations-necessary-for-cleaner-more-efficient-energy.
4. "5 Key Resilient Features of Small Modular Reactors." Energy.Gov, 2018; www.energy.gov/ne/articles/5-key-resilient-features-small-modular-reactors.
5. "Integrated Resource Plan: Ameren Missouri." Ameren Missouri, 2023; www.ameren.com/missouri/company/environment-and-sustainability/integrated-resource-plan.
6. "What's the Lifespan for a Nuclear Reactor? Much Longer than You Might Think." Energy.gov: Office of Nuclear Energy; www.energy.gov/ne/articles/whats-lifespan-nuclear-reactor-much-longer-you-might-think. Accessed 6 Feb. 2024.
7. "Financing Nuclear Energy." World Nuclear Association, Oct. 2020; www.world-nuclear.org/information-library/economic-aspects/financing-nuclear-energy.aspx#:~:text=Nuclear%20power%20plants%20are%20more%20complex%20than%20other,plants%20are%20frequently%20built%20in%20about%20two%20years.
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9. Frank, Avery. "Oppenheimer Is Not the Only Interesting Thing in Nuclear This Summer." Show Me Institute, 9 Aug. 2023; showmeinstitute.org/blog/energy/oppenheimer-is-not-the-only-interesting-thing-in-nuclear-this-summer.
10. Amy, Jeff. "The First US Nuclear Reactor Built from Scratch in Decades Enters Commercial Operation in Georgia." AP News, 1 Aug. 2023; apnews.com/article/georgia-power-nuclear-reactor-vogtle-9555e3f9169f2d58161056feaa81a425.
11. Vartabedian, Ralph. "Years of Delays, Billions in Overruns: The Dismal History of Big Infrastructure." The New York Times, 28 Nov. 2021; www.nytimes.com/2021/11/28/us/infrastructure-megaprojects.html.
12. Yoganathan, Anila. "TVA's Next-gen Small Nuclear Reactor Will Open at Clinch River Site in Oak Ridge." Knoxville News Sentinel, 23 Mar. 2023; www.knoxnews.com/story/news/local/tennessee/2023/03/23/tva-next-gen-small-nuclear-reactor-will-be-built-near-oak-ridge/70034116007.
13. Derr, Emma. "Nuclear Needs Small Amounts of Land to Deliver Big Amounts of Electricity." Nuclear Energy Institute, 29 Apr. 2022; nei.org/news/2022/nuclear-brings-more-electricity-with-less-land.
14. Frank, Avery. "Can Missouri Be a Leader in a Nuclear Energy Resurgence?" Show-Me Institute, 11 Aug. 2023; showmeinstitute.org/blog/energy/can-missouri-be-a-leader-in-a-nuclear-energy-resurgence.



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BILL NUMBER: HB 1804		DATE: 2/7/2024	
COMMITTEE: Utilities			
TESTIFYING: <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
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Missouri Farm Bureau has member adopted policy that reads, "With the Missouri Public Service Commission (PSC) overseeing the costs charged to rate payers, we support amending the Construction Work In Progress Law to allow cost recovery during construction of new nuclear generation facilities in Missouri."



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WITNESS NAME: REBECCA EICHELBERGER		PHONE NUMBER: 573-230-1458	
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Missouri's electric cooperatives have no position on the PSC ratemaking portions of the bill because our respective member-elected boards of directors, not the PSC, set our rates subject to applicable USDA Rural Utility Service (RUS) accounting and finance rules. Our general rule has been and continues to be to not to take a position on legislation that does not directly affect us. However, we do support what we understand to be the basic public policy and intent of the bill of removing possible impediments to the option of nuclear energy as an additional generation source for the state of Missouri. There are two reasons for this. First, as the entire electric industry is being pushed toward a low-carbon or no-carbon future, reliability of base load generation is a fundamental concern. Current renewable options, such as wind and solar, aren't capable of producing consistent, 24-hour power for long periods of time. And they aren't dispatchable, which means that they can't be called upon when needed. Therefore, another form of generation will be needed that is both dispatchable and reliable. Of all of the base load options currently available, only nuclear can do so without any CO2 emissions. Development of these sources will be critical if the state wants to ensure reliable electricity in the future. The challenges of recent extreme weather events has certainly drove home the need for reliable base load generation. Second, several years ago the electric cooperatives, municipal, and investor-owned utilities came together to pursue a partnership type of arrangement to develop the first small modular nuclear reactor in the state. Such a partnership promised to benefit all three types of utilities and their ratepayers because it would reduce each partners' share of the overall costs as well as spread out the risks necessarily associated with large capital projects. It was for that reason that the cooperatives at that time supported changes to the anti-CWIP statute. The anti-CWIP statute for investor-owned electric utilities was enacted in 1976 during the height of the anti-nuclear power movement. To the extent that it had the effect of increasing the overall costs of the Callaway plant and was a factor that led to the cancelation of a planned second unit, it still appears to stand as an impediment to future industry partnerships that could be formed to jointly develop nuclear power as a reliable, clean power generation option. For these reasons, we support House Bill 1648.



