

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

<b>In the Matter of the 2017 Wolf Creek</b>	<b>)</b>	<b>Docket No.</b>
<b>Triennial Decommissioning Financing</b>	<b>)</b>	<b>18-WCNE-107-GIE</b>
<b>Plan.</b>	<b>)</b>	

**TESTIMONY  
IN RESPONSE TO TESTIMONY OPPOSING  
SETTLEMENT**

**PREPARED BY**

**Adam H. Gatewood**

**UTILITIES DIVISION**

**KANSAS CORPORATION COMMISSION**

**June 29, 2018**

1 **Q. Would you please state your name and business address?**

2 A. My name is Adam H. Gatewood. My business address is 1500 Southwest  
3 Arrowhead Road, Topeka, Kansas, 66604.

4 **Q. Who is your employer and what is your title?**

5 A. I am employed in the Utilities Division of the Kansas Corporation Commission as  
6 a Managing Financial Analyst.

7 **Q. Did you previously file Direct Testimony in this Docket?**

8 A. Yes, I filed Direct Testimony in this Docket on May 15, 2018, and on June 27,  
9 2018.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to respond to the June 27, 2018, Testimony  
12 Opposing Settlement filed by Stacy Harden of the Citizen's Utility Ratepayers  
13 Board (CURB). Specifically, CURB's claim that there is no evidence regarding  
14 the potential impact to ratepayers.

15 **Q. Is there analysis that discloses the potential impact on the revenue**  
16 **requirement if the Commission adopts Staff's position in this Docket?**

17 A. Yes, there is a discussion of the potential impact to ratepayers in my testimony filed  
18 on June 11, 2018, in 18-WSEE-328-RTS where I quantify the change in the annual  
19 accrual for Westar as an increase from the current amount of \$5,772,700 set in the  
20 previous triennial to \$7,793,500 or an increase of \$2,020,800.<sup>1</sup> This is the change  
21 associated with updating the Decommissioning Cost Study from 2014 to the current  
22 study performed in 2017 as well as the change in decommissioning methodology

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<sup>1</sup> Direct Testimony of Adam H. Gatewood, filed June 11, 2018; 18-WSEE-328-RTS; pp. 3-5.

1 from DECON to the DECON Alternative with Long-Term Spent Fuel Management  
2 (DECON-LTSFM) that Staff recommended in this Docket. Looking strictly at the  
3 current Decommissioning Cost Study filed in 18-WCNE-107-GIE, a shift in  
4 decommissioning methodology from DECON to the DECON-LTSFM is an annual  
5 increase from \$6,441,000 to \$7,793,500 or \$1,352,500.<sup>2</sup> These calculations are  
6 applicable to Westar's 47% ownership of Wolf Creek Nuclear Generating Station.

7 **Q. Is there a cost to ratepayers if CURB's position is adopted?**

8 A. Yes, there could be a substantial cost to ratepayers if the Commission adopts  
9 CURB's position and does not recognize the need to begin funding the costs of  
10 storing spent fuel on-site. This is because the forecasted return on the nuclear  
11 decommissioning trust portfolio is greater than the escalation (or inflation) rate.  
12 Thus, consumers in the future will have to contribute more to make up for the  
13 foregone earnings. In its opposition to the settlement, CURB did not attempt to  
14 quantify the costs of delaying shifting decommissioning cost calculation methods.  
15 One perspective of CURB's position is to not allow any recovery of costs for on-  
16 site fuel storage while Wolf Creek is operating. In that case and given the  
17 information we have at this time, by 2045 CURB's decommissioning cost estimate  
18 would be \$617 million below expected costs. Granted someone could argue that  
19 this calculation takes CURB's position to an unreasonable extreme, but the  
20 illustration is wholly applicable to whatever time frame one wants to choose;  
21 regardless of when CURB believes it is "just and reasonable" to begin recognizing  
22 these costs, there is a price tag to waiting. That price tag is paid by consumers. As

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<sup>2</sup> Direct Testimony of Adam H. Gatewood, filed June 11, 2018; 18-WSEE-328-RTS; p.7.

1 stated in Staff Witness Haynos testimony, Staff believes there is ample evidence to  
2 recognize the on-site spent fuel storage costs now.

1	DECON	\$ 813.70
2	DECON-ISFSI/SafeSTOR	\$ 1,090.00
3	Cost of Interim Onsite Storage & Spent Fuel Management (difference between the two methods)	\$ 276.30
4	Escalation Rate	2.91%
5	Number of years until decommissioning begins	28
6	Inflated Cost of Interim Onsite Storage & Spent Fuel Management	\$616.87
	1) Table 3.1 p63 of 139 of TLG Report 2) KCC Staff Recommendation	

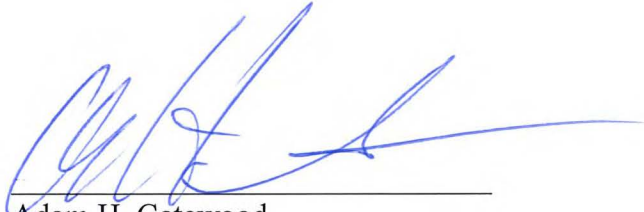
3  
4 **Q. Does this conclude your testimony?**

5 **A.** Yes, it does.

STATE OF KANSAS                     )  
  ) ss.  
COUNTY OF SHAWNEE             )

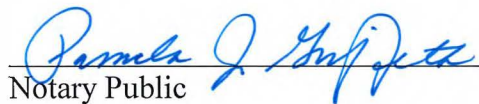
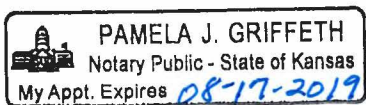
**VERIFICATION**

Adam H. Gatewood, being duly sworn upon his oath deposes and says that he is the Managing Financial Analyst for the State Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing, *Testimony in Response to Testimony Opposing Settlement*, and that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Adam H. Gatewood  
Managing Financial Analyst, Utilities Division  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 29th day of June, 2018.

  
Notary Public

My Appointment Expires: August 17, 2019

## CERTIFICATE OF SERVICE

18-WCNE-107-GIE

I, the undersigned, certify that a true and correct copy of the above and foregoing Testimony in Response to Testimony Opposing Settlement was served by electronic service on this 29th day of June, 2018, to the following:

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18-WCNE-107-GIE

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