

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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

APPLICATION

COMES NOW Applicant Kansas Electric Power Cooperative, Inc. (“KEPCo” or “Applicant”), and for its Application requesting approval of changes in the accrual and funding of Wolf Creek Generating Station decommissioning costs, states as follows:

1. KEPCo is a corporation duly organized under the laws of the State of Kansas, with its registered office and principal place of business at 600 SW Corporate View, Topeka, Kansas, 66615.
2. KEPCo is engaged in the business of a generation and transmission cooperative electric supplier providing power and energy to nineteen member distribution cooperatives (“Members”) in the state of Kansas pursuant to all-requirements wholesale electric power agreements. KEPCo’s Members serve more than 125,000 retail meters in the eastern two-thirds of Kansas, which equates to approximately 300,000 Kansans.
3. KEPCo was granted authority to transact the business of an electric public utility in the state of Kansas under a Limited Certificate of Convenience and Authority issued by the State Corporation Commission of the State of Kansas (“Commission”) on October 22, 1980, in Docket No. 120,738-U, which is incorporated herein by reference. On October 21, 2009,

KEPCo's election to deregulate its electric operations pursuant to K.S.A. 66-104d was affirmed by the Commission.¹

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

5. In Docket No. 142,100-U, the Commission authorized KEPCo to utilize a "segregated internal funding mechanism" to hold and accumulate its proportionate share of the decommissioning costs to be used to decommission the Wolf Creek Generating Station.² For this purpose, KEPCo created a Grantor Trust.

6. The Commission approved Applicant's Grantor Trust in its Order dated November 30, 1989 in Docket No. 167,220-U. On December 26, 1989, KEPCo executed its Grantor Trust and delivered it to the Trustee. It is a segregated internal fund, administered by an independent, external Trustee, CoreFirst Bank and Trust of Topeka, Kansas. The income from the Grantor Trust is attributable to KEPCo. KEPCo is tax exempt under IRC 501c(12) so long as its income meets certain tests. It is believed that KEPCo will meet the income tests for the time period shown on Attachment A, attached hereto and described in paragraph 11 below. The Grantor Trust, as amended from time to time, is presently in full force and effect.

7. On September 1, 2017, the Wolf Creek Nuclear Operating Corporation ("WCNOC"), Kansas Gas and Electric Company d/b/a Westar Energy ("Westar"), Kansas City Power & Light Company ("KCP&L"), and KEPCo (collectively, "the Parties") jointly submitted the Decommissioning Finance Plan for the Wolf Creek Generating Station.³ These triennial dockets are designed to approve a methodology, which reasonably estimates the costs to

¹ See Docket No. 10-KEPE-225-DRC, Order Affirming Deregulation (Oct. 21, 2009).

² See Docket No. 142,100-U, Order (Sept. 27, 1985), at p. 54.

³ See Docket No. 18-WCNE-107-GIE ("18-107 Docket").

decommission the Wolf Creek Generating Station. Although in past dockets the Commission has approved the DECON method to determine the appropriate cost estimate to decommission the Wolf Creek Generating Station, the question of whether the federal government will remove the spent fuel from Wolf Creek Generating Station upon its decommissioning is a major concern. Therefore, the Parties' consultant, TLG Services, Inc., prepared the Decommissioning Cost Analysis for WCNOG in the 18-107 Docket offering two decommissioning cost estimate methods: DECON and SAFSTOR.⁴ Additionally, due to a number of assumptions about whether the federal government will remove spent fuel or do so in a timely manner, TLG Services, Inc. developed a third decommissioning scenario: DECON Alternative with Long-Term Spent Fuel Management (DECON ALT).⁵

8. On June 22, 2018, Commission Staff ("Staff") and the Parties filed their Non-Unanimous Settlement Agreement in the 18-107 Docket. Using the DECON ALT methodology, Staff and the Parties proposed that the cost for decommissioning Wolf Creek Generating Station is \$1.088 billion in 2017 dollars, which the Parties will use in their respective proposals for setting a funding level for each company's Decommissioning Trust Account in separate, individual dockets.⁶ Additionally, Staff and the Parties agreed to use an escalation rate of 2.91% per year to escalate the 2017 decommissioning cost estimate of \$1.088 billion from 2017 dollars to the appropriate dollar amount in the year that the decommissioning costs will occur.⁷

9. Due to the speculative nature of the DECON ALT methodology, however, the Commission decided it prefers a methodology that has been endorsed by the Nuclear Regulatory

⁴ 18-107 Docket, Order (Aug. 2, 2018) ("Order"), at 2, *citing* Direct Testimony of Leo M. Haynos (May 15, 2018) ("Haynos Direct"), at 6.