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WITNESS NAME		
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WITNESS NAME: ARNIE C. "HONEST-ABE" DIENOFF-STATE PUBLIC ADVOCATE		PHONE NUMBER:
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I am Opposed to this Bill. This Legislation heavily favors Big Utility Companies and the Consumers will see Bill increases in paying for infrastructure. We The people shall prevail over the high priced Lobbyist. To view my Testimony, go to the House Website, Click on "Media" and the Committee to view the video.



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COMMITTEE: Utilities		
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
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WITNESS NAME: CLARISSE TEEPE-FRYREAR		PHONE NUMBER:
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Say NO to HB 1804



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WITNESS NAME: DOUG GALLOWAY		PHONE NUMBER: 573-230-3112	
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TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
WITNESS NAME		
INDIVIDUAL:		
WITNESS NAME: JAMES OWEN		PHONE NUMBER:
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February 7th, 2024 Renew Missouri Advocates, Inc. 915 East Ash St. Columbia, Missouri 65201 Re: Written Testimony to the House Utilities Committee re: HB 2541, 1804, and 1435

To Mister Chairman and Members of the Committee, Renew Missouri, a 501(c)(3) organized to promote clean energy policy, wishes to testify in opposition to the concept of Construction Work in Progress, encompassed by three bills before this Committee today. The law repeals the prohibition of investor-owned utilities from seeking rate recovery for capital projects while being built as CWIP will reverse the trend our state has seen with utility companies moving towards cheaper, cleaner, and more manageable energy sources as well as in their efforts to reduce energy production through efficiency measures. Further, we also believe any legislation that speeds up the rate increase process as HB 2541, 1804, and 1435 would – particularly during a time of concerns of inflation and shrinking household budgets – should be opposed. Missouri’s energy generation is changing for the better. Our state’s investor-owned utilities have moved more and more to cheap, abundant wind and solar production. In addition to providing power that does not need to be shipped in by train or that leaves waste that proves to be a challenge to store, these domestic wind farms have contributed to their local economies in addition to keeping residential utility rates low. Nor does it include the hundreds of millions of dollars and MW’s of power saved through the Missouri Energy Efficiency Investment Act (MEEIA). In fifteen years, in addition to saving customers and utilities money as well as reducing stress on our grid, MEEIA has also saved approximately 1.5 power plants worth of production. These are positive developments and developments Renew Missouri does not believe would have happened if nuclear power or gas were subsidized as this bill does. Our capacity is full and, as costly and inefficient coal plants retire, these clean sources of generation are meeting Missouri’s needs. There has been much excitement and anticipation in recent years around the idea of using CWIP to construct Small Modular Nuclear Reactors. Last November, Utah Associated Municipal Power Systems, terminated their proposed 600 MW SMR project due to unexpected cost increases. The plant was expected to be constructed for \$4.2 billion in 2018, then \$6.1 billion in 2020, and finally it was scaled down to 462 MW and the cost ballooned to \$9.3 billion last year before ultimately being cancelled. Customers remain on the hook for those costs. This is a regressive ratemaking policy that should be rejected. Rate recovery is not a significant concern for utilities at this time. Nor is the capacity for energy. We believe the existing process is motivating utilities to seek optimal generation sources without this change to the law. Please vote against House Bill 2541, 1804, and 1435. Thank you. With respect, James Owen Executive Director, Renew Missouri



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COMMITTEE: Utilities		
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
WITNESS NAME		
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We ratepayers should not be required to put up money up front for projects aimed to benefit utility stockholders. Rates are already too high because Evergy drags its feet on investing in wind and solar energy, which would be less expensive.



