

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

In the Matter of Application of Kansas )  
Electric Power Cooperative, Inc. for Approval ) Docket No. 16-KEPE-584-MIS  
of Amended and Restated Decommissioning )  
Trust and a Change in Trustee. )

**NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION**

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), and files its Report and Recommendation on Kansas Electric Power Cooperative, Inc.'s (KEPCo's) request for approval of KEPCo's Amended and Restated Decommissioning Trust and change in Trustee. Staff recommends the Commission grant KEPCo the authority requested in this docket on condition that KEPCo be required to file a copy of the executed Trust Agreement in this docket.

WHEREFORE, Staff submits its Report and Recommendation for Commission review and consideration and for such other relief as the Commission deems just and proper.

Respectfully submitted,

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Attorney for Commission Staff

**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chairman Jay Scott Emler  
Commissioner Shari Feist Albrecht  
Commissioner Pat Apple

**FROM:** Adam Gatewood, Managing Financial Analyst  
Justin Grady, Chief of Auditing & Financial Analysis  
Jeff McClanahan, Director of Utilities

**DATE:** August 2, 2016

**SUBJECT: Docket No: 16-KEPE-584-MIS**  
In the Matter of Application of Kansas Electric Power Cooperative, Inc.  
for Approval of Amended and Restated Decommissioning Trust and a  
Change in Trustee

**EXECUTIVE SUMMARY:**

In this Docket, KEPCo seeks authority from the Commission to: 1) amend and revise its existing trust agreement; and 2) change trustees. Staff recommends the Commission grant KEPCo's request.

**BACKGROUND:**

As an owner of Wolf Creek Nuclear Generating Station, KEPCo is responsible for its proportional share of the total cost for decommissioning the power plant at the end of its operating license. When Wolf Creek was placed in service, each of its three owners were ordered by the Commission to establish segregated trusts to accumulate funds sufficient to pay for their respective share of decommissioning Wolf Creek. The Commission authorized KEPCo to utilize a segregated internal funding mechanism in Docket No. 142,100-U. KEPCo created a Grantor Trust (Trust) for this purpose and that action was approved by the Commission in Docket No. 167,220-U.

**ANALYSIS:**

KEPCo has decided that it should revise the Trust so that the agreement with the trustee clearly sets forth the purpose of the Trust as a decommissioning trust for Wolf Creek and that it must be managed in accordance with the applicable state and federal regulatory

requirements.<sup>1</sup> The Application includes a draft of the *Amended and Restated Trust Agreement for the KEPCO – Wolf Creek Decommissioning Trust*.<sup>2</sup> Staff reviewed the proposed trust agreement and found nothing objectionable. K.S.A. 66-128 (l through p) states that decommissioning costs are exclusively the responsibility of the plant owner(s). Thus, it is clearly in KEPCo's best interest to craft a trust agreement that will best enable it to meet its share of the decommissioning costs as any shortfall in funding the trust will be paid by the owner.

In addition to changing the language in the Trust, KEPCo also requests authority to change trustees. KEPCo states that changing the trustee from CoreFirst Bank & Trust of Topeka to Country Club Trust Company in Kansas City, Missouri, will provide for more efficient and economical administration of the trust. The Trust has been managed by CoreFirst since it was created. Staff is pleased that KEPCo is being cognizant of the fees and costs associated with managing the Trust as these costs subtract from the annual return on the investments, thus ultimately are borne by the ratepayers that fund the Trust. Economical and efficient administration of the Trust benefits the retail customers of the electric cooperatives that makeup KEPCo.

Staff recommends that the Commission issue an Order: 1) granting KEPCo the authority requested in this Docket; and 2) requiring that KEPCo file a copy of the executed Trust Agreement in this Docket.

### **RECOMMENDATIONS: GRANT**

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<sup>1</sup> Application 16-KEPE-584-MIS; para 5.

<sup>2</sup> Application 16-KEPE-584-MIS; Exhibit A.

**CERTIFICATE OF SERVICE**

16-KEPE-584-MIS

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was electronically served this 5th day of August, 2016, to the following:

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/s/ Vicki Jacobsen

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