⁵ Haynos Direct at 11; Study Attachment 2 at 130.

⁶ Non-Unanimous Settlement Agreement at 2.

⁷ *Id.*

Commission (“NRC”).⁸ Of the three methodologies endorsed by the NRC – DECON, SAFSTOR, and ENTOMB – the Commission found SAFSTOR to be the best cost estimate methodology for decommissioning the Wolf Creek Generating Station given the record in the 18-107 Docket. Specifically, the Commission stated, “it would be extremely irresponsible to select a methodology that assumes the federal government will be able to accept the spent fuel at the time of decommissioning. There is no evidence that the federal government has any plan to collect and remove the spent fuel.”⁹ Under SAFSTOR, the spent fuel is safely stored and decontaminated to a level where the property can be used without restriction within 60 years.¹⁰ Although the Commission believes SAFSTOR is the best decommissioning cost estimate based on the available evidence in the record, including recognition by the NRC, the Commission stated that should the Parties maintain their belief that DECON ALT is a better cost estimate methodology, the Commission encouraged the Parties to provide more detailed information in its next triennial filing.¹¹ The recommended 2.91% escalation rate was not questioned and, therefore, was approved by the Commission.¹²

10. The total cost for SAFSTOR is \$1.09 billion in 2017 dollars, ending in 2106. Therefore, KEPCo’s share of decommissioning costs, including decontamination, dismantling, and site restoration, is estimated to be \$65.6 million. Additionally, KEPCo will use an escalation rate of 2.91% per year to escalate the 2017 decommissioning cost estimate of \$1.09 billion from 2017 dollars to the appropriate dollar amount in the year that the decommissioning costs will occur.

⁸ See Order at 6-7.

⁹ Id. at 7-8.

¹⁰ Id. at 7, citing Study Attachment 2 at 139.

¹¹ Id. at 8.

¹² Id. at 6.

11. KEPCo has prepared a schedule showing its share of the projected Wolf Creek Generating Station decommissioning cost accruals. This schedule is attached hereto and marked as Attachment A. For purposes of its computation, KEPCo: multiplied the final agreed on cost to decommission based on the Commission's Order in the 18-107 Docket of \$1,093,117,000 by 6% to determine KEPCo's share (\$65,587,020); used 2.91% for inflation; used KEPCo's ending balance in its Grantor Trust at September 30, 2018 of \$27,026,427; and used an initial 5.15% return on investment. KEPCo's calculated contribution for 2019 is \$543,994. This represents a \$28,784 increase from the contribution that resulted from the prior Commission approved computation factors.

12. KEPCo respectfully requests the Commission to approve the amount of KEPCo's annual contribution to the Grantor Trust.

WHEREFORE, KEPCo respectfully requests an Order of the Commission approving the implementation of Attachment A and for such other relief as the Commission deems just and reasonable.

Respectfully Submitted:

/s/ Susan B. Cunningham

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ATTORNEY FOR KANSAS ELECTRIC POWER
COOPERATIVE, INC.

VERIFICATION
(K.S.A. 53-601)

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

I, Susan B. Cunningham, verify under penalty of perjury that I have caused the foregoing Application to be prepared on behalf of Kansas Electric Power Cooperative, Inc., that I have read and reviewed the Application, and that the contents thereof are true and correct to the best of my information, knowledge, and belief.

/s/ Susan B. Cunningham

Susan B. Cunningham

Executed on this 7th day of May, 2019.

ATTACHMENT A

Kansas Electric Power Cooperative Inc.
Estimate for Decommissioning Fund Contributions
SAFSTOR
Attachment A

KCC Stipulated and Fixed Amounts	
Total Cost DECON w LT Spent Fuel Method in 2017 \$s	\$1,093,117,000
Estimated KEPCo Cost in 2017 \$s	\$65,587,020
Forecasted Rate of Inflation	2.91%
Remaining Years in Service	28
Total KEPCo Cost of Decommissioning	\$830,592,205
Market Value of Portfolio @ 09/30/2018	\$27,026,427
Remaining \$s To Be Collected	\$803,565,778
KEPCo Variables	
Forecasted Return on Portfolio	Table Below
Annual Payment	\$543,994
Amount of Excess/Shortfall	0