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COMMITTEE: Utilities			
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
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WITNESS NAME: JAY HARDENBROOK		PHONE NUMBER: 816-810-2066	
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COMMITTEE: Utilities			
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
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WITNESS NAME: JOHN COFFMAN		PHONE NUMBER: 573-424-6779	
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WITNESS NAME		
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WITNESS NAME: KORTNIE HUDDLESTON		PHONE NUMBER:
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HB1435 (Haley), HB1804 (Black), and HB2541 (Hurlbert) would repeal Missouri’s ban on charging ratepayers for construction work in progress (CWIP), a practice where ratepayers finance the cost of new power plants during construction; a risk that should be taken by shareholders who reap the financial reward of such investments. There’s literally no success story of CWIP being used for nuclear in the history of our country. These bills would overturn a decision made by Missouri voters and set up our state for the type of boondoggles experienced by monopoly utility customers in Florida, Georgia, and South Carolina. We don’t need to let monopoly utilities add more fees to gamble with ratepayer money on an unproven technology. This bill is designed to help monopoly utilities pay for Small Modular Nuclear Reactors (SMRs). The Nuclear Energy Institute (NEI) testified in the Missouri House Utilities Committee that SMRs will not be commercially available until the 2030s. Even that prediction should be taken lightly considering that the NEI promised a "nuclear renaissance" 15 years ago that ended with massive failures. The only "success" story is happening in Georgia, where a nuclear project is seven years behind schedule and more than \$15 billion over budget. CWIP is meant to lower interest rates for building large reactors that have a long construction schedule. SMRs are being touted as more affordable since if they are built they will be built in a factory and delivered to a site. CWIP is not needed for SMRs because 1) the purchase and installation should be quick (like buying a wind farm), and 2) SMRs are supposed to be more affordable than large reactors. Bill proponents claim CWIP is needed to build more renewable energy, but this is not true, as more renewable energy is already going online without CWIP. For example, Ameren recently purchased 700MW worth of wind farms without CWIP. Including the wind acquisition, Ameren will invest approximately \$4.5 billion on 3,100MW of wind and solar by 2030 without any regulatory changes. The utilities for which this bill is applicable did not testify in support of these bills during either committee hearing. Ameren’s long-range energy plan does not prioritize new nuclear. Evergy’s Sustainability Transformation Plan doesn’t prioritize new nuclear. There’s no real need for this bill because nuclear is not in the mix for new supply side generation for the utilities for which this bill is applicable. Monopoly utility customers should not have to turn over their hard-earned money to a publicly traded utility so it can try to build a nuclear reactor that is too risky for Wall Street bankers. Reject HB1435, HB1804, and HB2541.



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WITNESS NAME: MELISSA VATTEROTT		PHONE NUMBER: 314-727-0600	
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February 5, 2024
 Chairman Bob Bromley
 House Utilities Committee
 201 West Capitol Avenue
 Room 401-A
 Jefferson City MO 65101

Dear Chairman Bromley and Members of the Committee, Missouri Coalition for the Environment is a statewide, advocacy nonprofit organization that works to empower Missourians to protect their environment and health. House Bill 1435, House Bill 1804, and House Bill 2541 would allow utilities to charge customers for new power plants before they are completed and operational. This bill would undo the long-standing ban on Construction Work In Progress (CWIP) that passed in 1976 under Proposition 1 with a 63% of the statewide vote. We have two main concerns with these three bills we wish for the members of the committee to be aware of:

1. They will shift the liability for potential nuclear energy projects to consumers rather than the company tasked with constructing and receiving the necessary permits for their operation.
2. They will incentivize the creation of new nuclear power plants in Missouri and further add to the quandary of what to do with the radioactive waste created by these plants. Due to these concerns, MCE is opposed to this bill and therefore we urge you to vote "no" on HB 1435, HB 1804, and HB 2541.

There are consumer inequity concerns and climate change concerns associated with this framework facilitating the development of nuclear power plants. Other individuals are testifying today to speak to those concerns and MCE echoes them. Our testimony intends to highlight our second concern with this bill, incentivizing the creation of new nuclear power plants and the subsequent radioactive waste that comes with them. The United States currently lacks a plan for the long-term storage of spent nuclear fuel rods, and it has lacked this plan since the creation of nuclear power plants many decades ago. All nuclear power plants throughout the country store radioactive fuel rods on site in concrete encasings lined with steel, and the creation of any new plants will necessitate the storage of these materials on-site at those plants. While the greatest minds in the world helped develop this energy technology and on-site storage solution, there is no guarantee these current solutions will last long enough to protect the public. Depending on the stage of decay and usage of nuclear fuel, it can remain a public health threat for 24,000 to billions of years. We cannot extrapolate the population shifts and movements of people over that long of a timeframe. Furthermore, it is well documented that human error and natural disasters at nuclear power plants have created public health consequences for surrounding communities. These have occurred in older facilities with dated technology as well as newer ones that were marketed as being secured from natural disasters. In conclusion, the health impacts seen with nuclear power plant disasters across the world, the lack of a safe long-term storage plan, and the inevitable failure of human-designed systems should make clear that Missouri should not support any industry that generates radioactive waste. In short, we are leaving the health and safety of the land we are borrowing from our children and grandchildren to chance and the promises of an industry driven by profit, not the public's well-being. As such, MCE respectfully urges you to vote "no" on HB 1435, HB 1804, and HB 2541. Sincerely,

