

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

TESTIMONY IN SUPPORT OF SETTLEMENT OF

JASON O. HUMPHREY

**ON BEHALF OF
WOLF CREEK NUCLEAR OPERATING CORPORATION,
EVERGY METRO, INC.,
EVERGY KANSAS CENTRAL, INC.,
EVERGY KANSAS SOUTH, INC. AND
KANSAS ELECTRIC POWER COOPERATIVE, INC.**

**IN THE MATTER OF THE 2020 WOLF CREEK
TRIENNIAL DECOMMISSIONING FINANCING PLAN**

DOCKET NO. 21-WCNE-103-GIE

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME.

A. Jason O. Humphrey.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I serve as Assistant Treasurer, for Evergy, Inc. and I am employed by Evergy Metro, Inc. and Evergy Kansas South, Inc.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Wolf Creek Nuclear Operating Corporation (“WCNOC”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro [f/k/a Kansas City Power & Light Company] (“Evergy Kansas Metro”), Evergy Kansas Central, Inc. [f/k/a Westar Energy, Inc.] and Evergy Kansas South, Inc. [f/k/a Kansas Gas and Electric Company] (collectively referred to herein as “Evergy Kansas Central”), and Kansas Electric Power

Cooperative, Inc. (“KEPCo”) (all three utility entities collectively referred to herein as “Companies” or “Wolf Creek Owners”).

Q. WHAT ARE YOUR RESPONSIBILITIES?

A. I have primary responsibility for cash and treasury management and corporate finance functions of Evergy and its related companies.

Q. PLEASE DESCRIBE YOUR EDUCATION, EXPERIENCE AND EMPLOYMENT HISTORY.

A. I graduated Manga Cum Laude from the Kansas State University in May 2008 with a Bachelor of Science degree in Mechanical Engineering with a Nuclear Engineering option. I also received a Master of Business Administration degree with honors from Baker University in May 2017. I joined Evergy Kansas Central as a Power Plant Engineer in June 2008, was later named Supervisor, Electrical Maintenance, in March 2011. I was named Plant Manager, Emporia Energy Center, in May 2012. In May of 2013 I was named Director of Natural Gas Fired Generation and director Kansas Central’s natural gas fired powerplant operations. I later joined the corporate office as Director of Performance Excellence in August 2015 and became Director of Integration Success upon the formation of Evergy in June 2018. In May 2020 I joined the corporate finance and Treasury function as Senior Director, Finance for Evergy. And in January 2021 I was named the Assistant Treasurer of the Evergy Companies.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN A PROCEEDING AT THE STATE CORPORATION COMMISSION FOR THE STATE OF KANSAS (“KCC” OR “COMMISSION”)?

A. Yes, I have filed written testimony with the KCC.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. I am providing testimony on behalf of the Companies in support of the Settlement
3 Agreement between the Wolf Creek Owners, WCNOC, the Staff of the Kansas
4 Corporation Commission (“Staff”), and the Citizens’ Utility Ratepayer Board (“CURB”),
5 which was submitted for Commission approval on February 22, 2021. The Settlement
6 Agreement recommends that the Commission adopt a specified estimate of Wolf Creek
7 decommissioning costs to be used to determine annual contribution amounts and accrual
8 levels for the respective owner utilities’ decommissioning trust accounts and a
9 recommended escalation factor (inflation rate).

10 I will provide some background information regarding the Settlement Agreement,
11 summarize the terms of the Agreement, and address the Commission’s standards for
12 review of settlements with respect to the Settlement Agreement in this case.

13 **II. BACKGROUND**

14 **Q. PLEASE DESCRIBE THE HISTORY OF THIS DOCKET AND THE**
15 **SETTLEMENT AGREEMENT.**

16 A. On September 1, 2020, WCNOC filed its 2020 decommissioning financing plan for the
17 Wolf Creek Generating Station, in accordance with the Commission’s December 9, 1992
18 Order in Docket No. 163,561-U and the Commission’s June 13, 2013 Order in Docket
19 No. 13-WCNE-204-GIE. The December 9, 1992 Order directed the filing of a
20 decommissioning cost study every three years after September 1, 1993. The June 13,
21 2013 Order directed WCNOC and the owning utilities to update the estimates of the total
22 capital costs of the Independent Spent Fuel Storage Installation (“ISFSI”) project at Wolf
23 Creek as part of the triennial decommissioning cost study filings.

