

**In the Matter of the 2017 Wolf Creek Triennial)
Decommissioning Financing Plan.) 18-WCNE-107-GIE**

**TESTIMONY IN RESPONSE TO
TESTIMONY OPPOSING SETTLEMENT AGREEMENT**

PREPARED BY

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UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

June 29, 2018

**Testimony In Response to Testimony Opposing Settlement Agreement
Docket No. 18-WCNE-107-GIE**

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

2 A. My name is Leo M. Haynos. My business address is 1500 Southwest Arrowhead Road,
3 Topeka Kansas, 66604.

4 **Q. Are you the same Leo M. Haynos who filed direct testimony and testimony in
5 support of a Settlement Agreement in this docket?**

6
7 A. Yes, I am.

8 **Q. What is the purpose of your responsive testimony?**

9 A. My testimony responds to the testimony of Citizens' Utility Ratepayer Board (CURB)
10 witness Stacey Harden filed in opposition to the Settlement Agreement on June 27, 2018.
11 In my testimony, I respectfully disagree with Ms. Harden's opinions regarding the
12 proposed Settlement Agreement (Agreement).

13 **Q. What are CURB's concerns regarding the S&A?**

14 A. CURB's is concerned about decommissioning cost increases resulting from changing
15 decommissioning cost calculation methodologies.

16 **Q. Can you expand on that?**

17 A. Yes. Historically, the Commission has relied on the DECON cost estimate alternative for
18 estimating decommissioning costs to be funded by the Wolf Creek Decommissioning
19 Financing Plan (Plan). In my previous testimonies filed in this docket, I contend the
20 DECON cost estimate is flawed because it does not reflect the current reality that the
21 U.S. Department of Energy (DOE) has no process in place for disposing of spent nuclear
22 fuel. In my direct testimony, I advocate for expanding the DECON cost estimate to
23 include contingency funding for on-site spent fuel storage. My recommendation in this

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1 regard is based on the current practice of commercial nuclear generating plants that have
2 recently been decommissioned to store spent fuel on-site.

3 **Q. What would be the impact on the Plan if your recommendation is accepted by the**
4 **Commission?**

5 **A.** It has been the Commission practice to update the decommissioning cost estimate and
6 associated Plan funding requirements on a triennial basis. Using the latest updated
7 DECON cost estimate, Wolf Creek's expected decommissioning would be approximately
8 \$814 million in 2017 dollars. Shifting to DECON with additional contingency funding
9 for on-site spent fuel storage increases this cost to \$1.088 billion. This is approximately a
10 \$274 million or 34% increase in the funding level (in 2017 dollars) needed by the plant
11 closure date in 2045.

12 **Q. What are CURB's concerns regarding the Agreement?**

13 **A.** CURB believes the decommissioning costs listed in the Agreement represent an
14 unacceptable increase in the Plan funding requirements. In her testimony, Ms. Harden
15 states that if the Agreement is approved by the Commission, the decommissioning costs
16 estimate would increase by 42% over the 2015 estimate.¹ Ms. Harden further contends
17 there has been no substantial evidence provided in the docket regarding the potential
18 impact to ratepayers if the decommissioning costs are increased by 42%.

19

20

¹ Page 5, lines 1-5, Harden Testimony.

1 **Q. Earlier you stated the DECON estimate with on-site storage contingency would be a**
2 **32% increase. Why is there a disagreement between Ms. Harden's estimate of a**
3 **42% increase and your estimate of a 32% increase if contingency funds are used in**
4 **the cost estimate?**

5 **A.** Ms. Harden is calculating the increase comparing the 2017 cost estimate to the 2014
6 estimate approved by the Commission in the last Plan review.

7 **Q. Is this a relevant comparison?**

8 **A.** No. Unless the Commission were to decide to rely on an outdated cost estimate to
9 determine the level of funding for the Plan, Ms. Harden's comparison would be
10 meaningless. I also believe such an approach would be in violation of Kansas law which
11 requires a Decommissioning Plan approved by the Commission to be based on an
12 engineering report that is no more than three years old.²

13 **Q. If the DECON with on-site storage contingency estimate is used to determine the**
14 **funding level of the Plan, would today's ratepayers be responsible for a 32%**
15 **increase in decommissioning funding?**

16 **A.** No. Although the value of the cost estimate is stated in 2017 dollars, it represents the
17 amount of funding that must be available when Wolf Creek closes in 2045. As discussed
18 in my testimony in support of the Agreement, today's Westar ratepayers will be
19 responsible for providing \$7.8 million of annual funding if the DECON with on-site
20 storage contingency is selected. This would represent a 22% increase in annual funding
21 requirements over the updated DECON estimate.³

² See K.S.A. 66-128m and 66-128n.

³ See Page 2, lines 1-5, Responsive Testimony of Staff Witness Adam Gatewood, June 29, 2018.

1 **Q. CURB is concerned about the rate impact of shifting methodologies. Is this a**
2 **concern to you?**

3 **A.** Yes it is. This concern is the reason why I recommend the Commission shift
4 decommissioning cost estimate methodologies now. This triennial filing represents the
5 third instance where Staff has raised concerns with the long-term cost impacts of spent
6 fuel storage. When Wolf Creek is eventually decommissioned something will have to be
7 done with the spent fuel. Until the DOE takes the spent fuel for final disposition, Wolf
8 Creek will have to store it on-site. This fact will have an increased cost, and it
9 necessitates including an on-site storage contingency in the cost estimate.