Melissa Vatterott Policy Director Missouri Coalition for the Environment mvatterott@moenvironment.org
(314) 727-0600 ext. 111



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024	
COMMITTEE: Utilities			
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
WITNESS NAME			
REGISTERED LOBBYIST:			
WITNESS NAME: MICHAEL BERG		PHONE NUMBER: 314-644-1011	
REPRESENTING: SIERRA CLUB MISSOURI CHAPTER		TITLE: SIERRA CLUB MISSOURI CHAPTER POLITICAL DIRECTOR	
ADDRESS: PO BOX 432010			
CITY: ST. LOUIS		STATE: MO	ZIP: 63143
EMAIL: Michael.Berg@sierraclub.org	ATTENDANCE: Written	SUBMIT DATE: 2/7/2024 11:16 AM	

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Sierra Club testimony in opposition of House Bill 1435 & House Bill 1804 before the Utilities Committee in the Missouri House of Representatives. We begin with new developments and a short rundown of all the reasons we oppose a nuclear CWIP. Below that is more detailed testimony from last year when testifying in opposition to House Bill 225 - none of these basic reasons have changed. Testimony emailed to all committee members includes graphs, better formatting and citation for all information. What's new in nuclear since House Bill 225 (2023)? The prospect of using Construction Work In Progress (CWIP) to build a nuclear reactor is even farther out of sight today than it was a year ago. The nuclear industry is way too risky for Wall Street and it's way too risky for Missourians. 1.

The NuScale small modular reactor (SMR), which was behind schedule and over budget when these bills were heard last year in committee, has since been officially canceled. 2. The Vogtle nuclear reactor project's costs increased an additional \$4 billion since the last House Utilities committee hearing on CWIP. The original estimate of \$14 billion for the two reactor project has ballooned to \$35 billion, and counting. The circumstances for why these bills are a bad deal for Ameren, Evergy, and Liberty customers have not changed. 1. All utility construction projects should have to play by the same set of consumer protection rules. The existing law should not change. 2.

Speaking of consumer protections, there are none in these bills. Sierra Club opposes these bills, but the legislature should not abdicate its responsibility for consumer protections to the promulgation of rules at the appointed Public Service Commission. The stakes of a nuclear reactor project are too high, and failure too possible, to allow Missouri to find itself in a situation like South Carolina. 3. Some of your constituents could perish from the earth after paying years for a nuclear project they will never benefit from, should the project succeed. 4. Don't forget there is no prohibition or obstacle in Missouri law that makes it harder to build a nuclear reactor compared to any other available resource. Ameren can apply to the Nuclear Regulatory Commission (NRC) to build a reactor, as it did in 2008, without CWIP. 5. None of the utilities, for which these bills apply, have a plan to build a nuclear reactor. 6. CWIP will increase inflation. CWIP enables utilities to build projects that could be significantly more expensive than the least cost option with comparable reliability according to a utility's own Integrated Resource Plan. 7. Utility customers are hurting more now than before the economic downturn from the pandemic. For example, according to the last reported data in January 2023, 1 in 6 residential Ameren customers were delinquent on a bill; that's more than 200,000 accounts, not the people who live at those accounts. In December 2019, Ameren had 98,000 delinquent accounts. 8. These bills are no different than a tax. They use the power of the state legislature to take money away from Missourians, forcing them to be the piggy

bank for a project that's too risky for utility shareholders and Wall Street bankers. 9. SMR technology will not be commercially viable for another six to eight years at best. Lawmakers should look at the financial trouble with NuScale in the same light as the financial calamities at the Vogtle and Summer projects. 10. Let venture capitalists and federal agencies, where research and development belongs, assume the risks of emerging technology in a historically risky industry.

Detailed Information on Why the Sierra Club Opposes Allowing Cost of Work in Progress Financing for New Nuclear Power Plants

