

March 12, 2021

**Testimony of Leo M. Haynos in Support of Settlement Agreement  
Docket No. 21-WCNE-103-GIE**

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

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

**Q. Are you the same Leo M. Haynos who filed direct testimony in this docket on December 15, 2020?**

**A.** Yes, I am.

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

**A.** My testimony supports the Joint Motion to Approve the Settlement Agreement filed in this docket.

**Q. What is the purpose of the Settlement Agreement?**

**A.** The Settlement Agreement (Agreement) agrees that a reasonable estimate of the Wolf Creek Generating Station (Wolf Creek) decommissioning costs is \$1.074 billion in 2020 dollars. This estimate is based on the decommissioning alternative known as DECON. The details for this estimate can be found in Section 2.1 of the Triennial Decommissioning Cost Study (DCS) that was filed in this docket as Attachment 2 to the Joint Pleading concerning the Decommissioning Financing Plan (Plan) for Wolf Creek.<sup>1</sup> Section 6 of the DCS provides a summary of the DCS results comparing the cost estimates for the two evaluated decommissioning methodologies.

**Q. In past reviews of the Plan, has the Commission approved plans using the cost estimate methodology proposed in the Agreement?**

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<sup>1</sup> The total annual expenditures by cost-category for the DECON methodology are shown in Table 3.1 of Section 3 in the DCS. This schedule of expenditures will be used in Phase 2 of the triennial review.

1   **A.**     With the exception of the Plan review approved in Docket 18-WCNE-107-GIE (18-107),  
2           the Commission has approved the DECON methodology. In the 18-107 review, the  
3           Commission selected the cost estimate using the SAFSTOR methodology because it  
4           more closely reflected the total cost of decommissioning with the inclusion of on-site  
5           storage of spent nuclear fuel.<sup>2</sup>

6   **Q.**     **Does the DECON methodology presented in the current DCS differ from previous**  
7           **DECON cost estimates with respect to the costs associated with spent fuel**  
8           **management?**

9   **A.**     Yes. Previous DECON cost estimates had assumed the U.S. Department of Energy  
10          (DOE) would accept all spent fuel from Wolf Creek within six years after the facility quit  
11          operating in 2045. The DECON cost estimate contained in the Application assumes the  
12          DOE accepts spent fuel from Wolf Creek from 2038 through 2078. Because the plant is  
13          still expected to cease operations in 2045, the current DECON alternative in the DCS  
14          includes costs to store the majority of the spent fuel on-site in an Independent Spent Fuel  
15          Storage Installation (ISFSI) until transfer to DOE is complete in 2078.

16 **Q.**     **Is the assumption that DOE will accept spent fuel beginning in 2038 realistic?**

17 **A.**     In the context of a cost estimate, I believe it is appropriate to assume the DOE may begin  
18          to meet their obligation within the next 18 years. By assuming that DOE only picks up a  
19          portion of the spent fuel within the first six years after operations cease, the cost estimate  
20          acknowledges DOE's responsibility to take possession of the fuel while also recognizing  
21          the reality of spent fuel interim storage costs. In this way, I believe the cost estimate

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<sup>2</sup> Paras. 16-18, Order, Docket 18-WCNE-107-GIE.

1 provides a reasonable and balanced approach for estimating the costs related to spent fuel  
2 management based on current industry knowledge.

3 **Q. Is there any indication that DOE will begin accepting spent fuel for final disposal in**  
4 **the next 15 years?**

5 **A.** To my knowledge, DOE has not developed a national solution for the disposition of this  
6 type of waste. Therefore, on-site storage of spent fuel will be required until a national  
7 solution is developed.

8 **Q. Please provide an overview of the cost estimate in the recommended DECON**  
9 **alternative.**

10 **A.** The DECON cost estimate presented in this Docket is comprised of three subcategories:  
11 NRC License Termination; Spent Fuel Management; and Site Restoration.<sup>3</sup> Although the  
12 costs associated with each subcategory may influence the other two, the DCS provides  
13 the following breakdown of costs:<sup>4</sup>

Cost Element	Total (\$000 2020 Dollars)
License Termination	670,864
Spent Fuel Management	343,044
Site Restoration	59,734
Total	1,073,642

14  
15 **Q. What other issues are discussed in the Agreement?**

16 **A.** The Agreement also agrees to the appropriate escalation factor to be used in conjunction  
17 with the decommissioning cost estimate in setting accrual levels of the respective owner

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<sup>3</sup> Definitions of subcategories can be found on page 19 of 170, Attachment 2 to the Application.

<sup>4</sup> Page 21 of 170, Attachment 2 to Application.

1 utilities' decommissioning trust accounts. Staff witness Adam Gatewood is providing  
2 testimony supporting that element of the Agreement.

3 **Q. Was the Agreement unanimous?**

4 **A.** Yes. The Applicant, all Interveners<sup>5</sup>, and Staff are signatories to the Agreement.

5 **Q. Have you reviewed the five factor test used by the Commission to evaluate a**  
6 **settlement agreement?**

7 **A.** Yes. It is my understanding the Commission must make an independent finding that  
8 settlement is supported by substantial competent evidence in the record. To perform this  
9 evaluation, the Commission uses the following five factors that are applicable:

10 (1) Has each party had an opportunity to be heard on its reasons for opposing the  
11 settlement?