Time	Year	Annual Inflow	Annual Outflow	Annual Earnings	Balance	Annual Return
1	2018	\$ -	\$ -	\$ -	\$ 27,026,427	5.15%
2	2019	\$ 543,994	\$ -	\$ 1,391,861	\$ 28,860,190	5.15%
3	2020	\$ 543,994	\$ -	\$ 1,486,300	\$ 30,781,973	5.15%
4	2021	\$ 543,994	\$ -	\$ 1,585,272	\$ 32,796,002	5.15%
5	2022	\$ 543,994	\$ -	\$ 1,688,994	\$ 34,906,705	5.15%
6	2023	\$ 543,994	\$ -	\$ 1,797,695	\$ 37,118,721	5.15%
7	2024	\$ 543,994	\$ -	\$ 1,911,614	\$ 39,436,914	5.15%
8	2025	\$ 543,994	\$ -	\$ 2,031,001	\$ 41,866,380	5.15%
9	2026	\$ 543,994	\$ -	\$ 2,156,119	\$ 44,412,460	5.15%
10	2027	\$ 543,994	\$ -	\$ 2,287,242	\$ 47,080,753	5.15%

11	2028	\$	543,994	\$	-	\$	2,424,659	\$	49,877,123	5.15%
12	2029	\$	543,994	\$	-	\$	2,568,672	\$	52,807,720	5.15%
13	2030	\$	543,994	\$	-	\$	2,719,598	\$	55,878,984	5.15%
14	2031	\$	543,994	\$	-	\$	2,877,768	\$	59,097,670	5.15%
15	2032	\$	543,994	\$	-	\$	3,043,530	\$	62,470,852	5.15%
16	2033	\$	543,994	\$	-	\$	3,217,249	\$	66,005,948	5.15%
17	2034	\$	543,994	\$	-	\$	3,399,306	\$	69,710,727	5.15%
18	2035	\$	543,994	\$	-	\$	3,590,102	\$	73,593,337	5.15%
19	2036	\$	543,994	\$	-	\$	3,790,057	\$	77,662,311	5.15%
20	2037	\$	543,994	\$	-	\$	3,999,609	\$	81,926,596	5.15%
21	2038	\$	543,994	\$	-	\$	4,219,220	\$	86,395,567	5.15%
22	2039	\$	543,994	\$	-	\$	4,449,372	\$	91,079,049	5.15%
23	2040	\$	543,994	\$	-	\$	4,690,571	\$	95,987,338	5.15%
24	2041	\$	543,994	\$	-	\$	4,943,348	\$	101,131,224	5.15%
25	2042	\$	543,994	\$	-	\$	5,208,258	\$	106,522,017	5.15%
26	2043	\$	543,994	\$	-	\$	5,485,884	\$	112,171,568	5.15%
27	2044	\$	543,994	\$	-	\$	5,776,836	\$	118,092,298	5.15%
28	2045	\$	-	\$	(8,053,839)	\$	6,081,753	\$	115,699,389	5.15%
29	2046	\$	-	\$	(11,548,678)	\$	5,958,519	\$	109,696,782	5.15%
30	2047	\$	-	\$	(5,284,264)	\$	5,649,384	\$	109,670,463	5.15%
31	2048	\$	-	\$	(5,437,435)	\$	5,648,029	\$	109,489,711	5.15%
32	2049	\$	-	\$	(5,563,915)	\$	5,638,720	\$	109,173,802	5.15%
33	2050	\$	-	\$	(4,190,053)	\$	5,622,451	\$	110,216,591	5.15%
34	2051	\$	-	\$	(778,535)	\$	5,676,154	\$	114,720,953	5.15%
35	2052	\$	-	\$	(801,163)	\$	5,908,129	\$	119,418,896	5.15%
36	2053	\$	-	\$	(820,216)	\$	6,150,073	\$	124,323,287	5.15%
37	2054	\$	-	\$	(841,899)	\$	6,402,649	\$	129,441,406	5.15%
38	2055	\$	-	\$	(864,164)	\$	6,666,232	\$	134,782,929	5.15%
39	2056	\$	-	\$	(889,316)	\$	6,941,321	\$	140,355,694	5.15%
40	2057	\$	-	\$	(910,506)	\$	7,228,318	\$	146,174,762	5.15%
41	2058	\$	-	\$	(934,615)	\$	7,528,000	\$	152,249,035	5.15%
42	2059	\$	-	\$	(959,374)	\$	7,840,825	\$	158,590,115	5.15%
43	2060	\$	-	\$	(987,336)	\$	8,167,391	\$	165,207,604	5.15%
44	2061	\$	-	\$	(1,010,908)	\$	8,508,192	\$	172,119,161	5.15%