Introduction Using the power of the state government to force captive electric utility customers to pay for something too risky for Wall Street bankers is effectively a tax. It's a tax because elected officials are extracting money from people that wouldn't have happened without legislative action. Missouri's largest monopoly utilities have no plans to build a new nuclear reactor. Ameren is fortunate that smart lawmakers like Senator Jason Crowell were dubious about Construction Work In Progress (CWIP) during the so-called "nuclear renaissance" pushed by the nuclear industry more than a decade ago; a renaissance that resulted in massive taxpayer and ratepayer money paying for waste, fraud, and abuse. Now the nuclear industry is using the same rose-colored glasses about the future of small modular reactors (SMRs) as it tries to distance itself from recent failures, like the \$9 billion a utility collected from ratepayers in South Carolina without a single kilowatt of electricity generated from a nuclear reactor. Simply put, \$9 billion for nothing. The utility CEO was sentenced to two years in prison while another utility executive was sentenced to fifteen months just two weeks ago. Under the best-case scenario, a scenario rarely realized in the nuclear industry, SMRs will not become commercially available until the late 2020s or early 2030s. I recommend lawmakers view the nuclear industry's assessment of SMR costs with a heavy dose of skepticism if recent past performance is any indication of the future. There's no need to pass this legislation now based on the uncertainty of SMRs combined with a lack of interest from Missouri's monopoly electric utilities. Future lawmakers are best suited to consider such a proposal. If that's not enough, Missourians are still managing the economic crisis brought on by COVID-19. Utilities, governments, and community organizations are putting millions into programs like LIHEAP, rental assistance, and direct financial assistance so people are not disconnected from utilities. The need for assistance from food banks throughout the state is in high demand. Utility disconnections for people who rent can lead to evictions. Ameren disconnected 81,508 customers from service due to late payment in 2022, with 20,083 disconnections in October alone. This bill will increase inflation. Giving a blank check for utilities to build one of the most expensive forms of power, according to their own numbers, is not a ticket to blunt increasing inflation. I hope lawmakers think about people with low- or fixed-incomes who need their money to pay for rent, food, or healthcare instead of being the piggy bank for monopoly electric utilities to build a nuclear reactor too risky for bankers, venture capitalists, or any private investor for that matter. The only real-world example of a large nuclear reactor that could finish construction and begin operation in this country is hardly a success story. The AP1000 project in Georgia is seven years behind schedule and counting. Originally estimated to cost \$14 billion for 2,000 megawatts of power, the Vogtle project will now cost a minimum of \$30 billion, while further cost overruns are likely. President Obama and President Trump chipped in \$12 billion in taxpayer-backed loans toward the project to keep it alive. Compare that to the 700 megawatts of wind that Ameren recently purchased for a little over \$1 billion and the difference between real-world costs is evident. Even more, Ameren did not need CWIP to acquire its new wind farms. Construction delays, cost overruns, and cancellations are norms in the nuclear industry. That's why saddling captive monopoly ratepayers with billions of dollars in increased electric bills, plus billions more in federal loan guarantees backed by United States taxpayers, is the only scheme available for financing a new nuclear reactor. Unprecedented Missouri Air Conservation Commission Action

Only one resolution was passed by the Missouri Air Conservation Commission (MACC) with a directive to the Missouri General Assembly before the commission passed its CWIP resolution in 2019. That resolution was passed in 2005 and related to the vehicle emissions testing program for the St. Louis region; a program the MACC had a role in promulgating once lawmakers passed enabling legislation in 1994. The CWIP resolution was different from 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, until now. What's odd about the resolution passed by the MACC in 2019 is that its stated purpose is to help create cleaner air, yet lacking in the resolution to the legislature was any mention of how energy efficiency, energy storage, or renewable energy can help achieve those goals. Update since the 2020 hearing on CWIP

Missouri Ameren and Evergy, Missouri's two largest monopoly electric utilities for which this bill would be applicable, announced long-range energy plans that do not include new nuclear. Ameren filed its Integrated Resource Plan (IRP) with the Public Service Commission (PSC) in September 2020 while Evergy filed its IRP in 2021. Neither of these plans seriously considered new nuclear. The major reason neither utility is currently considering nuclear in their near- and long-term plans is because it's simply too expensive compared to other resources. Nuclear is triple the cost of wind and double the cost of fracked natural gas based on Ameren's IRP it