12 (2) Is the Agreement supported by substantial competent evidence in the record as a  
13 whole?

14 (3) Does the Agreement conform to applicable law?

15 (4) Will the Agreement result in just and reasonable rates?

16 (5) Are the results of the Agreement in the public interest, including the interests of  
17 customers represented by any party not consenting to the Agreement?

18 **Parties had an Opportunity to be Heard on Reasons for Opposing the Settlement**

19 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**  
20 **settlement?**

21 **A.** Because it is a unanimous agreement, this factor is not applicable to the settlement.

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<sup>5</sup> The interveners consist of CURB and the Wolf Creek owner-utilities. The owner-utilities are as follows: Evergy Kansas Metro [f/k/a Kansas City Power & Light] owns 47%; Evergy Kansas Central [f/k/a Westar Energy, Inc.] and Evergy Kansas South [f/k/a Kansas Gas & Electric] owns 47%; and Kansas Electric Power Cooperative owns 6%.

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**Q. Did parties for all interveners participate in settlement discussions?**

**A.** Because there were no contested issues and Staff's testimony was unopposed, there were no formal settlement discussions.

**Q. Which of the interveners have filed testimony in this docket?**

**A.** Staff filed Direct Testimony in the docket providing its analysis of the DCS and the Plan. In conclusion, Staff recommended adoption of the cost estimate using the DECON methodology.

**The Agreement is Supported by Substantial Competent Evidence in the Record**

**Q. Is the Agreement supported by substantial competent evidence in the record as a whole?**

**A.** Yes. The Agreement essentially adopts Staff's filed position regarding escalation rates and decommission cost forecasts. The escalation rate adopted by Staff is the same proposed by the Applicant. The Applicant provided detailed information as attachments to the Application. In fact, the Applicant provided additional information necessary to satisfy an Agreement reached in Wolf Creek's prior tri-annual decommissioning docket (Docket No. 15-WCNE-093-GIE). Staff also provided testimony in support of its position. I also note that no intervener has taken issue with the accuracy of the proposed decommissioning plan or its estimates.

**The Agreement Conforms with Applicable Law and will Result in Just and Reasonable Rates**

**Q. Does the Agreement conform to applicable law?**

**A.** On advice of counsel, it is my understanding the Agreement is in conformation with applicable law.

1   **Q.     Will the Agreement result in just and reasonable rates?**

2   **A.**    In my opinion, this settlement evaluation factor is not applicable to this docket. In this  
3           case, the Commission is being asked to determine if the Plan is appropriate and complete.  
4           By determining the appropriate cost estimate and funding mechanism, the Commission  
5           will establish the amount necessary for the Joint Owners to collect from its ratepayers.  
6           Once the amount is established, the reasonableness of the recovery rate for the joint  
7           owners that are public utilities will be set in future rate cases. That being said, there must  
8           be an evidentiary basis for establishing a particular rate for funding Wolf Creek's  
9           anticipated decommissioning costs. The information provided in this docket represents  
10          the most accurate cost and inflationary forecasts available at this time regarding nuclear  
11          plant decommissioning. Therefore, using this data to set funding levels eventually  
12          recovered through rates helps ensure the ultimate rates approved are just and reasonable.

13       **The Results of the Agreement are in the Public Interest, Including the Interests of**  
14       **Customers Represented by any Party not Consenting to the Agreement**

15   **Q.     Are any of the intervening parties opposed to the Agreement?**

16   **A.**    No intervening parties are opposed to the Agreement.

17   **Q.     Do you believe the Agreement based on the increased cost estimate is in the public**  
18       **interest?**

19   **A.**    Yes. I believe it is in the public interest to develop a strategy that reflects the reality of  
20          on-site spent fuel storage. This shift in the decommissioning funding strategy updates the  
21          approach that has been taken by the DCS since its inception in 1985. As the  
22          decommissioning date draws closer, I believe it is in the interest of all parties to be

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1 prepared for this likely increase in costs over previous estimates using the DECON  
2 methodology.

3 **Q. What is the rate impact of this decommission funding strategy?**

4 **A.** The per-customer impact is utility-specific and depends on factors present in their  
5 respective retail rate proceedings. This docket is often referred to as Phase 1, where  
6 escalation rates and cost estimates are updated. Phase 2 is where these updated escalation  
7 rates and cost estimates are input into a utility's revenue requirement.

8 **Q. Is there a possibility a national solution to the disposal of spent fuel will be**  
9 **developed before Wolf Creek's license expires?**

10 **A.** Although it appears to be remote at this time, a national solution is always possible. If  
11 such a solution is developed, I recommend the Commission adjust the Plan funding level  
12 at that time. Because the Commission has ordered Wolf Creek to review and update the  
13 Plan every three years, any overfunding of the decommissioning effort should be  
14 minimized if a national solution to spent fuel disposal is developed.

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

16 **A.** Yes.



## **CERTIFICATE OF SERVICE**

21-WCNE-103-GIE

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Testimony in Support of Settlement Agreement was served electronically this 12th day of March, 2021, to the following:

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**CERTIFICATE OF SERVICE**

21-WCNE-103-GIE

/s/ Vicki Jacobsen  
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