45	2062	\$	-	\$	(1,037,722)	\$	8,864,137	\$	179,335,658	5.15%
46	2063	\$	-	\$	(1,065,258)	\$	9,235,786	\$	186,871,012	5.15%
47	2064	\$	-	\$	(1,096,353)	\$	9,623,857	\$	194,736,967	5.15%
48	2065	\$	-	\$	(1,122,581)	\$	10,028,954	\$	202,954,261	5.15%
49	2066	\$	-	\$	(1,152,408)	\$	10,452,144	\$	211,536,157	5.15%
50	2067	\$	-	\$	(1,183,042)	\$	10,894,112	\$	220,499,351	5.15%
51	2068	\$	-	\$	(1,217,627)	\$	11,355,717	\$	229,858,193	5.15%
52	2069	\$	-	\$	(1,246,817)	\$	11,837,697	\$	239,637,069	5.15%
53	2070	\$	-	\$	(1,280,006)	\$	12,341,309	\$	249,852,143	5.15%
54	2071	\$	-	\$	(1,314,093)	\$	12,867,385	\$	260,523,453	5.15%
55	2072	\$	-	\$	(1,352,569)	\$	13,416,958	\$	271,668,510	5.15%
56	2073	\$	-	\$	(1,385,066)	\$	13,990,928	\$	283,316,033	5.15%
57	2074	\$	-	\$	(1,422,003)	\$	14,590,776	\$	295,485,699	5.15%
58	2075	\$	-	\$	(1,459,944)	\$	15,217,513	\$	308,201,568	5.15%
59	2076	\$	-	\$	(1,502,760)	\$	15,872,381	\$	321,484,983	5.15%
60	2077	\$	-	\$	(1,538,948)	\$	16,556,477	\$	335,369,814	5.15%
61	2078	\$	-	\$	(1,580,070)	\$	17,271,545	\$	349,879,996	5.15%
62	2079	\$	-	\$	(1,622,312)	\$	18,018,820	\$	365,044,424	5.15%
63	2080	\$	-	\$	(1,669,971)	\$	18,799,788	\$	380,889,086	5.15%
64	2081	\$	-	\$	(1,710,281)	\$	19,615,788	\$	397,453,980	5.15%
65	2082	\$	-	\$	(1,756,075)	\$	20,468,880	\$	414,768,197	5.15%
66	2083	\$	-	\$	(1,803,120)	\$	21,360,562	\$	432,866,450	5.15%
67	2084	\$	-	\$	(1,856,185)	\$	22,292,622	\$	451,780,355	5.15%
68	2085	\$	-	\$	(1,901,104)	\$	19,516,911	\$	467,807,432	4.32%
69	2086	\$	-	\$	(1,952,116)	\$	20,209,281	\$	484,419,770	4.32%
70	2087	\$	-	\$	(2,004,527)	\$	20,926,934	\$	501,639,208	4.32%
71	2088	\$	-	\$	(2,063,631)	\$	21,670,814	\$	519,483,153	4.32%
72	2089	\$	-	\$	(2,113,703)	\$	22,441,672	\$	537,985,432	4.32%
73	2090	\$	-	\$	(2,170,549)	\$	23,240,971	\$	557,165,404	4.32%
74	2091	\$	-	\$	(2,228,960)	\$	24,069,545	\$	577,048,411	4.32%
75	2092	\$	-	\$	(2,294,811)	\$	20,138,990	\$	592,865,420	3.49%
76	2093	\$	-	\$	(2,350,649)	\$	20,691,003	\$	609,123,245	3.49%
77	2094	\$	-	\$	(2,414,021)	\$	21,258,401	\$	625,828,193	3.49%
78	2095	\$	-	\$	(2,479,143)	\$	21,841,404	\$	642,992,556	3.49%

79	2096	\$	-	\$	(2,552,541)	\$	22,440,440	\$	660,622,482	3.49%
80	2097	\$	-	\$	(2,614,835)	\$	23,055,725	\$	678,743,692	3.49%
81	2098	\$	-	\$	(5,489,018)	\$	11,131,397	\$	682,002,968	1.64%
82	2099	\$	-	\$	(25,850,380)	\$	11,184,849	\$	664,942,926	1.64%
83	2100	\$	-	\$	(159,736,477)	\$	10,905,064	\$	513,776,713	1.64%
84	2101	\$	-	\$	(235,334,655)	\$	8,425,938	\$	285,062,278	1.64%
85	2102	\$	-	\$	(99,764,354)	\$	4,675,021	\$	188,967,727	1.64%
86	2103	\$	-	\$	(104,470,268)	\$	3,099,071	\$	86,927,642	1.64%
87	2104	\$	-	\$	(58,714,416)	\$	1,425,613	\$	29,327,093	1.64%
88	2105	\$	-	\$	(18,053,822)	\$	480,964	\$	11,644,091	1.64%
89	2106	\$	-	\$	(11,786,800)	\$	190,963	\$	0	1.64%