submitted to the PSC. The numbers in the below chart are similar to those presented by the Missouri Office of Public Counsel to the Missouri Air Conservation Commission (MACC) in 2019 when it considered its CWIP resolution. Figure 6.4 is from Ameren Missouri's IRP submitted to the PSC in September 2020 and second chart is Lazard's Levelized Cost of Energy from October 2021: New supply side investments to meet energy demand do not require CWIP because costs are declining and private capital is readily available, especially for renewable energy like wind and solar. The same is not true for building new nuclear reactors. South Carolina The VC Summer nuclear reactor project was canceled after more than \$9 billion was collected from monopoly electric utility customers for the project. Customers will only receive \$520 million of the \$9 billion they spent on the project plus a four-year rate freeze thanks to a class action lawsuit. These ratepayers include people with low- and fixed-incomes who could have used that money to buy food, medicine, or anything else that wasn't a blank check to monopoly utility executives who decided to gamble with their money. People who could have used that money have perished from the earth. Georgia Announced in 2008, the Vogtle nuclear reactor project was estimated to cost \$14.3 billion and be completed in 2017. The project is now seven years behind schedule and more than \$15 billion over budget, with the potential for further cost overruns and construction delays. The project includes \$12 billion from Dept. of Energy federal loan guarantees with the remaining \$16 billion coming from utility customers. An update from Engineering News-Record in December 2020 includes: Testimony submitted by a team of financial analysts, led by the PSC Director of Utility Finance Tom Newsome, put it in perspective. The team noted that once the new units become operational, Georgia Power will likely request to add roughly \$8.1 billion to its rate base—or about 83% more than the \$4.4 billion assumed at the time of certification. As the Newsome team summarized, "In conclusion, ratepayers will pay substantially more both prior to and after the units begin providing service due to the delays and cost overruns." Earlier this year, a bipartisan group of Georgia State Senators – more than half of the chamber – introduced Senate Resolution 300 that opens with: A Resolution, Urging the Public Service Commission to pursue actions to protect 2,700,000 electricity customers from unjustly paying for construction mistakes, delays, and work corrections on 3 Units and 4 at Vogtle Electric Generating Plant and to prohibit Georgia Power from profiting on these construction mistakes, delays, and work corrections; and for other purposes. Nothing about this project has gone according to plan. This is the history of the nuclear industry and why banks stopped lending money for projects in the 1980s. CWIP & SMRs These bills are a nuclear tax. It uses the power of the government to take money away from people, in this case, monopoly electric utility customers based on geography. The will of Missouri voters should count for something. Missouri voters overwhelmingly opposed CWIP in 1976 via Proposition 1 while voters overwhelmingly supported a clean energy standard in 2008 via Proposition C. The 2008 clean energy standard did not include nuclear power. Meanwhile, the resolution passed by the MACC, an unelected commission appointed by the Governor, is unprecedented. It is the first time the MACC passed a resolution telling the General Assembly what to do on an issue for which it has no direct involvement. One intention of the bill is to allow utilities to purchase several SMRs as long as the total facility exceeds 200 megawatts. SMRs are unproven in their technology, safety, and most germane to this legislation, their cost. Relying on the Nuclear Energy Institute (NEI) to provide accurate information about the cost of SMRs, which will not be commercially viable for about a decade, would require blinders to the NEI's recent history of broken promises and terrible predictions about costs during the "nuclear renaissance." Lawmakers should take a wait-and-see approach given the current perils of building AP1000s compared to previous NEI promises. There is no need to rush into CWIP for unproven SMRs. The first SMR will not even be operational until the late this decade and that will be a test run of the technology at the Idaho National Laboratory, that is, if everything goes according to the plan. As for now, the costs are starting to skyrocket. Originally expected to cost \$58/MWh, the current estimate for the NuScale SMR is at \$89/MWh, nearly double the expected cost with room for that final number to continue moving north. Meanwhile, Bill Gates, whose personal wealth is valued around \$130 billion, is hedging his bet in Wyoming by requiring the U.S. Department of Energy to pay for half of the estimated \$4 billion for an SMR that could be operational by 2028. I encourage lawmakers to approach these estimates with skepticism based on the recent reality of building new nuclear reactors. These bills to apply CWIP to renewable energy sources like wind and solar as well as nuclear. CWIP is not needed for renewable energy because the energy is affordable and reliable with little risk during project development, especially compared to nuclear. Ameren Missouri recently acquired two wind farms totaling 700MW without using CWIP. As stated above, nuclear is the only energy source that relies solely on CWIP financing for projects to be developed because investors know that building new nuclear reactors is a financial gamble that rarely pays off. Conclusion Monopoly utility customers should not have to turn over their hard-earned money to a publicly traded utility so it can build a nuclear reactor that is too risky for Wall Street bankers. CWIP shields utility shareholders from the investment risk of a nuclear reactor with the goal of privatizing profits once it's complete. Missouri's largest utilities are not planning for new nuclear reactors. There's no good reason to pass this bill right

now. Written and prepared by Edward Smith for the Sierra Club Missouri Chapter.



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024
COMMITTEE: Utilities		
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
WITNESS NAME		
INDIVIDUAL:		
WITNESS NAME: MICHAEL DREYER		PHONE NUMBER:
BUSINESS/ORGANIZATION NAME:		TITLE:
ADDRESS:		
CITY:	STATE:	ZIP:
EMAIL: mdreyer93@gmail.com	ATTENDANCE: Written	SUBMIT DATE: 2/7/2024 5:29 PM

