

1 **Q. Please state your name and business address.**

2 A. Adam H. Gatewood, 1500 SW Arrowhead Road, Topeka, Kansas.

3 **Q. In what capacity are you employed by the Commission?**

4 A. I am employed by the Kansas Corporation Commission as a Senior Managing
5 Financial Analyst.

6 **Q. Are you the same Adam Gatewood that filed testimony in this Docket on May**
7 **10, 2024?**

8 A. Yes, I am.

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

10 A. It is in support of the Unanimous Settlement Agreement (“Agreement”) filed with
11 the Commission on June 21, 2024, and entered into by and between the Staff, Wolf
12 Creek Nuclear Operating Corporation (“WCNOC”), Evergy Metro, Inc. d/b/a
13 Evergy Kansas Metro (“Evergy Kansas Metro”), Evergy Kansas Central, Inc. and
14 Evergy Kansas South, Inc. (collectively referred to herein as “Evergy Kansas
15 Central”) (all three collectively referred to herein as “Companies”), Kansas Electric
16 Power Cooperative, Inc. (“KEPCo”), and the Citizens’ Utility Ratepayer Board
17 (“CURB”) (collectively referred to as the “Parties”).

18 I am testifying that the terms contained in the Agreement are a reasonable resolution
19 of the issues in the 2023 Wolf Creek Triennial Decommissioning Financing Plan.¹

¹ Joint Pleading Regarding Decommissioning Financing Plan; 23-WCNE-235-GIE; filed September 1, 2023.

1 My Direct Testimony and this Testimony in Support of the Agreement pertains
2 specifically to the 1) escalation rates and applied to the Decommissioning Cost
3 Estimate and 2) the annual accrual amounts each Wolf Creek Owner must set aside
4 in their respective nuclear decommissioning trust (NDT).

5 **Q. What does the Agreement state regarding the escalation rates that apply to the**
6 **Decommissioning Cost Estimate?**

7 A. At paragraph 6 the Agreement states,

8 The Companies and KEPCo agree to use the following specific
9 escalation rates to escalate the 2023 decommissioning cost estimate of
10 \$1,171,363,000 in 2023 dollars to the appropriate dollar amount in the
11 year that the decommissioning costs will occur:

- 12 (i) 3.2% for labor cost;
13 (ii) 2.0% for equipment & material cost;
14 (iii) 2.8% for the electricity component of energy costs and 1.7% for
15 the fuel cost component;
16 (iv) 5.15% for burial cost; and
17 (v) 2.5% for other costs.

18 **Q. Why is this element of the Agreement reasonable?**

19 A. This element of the Agreement is reasonable because the Wolf Creek Owners and
20 Staff have evaluated the available estimates of long-term inflation affecting
21 decommissioning costs and concluded that these escalation rates represent long-run
22 inflation expectations for the decommissioning cost-categories contained in the
23 Decommissioning Cost Study. These are the exact escalation rates and the
24 methodology proposed by the Wolf Creek Owners in the September 1, 2023, Direct
25 Testimony of Brett Lovell. In my Direct Testimony at page five I explain why Staff

1 agrees with the escalation rates Mr. Lovell proposes. He presents long-run inflation
2 forecasts for the decommissioning cost components of labor, equipment &
3 materials, energy, burial costs, and a broad, general category to capture the
4 remaining costs outside those categories. He obtained the inflation forecasts for
5 four of these five cost categories from Moody's Analytics. There are no
6 commercially available inflation forecasts for the burial costs of low-level
7 radioactive waste. In place of a forecast, Mr. Lovell relies on historical data of
8 burial costs reported by the Nuclear Regulatory Commission to form an inflation
9 rate forecast. The forecasts provided by Mr. Lovell are reasonable to Staff because:
10 they are from reputable sources; they are specific to the cost categories associated
11 with the decommissioning process; and they represent a best-available estimate for
12 the decommissioning period. These are also the same sources that Wolf Creek
13 Owners and the Commission have historically relied on.

14 **Q. What does the Agreement state regarding the annual accrual amounts each**
15 **Wolf Creek Owner must set aside in their respective NDT?**

16 A. At paragraph 5 the Agreement states,

17 This (setting a funding level for each company's
18 Decommissioning Trust Account) will be done in individual
19 dockets, separate from the instant docket; except that, if the
20 Commission adopts the decommissioning methodology and
21 proposed funding levels that are set out herein, then subsequent
22 individual funding dockets are not necessary. The Companies'
23 current retail jurisdictional authorized annual decommissioning
24 expense accrual and KEPCo's current jurisdictional authorized

1 annual decommissioning expense accrual need not be adjusted at
2 this time.

3 **Q. Why is this element of the Agreement reasonable?**

4 In pages 7 through 13 of my Direct Testimony, I reviewed the inputs and
5 calculations underlying Attachment 4 of the Joint Pleading Regarding
6 Decommissioning Financing Plan and concluded that each of the Wolf Creek
7 Owners' annual accruals are sufficient to meet their respective shares of
8 decommissioning costs. The information the Wolf Creek Owners provided in
9 Attachment 4 of the Joint Pleading thoroughly addresses the annual funding
10 requirements; therefore, subsequent dockets on that issue are not necessary unless
11 the Commission adopts a different decommissioning methodology with a different
12 schedule of cash flows than portrayed in Attach 4 of the Joint Pleading.

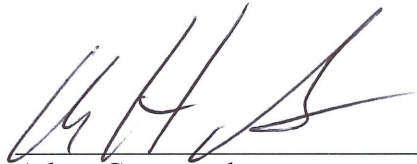
13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

Adam Gatewood, being duly sworn upon his oath deposes and states that he is a Senior Managing Financial Analyst for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Adam Gatewood
Senior Managing Financial Analyst
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 25 day of June, 2024.



Notary Public

My Appointment Expires: 4/28/25



NOTARY PUBLIC - State of Kansas
ANN M. MURPHY
My Appt. Expires 4/28/25

CERTIFICATE OF SERVICE

24-WCNE-235-GIE

I, the undersigned, certify that a true and correct copy of the above and foregoing Testimony was served via electronic service this 28th day of June, 2024, to the following:

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CERTIFICATE OF SERVICE

24-WCNE-235-GIE

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