10 **Q. Has substantial evidence regarding the decommissioning cost increase been**
11 **presented?**

12 **A.** Yes. Appendix E to Attachment 2 of the Application provides a detailed cost estimate of
13 the Wolf Creek DECON methodology with on-site storage contingency. Attachment 7 to
14 the Application provides evidence of the necessity to store spent fuel on-site.

15 **Q. Can you provide more detail from Attachment 7 to support the need for on-site**
16 **storage?**

17 **A.** Yes. The following excerpt is taken from Attachment 7. I believe it provides a succinct
18 summary of current events regarding spent fuel disposition:⁴

19 [T]he decommissioning methods employed by the 18 commercial nuclear
20 power reactors that have shut down since 1989 have varied: 9 have
21 employed DECON, 5 have employed SAFSTOR and 4 have employed
22 combined SAFSTOR/DECON. Moreover, not all DECON sites have
23 terminated their licenses. License termination is contingent upon the
24 removal of the spent fuel from the site. For example, the plants...that
25 elected the DECON option still have fuel on site (excluding Shoreham

⁴ Pages 3-4, Attachment 7 of the Application.

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1 [which paid Philadelphia Electric Company to take its fuel to the Limerick
2 Nuclear Power]) in a licensed Independent Spent Fuel Storage Installation
3 or ISFSI. While the decommissioning of these plants is considered
4 complete, only those portions of the site, exclusive of the ISFSI, have been
5 released for alternative and unrestricted use.
6

7 **Q. Why should Attachment 7 be considered as evidence that a cost estimate should**
8 **include on-site storage?**

9 **A.** Attachment 7 provides evidence that a high probability exists that DOE will not be able
10 to take possession of spent fuel when decommissioning begins. Therefore, contingency
11 for this fact must be included in the cost estimate in order for the estimate to be
12 considered reasonable as required by K.S.A. 66-128n(b)(1).

13 **Q. What has been the Commission's approach in the past to address the lack of a**
14 **national solution to spent fuel disposal?**

15 **A.** The Commission has not addressed this issue. In past dockets reviewing the
16 Decommissioning Plan, the Commission has accepted Settlement Agreements between
17 Staff and the interveners which have recommended the DECON cost estimate
18 methodology. As noted in my direct testimony, DECON assumes DOE will be able to
19 accept spent fuel at no cost to the operator when the plan begins decommissioning.

20 **Q. Does CURB or Ms. Harden offer any evidence to suggest DOE will take the spent**
21 **fuel when decommissioning begins?**

22 **A.** No. The only reference in Ms. Harden's testimony that I would consider as evidence is
23 the fact that the decommissioning cost estimate included in the Agreement will increase
24 over the cost estimate last approved by the Commission.
25

1 **Q. Have you considered the possibility that DOE may sort out a national solution and**
2 **be ready to take spent fuel in 2045?**

3 **A.** Yes. The Appendix E contingency case assumes DOE has an operational spent fuel plan
4 by 2045 but a backlog in spent fuel acceptance rate requires some spent fuel storage.
5 And there is always the possibility that DOE begins to take spent fuel within the next ten
6 years as envisioned by the DECON cost estimate.

7 **Q. Given the possibility that DOE finds a solution to spent fuel disposal, are you**
8 **concerned the Plan may over-collect from the current generation of ratepayers and**
9 **under-collect funds from the future ratepayers?**

10 **A.** Not necessarily. I believe there is a greater possibility the Plan will over-collect from
11 future ratepayers if DOE is unable to find a solution. I would point out the Commission
12 requires the Decommissioning Plan to be reviewed every three years. If the Commission
13 approves the Agreement and then DOE begins to accept spent fuel on schedule, the
14 Commission will be able to adjust the Plan's funding accordingly during the following
15 Plan review to minimize any concerns with over-collection.

16 **Q. Is it possible to delay this decision until a future Plan review in expectation that**
17 **DOE develops a national solution for spent fuel disposal?**

18 **A.** That is a possibility. But as the time between making that decision and beginning
19 decommissioning in 2045 shortens, the utility ratepayers during that span of years will
20 see a continuing increase in their obligations to pay for on-site storage. Likewise, those
21 ratepayers that have been using power from Wolf Creek before the decision to include
22 on-site storage in the estimate is made will not have paid for the interim storage solution.
23 I refer you to Mr. Gatewood's responsive testimony for an example of this concept.

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1 **Q. Do you believe the Settlement Agreement is in the public interest?**

2 **A.** Yes. I believe it establishes a balanced approach to the unknown disposition of spent
3 nuclear fuel. In this case, it balances the funding obligation across generations of rate
4 payers.

5 **Q. Can you summarize your conclusions in this responsive testimony?**

6 **A.** I agree with Ms. Harden that approval of the Settlement Agreement will result in
7 ratepayers providing more funding for the eventual decommissioning of Wolf Creek.
8 However, I contend such an increase for contingency funding is minor at this time and
9 will only increase as decommissioning draws nearer. I also note CURB provides no
10 evidence to counter the possibility that interim spent fuel storage will be necessary.
11 Similarly, CURB provides no alternative to increasing funds for the on-site storage
12 contingency, and it provides no alternative to the negative impact the DECON cost
13 estimate methodology could have on future ratepayers if the assumption that DOE will
14 take all spent fuel proves to be inaccurate.

15 **Q. Does this conclude your testimony?**

16 **A.** Yes.

CERTIFICATE OF SERVICE

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

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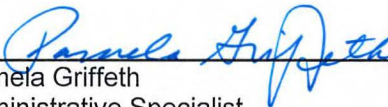
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