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HB1435 (Haley), HB1804 (Black), and HB2541 (Hurlbert) would repeal Missouri's ban on charging ratepayers for construction work in progress (CWIP), a practice where ratepayers finance the cost of new power plants during construction; a risk that should be taken by shareholders who reap the financial reward of such investments. There's literally no success story of CWIP being used for nuclear in the history of our country. These bills would overturn a decision made by Missouri voters and set up our state for the type of boondoggles experienced by monopoly utility customers in Florida, Georgia, and South Carolina. We don't need to let monopoly utilities add more fees to gamble with ratepayer money on an unproven technology. This bill is designed to help monopoly utilities pay for Small Modular Nuclear Reactors (SMRs). The Nuclear Energy Institute (NEI) testified in the Missouri House Utilities Committee that SMRs will not be commercially available until the 2030s. Even that prediction should be taken lightly considering that the NEI promised a "nuclear renaissance" 15 years ago that ended with massive failures. The only "success" story is happening in Georgia, where a nuclear project is seven years behind schedule and more than \$15 billion over budget. CWIP is meant to lower interest rates for building large reactors that have a long construction schedule. SMRs are being touted as more affordable since if they are built they will be built in a factory and delivered to a site. CWIP is not needed for SMRs because 1) the purchase and installation should be quick (like buying a wind farm), and 2) SMRs are supposed to be more affordable than large reactors. Bill proponents claim CWIP is needed to build more renewable energy, but this is not true, as more renewable energy is already going online without CWIP. For example, Ameren recently purchased 700MW worth of wind farms without CWIP. Including the wind acquisition, Ameren will invest approximately \$4.5 billion on 3,100MW of wind and solar by 2030 without any regulatory changes. The utilities for which this bill is applicable did not testify in support of these bills during either committee hearing. Ameren's long-range energy plan does not prioritize new nuclear. Evergy's Sustainability Transformation Plan doesn't prioritize new nuclear. There's no real need for this bill because nuclear is not in the mix for new supply side generation for the utilities for which this bill is applicable. Monopoly utility customers should not have to turn over their hard-earned money to a publicly traded utility so it can try to build a nuclear reactor that is too risky for Wall Street bankers. Reject HB1435, HB1804, and HB2541.



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024
COMMITTEE: Utilities		
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
WITNESS NAME		
INDIVIDUAL:		
WITNESS NAME: PAMELA SHAVER		PHONE NUMBER:
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CITY:		STATE: ZIP:
EMAIL: pjshaver999@gmail.com	ATTENDANCE: Written	SUBMIT DATE: 2/5/2024 10:59 AM
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I oppose HB 1804. Missouri utility customers are already struggling to pay their bills. Why place the burden on them for financing the cost of new power plants during construction? This risk should be taken by shareholders who may or may not reap the benefits of these plants when they are finally completed. Too many examples have already been set, especially in South Carolina, where ratepayers were forced to foot the bill for a project that never produced any energy.



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024
COMMITTEE: Utilities		
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
WITNESS NAME		
INDIVIDUAL:		
WITNESS NAME: RACHEL SPEED		PHONE NUMBER:
BUSINESS/ORGANIZATION NAME:		TITLE:
ADDRESS:		
CITY:		STATE: ZIP:
EMAIL: rachelghana@yahoo.com	ATTENDANCE: Written	SUBMIT DATE: 2/7/2024 8:27 AM
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Utility customers are already struggling to pay their bills. This proposed legislation would repeal Missouri's band on charging rate payers for construction work in progress. There's no success story of CWIP being used for nuclear in the history of our country. Please do not overturn a decision made by Missouri voters that would further burden their ability to pay their utilities.



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024	
COMMITTEE: Utilities			
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: RAY MCCARTY		PHONE NUMBER: 573-634-2246	
BUSINESS/ORGANIZATION NAME: ASSOCIATED INDUSTRIES OF MISSOURI		TITLE: PRESIDENT/CEO	
ADDRESS: 3234 W TRUMAN BLVD			
CITY: JEFFERSON CITY		STATE: MO	ZIP: 65109
EMAIL: rmccarty@aimo.com	ATTENDANCE: In-Person	SUBMIT DATE: 2/6/2024 5:40 PM	

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Associated Industries of Missouri opposes removing the prohibition against utility companies using "construction work in process" or CWIP to pass costs of projects to consumers through rates before the project produces any energy. This bill could cause Missouri utility consumers, including commercial and industrial ratepayers, to be liable for costs of projects undertaken by utilities but never put into production. Current law allows recovery of such costs AFTER the project begins producing energy. This flawed approach hurt ratepayers in Florida, Georgia and South Carolina. In fact, the CEO of South Carolina's SCANA Corporation was convicted for intentionally defrauding ratepayers and creating what one U.S. Attorney described as an "\$11 billion nuclear ghost town." In fact, Jan. 31, 2024, the NuScale small modular reactor program was terminated. The Utah Associated Municipal Power Systems in 2015 began the project to construct 12 reactor modules capable of a combined 600mw in generation with a target date of 2023 at a cost of \$3B. The plan was modified in 2018 to increase to a combined 700mw to "lower the cost." Cost of the project went from \$3B to \$4.2B in 2018, \$6.1B in 2020, and finally \$9.3B after it was scaled back down to 462mw in 2021. As we have suggested for the last several years, there are changes that could make this bill acceptable to ratepayers we represent. The 600mw number should be changed to 300mw at each appearance. The reference to "renewable source generating facility" relates to old language in an original bill that should be removed (lines 11 and 12). The sentence found on page 2 lines 26-30 should be removed (the bill currently allows additional amortization costs to be recovered through CWIP). Finally, and most importantly, ratepayers must receive compensation if the project is never built. We require companies to repay incentives if they fail to perform and utility companies shifting these costs to ratepayers should be treated the same as a matter of fairness.