1 The decommissioning financing plan filed with the Application in this docket
2 included a decommissioning cost study prepared by TLG Services, Inc. (“TLG”) that
3 provided cost estimates for decommissioning Wolf Creek. That cost study included
4 estimates for three different decommissioning methods – the DECON method, the
5 DECON Alternative with Long-Term Spent Fuel Management (“DECON-Alternative”)
6 method, and the SAFSTOR method. Based on the cost study, the estimated costs to
7 decommission Wolf Creek under the DECON method total \$890 million in 2020 dollars.
8 The estimated costs under the DECON-Alternative and the SAFSTOR methodologies
9 total \$1.074 billion and \$1.411 billion in 2020 dollars, respectively.

10 In this docket, Staff determined that the Commission should approve the cost
11 estimate for the DECON-Alternative method as this method provides a realistic estimate
12 of decommissioning cost planning. . As part of the initial application in this docket, the
13 Wolf Creek Owners proposed an inflation rate to be used to convert the cost estimates in
14 2020 dollars into the dollar amount needed for decommissioning when the plant is closed.
15 Staff agreed that the inflation rate recommended by the Wolf Creek Owners was
16 reasonable.

17 **III. TERMS OF THE SETTLEMENT AGREEMENT**

18 **Q. CAN YOU DESCRIBE THE TERMS OF THE SETTLEMENT AGREEMENT?**

19 A. Yes. The parties to the Settlement Agreement agree that (1) the cost for decommissioning
20 is \$1,073,642,000 in 2020 dollars based on the cost estimate for the DECON-Alternative
21 method provided in TLG’s cost study and that this number will be used by the Wolf
22 Creek Owners in separate dockets to set a funding level for each company’s
23 decommissioning trust fund; and (2) the use of the following specific escalation rates to

escalate the 2020 decommissioning cost estimate of \$1,073,642,000 in 2020 dollars to the appropriate dollar amount in the year that the decommissioning costs will occur:

- (i) 3.4% for labor cost;
- (ii) 1.8% for equipment & material cost;
- (iii) 2.6% for the electricity component of energy costs and 1.6% for the fuel cost component;
- (iv) 5.8% for burial cost; and
- (v) 2.5% for other costs.

Q. IF THE COMMISSION APPROVES THE SETTLEMENT AGREEMENT, WHAT WILL THE NEXT STEPS BE TO ADJUST RATES?

A. If the Commission approves the cost estimate for decommissioning the plant and an inflation rate in this docket, the next step will be for the individual owners to propose an annual funding amount for their decommissioning trust funds and related rate recovery either through base rates or some other mechanism. These proposals will occur in separate, future dockets.

IV. COMMISSION STANDARDS FOR REVIEW OF SETTLEMENT AGREEMENTS

Q. WHAT IS THE STANDARD THE COMMISSION APPLIES TO DETERMINE WHETHER TO APPROVE SETTLEMENT AGREEMENTS?

A. The Commission determines:

- 1. Whether each party had an opportunity to be heard on its reasons for opposing the Stipulation;
- 2. Whether the Stipulation is supported by substantial competent evidence;
- 3. Whether the Stipulation conforms with applicable law;
- 4. Whether the Stipulation results in just and reasonable rates; and
- 5. Whether the results of the Stipulation are in the public interest.

1 **Q. WHO ARE THE PARTIES TO THIS DOCKET?**

2 A. The Parties to the docket are the Wolf Creek Owners, WCNO, CURB, and Staff. All of
3 those parties are signatories to the Settlement Agreement.

4 **Q. DID ALL OF THE PARTIES HAVE AN OPPORTUNITY TO BE HEARD WITH**
5 **RESPECT TO THE TERMS OF THE SETTLEMENT AGREEMENT?**

6 A. Yes. All of the parties participated in settlement.

7 **Q. IS THE SETTLEMENT AGREEMENT SUPPORTED BY SUBSTANTIAL**
8 **EVIDENCE IN THE RECORD AS A WHOLE?**

9 A. Yes. The cost estimates are supported by the TLG cost study and TLG is an expert in the
10 field. No party in the docket challenged the validity of the cost estimates. Staff witness
11 Haynos supports the decision to utilize the DECON-Alternative method in his direct
12 testimony and no party has challenged the basis for which he provided for that
13 recommendation. I filed testimony on behalf of the Wolf Creek Owners proposing
14 escalation rates and Staff witness Gatewood supports the proposal in his direct testimony.
15 As a result, the Settlement Agreement is supported by substantial evidence.

