

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

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

In the Matter of the Application of Kansas)
Power Cooperative, Inc. (KEPCo) for)
Approval of Changes in the Accrual and) Docket No. 19-KEPE-460-MIS
Funding of Wolf Creek Generating Station)
Decommissioning Costs.)

ORDER APPROVING APPLICATION

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

1. On May 7, 2019, Kansas Electric Power Cooperative, Inc. (KEPCo) filed its Application requesting Commission approval of its schedule for funding its decommissioning costs of Wolf Creek Generating Station (Wolf Creek).¹

2. KEPCo owns an undivided six percent (6%) interest in the Wolf Creek Generating Station.²

3. The Commission's Order in the 18-WCNE-107-GIE Docket (18-107) adopted SAFESTOR as the cost estimate methodology for the decommissioning of Wolf Creek.³ The Commission expressed concern with DECON, the prior methodology, which assumed the Federal Government would collect and remove Wolf Creek's spent fuel. Based on concerns that the Federal Government has not developed any plans to collect, remove, and store spent fuel, the Commission found any methodology that does not factor in on-site storage would result in future

¹ Application for Kansas Electric Power Cooperative, Inc. (Application), May 7, 2019.

² *Id.* at ¶ 4.

³ 18-107 Docket Order (Order), ¶ 18, Aug. 2, 2018.

generations bearing the brunt of the decommissioning costs and potentially expose them to extreme rate shock.⁴ SAFESTOR is the only Nuclear Regulatory Commission (NRC) recognized cost estimate methodology to incorporate on-site storage and was accepted by all parties as the most prudent option.⁵

4. The total cost of the SAFESTOR methodology was calculated to be \$1.09 billion (ending in year 2106), and all parties agreed that 2.91% would be the appropriate escalation rate.⁶

5. KEPCo's 6% share of total decommissioning costs (including decontamination, dismantling, and site restoration) is estimated to be \$65.6 million.⁷

6. Paired with the 2.91% escalation rate, KEPCo has calculated the annual contribution for 2019 through 2044 to its Nuclear Decommissioning Trust (NDT) portfolio to be \$543,994 – a \$28,784 increase from the prior Commission approved computation.⁸

7. On July 22, 2019, Staff filed its Report and Recommendation (Staff R&R) examining whether KEPCo is incorporating both the Commission's decisions from the 18-107 Docket and reasonably forecasting for returns on the NDT portfolio.⁹

8. Staff has verified KEPCo's 2019 annual contribution calculations (\$543,994) and recommends the Commission adopt KEPCo's Application and Attachment A.¹⁰ KEPCo's funding plan incorporates the Commission's decisions in the amounts and timing of decommissioning expenditures, and reasonably forecasts for returns on the NDT portfolio by both accounting for the

⁴ *Id.* at ¶ 16.

⁵ *Id.* at ¶ 18.

⁶ Docket 18-107 Direct Testimony of Leo M. Haynos, May 15, 2018, p. 8; Order at ¶ 12.

⁷ Application at ¶ 10.

⁸ Application at ¶ 11.

⁹ Staff Report and Recommendation (Staff R&R), July 22, 2019, p. 2.

¹⁰ *Id.* at p. 1.

market-value of the portfolio, and having realistic expectations for investment returns over the remaining life of the NDT.¹¹

9. On August 22, 2019, the Commission held an evidentiary hearing where Coleen Wells, KEPCo's CFO, and Adam Gatewood of Staff were available for examination by the Commission.¹²

10. After examination of KEPCo and Staff's representatives, and upon review of Staff's R&R, the Commission adopts Staff's R&R and finds that \$543,994 is an accurate calculation for KEPCo's 2019 annual NDT portfolio contribution. KEPCo's Application is approved.

THEREFORE, THE COMMISSION ORDERS:

A. KEPCo's Application is granted. The Commission approves KEPCo's funding plan detailed in Attachment A to its Application with an annual contribution of \$543,994 for years 2019 through 2044.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹³

C. The Commission retains jurisdiction over the subject matter and parties to enter further orders as it deems necessary.

¹¹ *Id.*

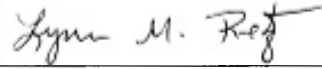
¹² Transcript of Evidentiary Hearing, Aug. 22, 2019.

¹³ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 10/08/2019

A handwritten signature in cursive script, reading "Lynn M. Retz", positioned above a horizontal line.

Lynn M. Retz
Executive Director

BGF/zc

CERTIFICATE OF SERVICE

19-KEPE-460-MIS

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 10/08/2019.

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