MISSOURI HOUSE OF REPRESENTATIVES
WITNESS APPEARANCE FORM

BILL NUMBER: HB 1804		DATE: 2/7/2024	
COMMITTEE: Utilities			
TESTIFYING: <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
WITNESS NAME			
BUSINESS/ORGANIZATION:			
WITNESS NAME: TRINA RAGAIN		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME: EMPOWER MISSOURI		TITLE: LEAD POLICY STRATEGIST	
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EMAIL: trina@empowermissouri.org	ATTENDANCE: Written	SUBMIT DATE: 2/7/2024 2:41 PM	

THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.

Date: February 7, 2024
To: Chairman Bromley and members of the Utilities Committee
From: Trina Ragain, Lead Policy Strategist, Empower Missouri
Re: Opposition to HB 1435, HB 1804 and HB 2541
 Empower Missouri, established in 1901, stands as the largest anti-poverty advocacy organization in our state. Central to our mission is the convening of a statewide Affordable Housing Coalition, uniting individuals and organizations committed to ensuring every Missourian has access to safe, affordable, and stable housing. On behalf of our staff, board, and coalition members, we strongly urge you to vote NO on HB 1435, HB 1804, and HB 2541, which propose raising Missouri electric rates to fund power plant construction costs. Passage of these bills would exacerbate our state's already acute housing instability and homelessness crisis. Economically vulnerable households are grappling with escalating living expenses, often forced to make the difficult choices between necessities such as food, rent, and utilities. This burden disproportionately affects the 27% of Missouri renter households classified as extremely low income (ELI), surviving on 30% or less of the area median income and teetering on the brink of homelessness. 1 Alarmingly, ninety-one percent of these households are already part of the workforce, elderly, disabled, students, or single caregivers, underscoring the pervasive impact of this crisis. Energy, a fundamental necessity, is a critical component of rental payments. Escalating utility costs can swiftly lead to disconnections and subsequent evictions. ELI households already face a disproportionate energy burden, allocating 6% or more of their income solely to energy costs. 2 Although many attempt to catch up during non-peak months, increased expenses will render this increasingly challenging, if not unattainable for some. Furthermore, small businesses may also struggle to maintain current on their utility bills. Despite decades of weatherization and bill-payment initiatives, low-income households continue to bear a disproportionate burden of energy costs. 3 This disparity is particularly pronounced in low income, minority and rural Missouri communities, notably Decatur, Van Buren, Putnam, Scotland, Knox, Monroe, Benton, Hickory, Wayne, and Ozark counties, where energy burdens exceed 6% for ELI households. 4 The proposed Construction-Work-In-Progress (CWIP) mechanism permits utilities to pre-charge consumers for power plant construction, often before operational viability is established. Examples from Georgia and South Carolina underscore the risks associated with this approach, with consumers shouldering billions in expenses for projects that ultimately failed to deliver electricity. 5 Missourians, particularly our most vulnerable, should not bear the burden of financing speculative power plant ventures. Missouri voters have already weighed in on this issue by overwhelmingly rejecting CWIP through a voter-led initiative in 1976. Utilities must assume responsibility for their investments rather than shifting risk onto consumers. We implore you to prioritize the well-being of struggling Missouri families by rejecting policies that escalate energy costs, inevitably leading to evictions and homelessness. We urge you to stand with them by voting NO on HB 1435, HB 1804, and HB 2541. 1 <https://nlihc.org/housing-needs-by->

state/missouri2 <https://www.aceee.org/sites/default/files/energy-affordability.pdf>3
<https://iopscience.iop.org/article/10.1088/2516-1083/abb954/pdf>4 <https://maps.nrel.gov/slope/data-viewer?filters=%5B%5D&layer=ej.household-energy-burden&geoid=G1901290&year=2020&res=county>5 <https://apnews.com/article/nuclear-power-georgia-vogtle-reactors-8fbf41a3e04c656002a6ee8203988fad>