16 **Q. DOES THE SETTLEMENT AGREEMENT CONFORM TO APPLICABLE**
17 **LAW?**

18 A. The Settlement Agreement addresses the issues required to be decided by the
19 Commission in the triennial dockets required by Commission order and by K.S.A. 66-
20 128m. I also understand that the Commission has previously recognized that settlements
21 are favored by the law.

22 **Q. WOULD THE RATES IMPLEMENTED PURSUANT TO THE SETTLEMENT**
23 **AGREEMENT BE JUST AND REASONABLE?**

24 A. Yes. Although rates will not change as a direct result of the Settlement Agreement in
25 this docket, the Agreement ensures that the rates that will be established in the individual
26 owners' specific dockets will be reasonable. The cost estimate adopted by the

1 Commission in the last triennial docket was \$1.093 Billion based on the SAFSTOR
2 method.

3 For Evergy Kansas Central, this amount was the basis for establishing an annual
4 funding amount of \$5,772,700, which is currently in rates. For Evergy Kansas Metro, an
5 annual funding amount of \$2,036,230 is currently in rates. As indicated above, the cost
6 estimate from TLG's 2020 cost study for the DECON-Alternative was \$1,073,642,000
7 million in 2020 dollars. The Companies estimate that the annual funding requirement
8 associated with the DECON-Alternative method estimate would be the same as or
9 substantially similar to the amount currently reflected in rates. If the Commission
10 adopts the DECON-Alternative methodology, Evergy Kansas South and Evergy Metro
11 expects the annual contribution required will not increase. For KEPCo, the annual
12 contribution required will increase by an immaterial amount (that is, an annual increase
13 of approximately \$6,000).

14 **Q. ARE THE RESULTS OF THE AGREEMENT IN THE PUBLIC INTEREST?**

15 A. Yes. The Kansas legislature and this Commission have found that it is in the public
16 interest to ensure adequate funding for the decommissioning of Wolf Creek and that the
17 rate impact of building that fund should be spread across the generations of customers
18 benefitting from the plant. By adopting the DECON-Alternative method, the Settlement
19 Agreement recognizes the need to address funding for storage for spent fuel now because
20 the federal government is not making progress in meeting its obligations to handle the
21 spent fuel.

22 It recognizes the benefit of beginning to fund that expense now, obtaining the
23 benefit of the trust fund earning interest over time, requiring less overall contribution

1 from customers. The Settlement Agreement also results in spreading the cost associated
2 with storing the spent fuel across more generations of customers that benefit from the
3 plant, rather than waiting until the end to address the issue and placing the burden of
4 funding on the customers at that time.

5 Thus, the Agreement is in the public interest and should be approved by the
6 Commission in its entirety.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A. Yes.**

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OF THE STATE OF KANSAS**

In the Matter of the 2020 Wolf Creek Triennial)
Decommissioning Financing Plan.) Docket No. 21-WCNE-103-GIE
)

AFFIDAVIT OF JASON O. HUMPHREY

STATE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

Jason O. Humphrey, being first duly sworn on his oath, states:

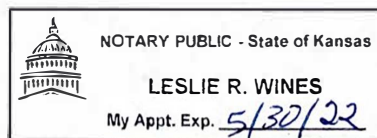
1. My name is Jason O. Humphrey. I work in Topeka, Kansas, and I am employed by Evergy Metro, Inc. ("Evergy Kansas Metro") and Evergy Kansas South, Inc. ("Evergy Kansas South") as Senior Director, Finance.
2. Attached hereto and made a part hereof for all purposes is my Testimony in Support of Settlement on behalf of consisting of behalf of the three co-owners of Wolf Creek eight (8) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


Jason O. Humphrey

Subscribed and sworn before me this 12th day of March 2021.


Notary Public

My commission expires May 30, 2022



CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of March 2021, the foregoing was electronically filed in the docket and that one copy was delivered electronically to all parties on the service list in the above-captioned docket as listed below:

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/s/ Roger W. Steiner

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