

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the 2017 Wolf Creek            )  
Triennial Decommissioning Financing        )  
Plan    )       KCC Docket No. 18-WCNE-107-GIE

**TESTIMONY IN OPPOSITION TO SETTLEMENT**

**STACEY HARDEN**

**ON BEHALF OF**

**CITIZENS' UTILITY RATEPAYER BOARD**

JUNE 27, 2018

1           **A. Introduction**

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

3           A. My name is Stacey Harden. My business address is 1500 SW Arrowhead Road, Topeka,  
4           Kansas 66604.

5

6           **Q. Did you previously file testimony in this proceeding?**

7           A. Yes. I filed Surrebuttal/Reply testimony on behalf of the Citizens' Utility Ratepayer  
8           Board ("CURB") on June 18, 2018 recommending the State Corporation Commission of  
9           the State of Kansas ("KCC", "Commission") defer any decision regarding ratemaking  
10          treatment to Kansas Gas and Electric Company d/b/a Westar Energy's ("Westar") and  
11          Kansas City Power & Light Company's ("KCPL") general rate cases.

12

13          **Q. What is the purpose of your Testimony in Opposition to Settlement?**

14          A. The purpose of my testimony is to explain CURB's objections to the Stipulation and  
15          Agreement ("S&A") that has been filed by parties in this case.

16

17          **B. Background of the Case**

18          **Q. Please summarize the background of this case.**

19          A. On September 1, 2017, Wolf Creek Nuclear Operating Corporation ("WCNOC"),  
20          Westar, KCPL, and Kansas Electric Power Cooperative, Inc. ("KEPCo") submitted to  
21          the Commission its 2017 triennial Decommissioning Financing Plan for the Wolf Creek  
22          Generating Station ("Wolf Creek"). K.S.A. 66-128m requires a decommissioning  
23          financing plan. Pursuant to K.S.A. 66-128o, the Commission shall review the

1 decommissioning financing plan for each nuclear power generating facility located in the  
2 State of Kansas at least every five years until the facility's closing and at least annually  
3 after the closing. Such review may include any and all aspects of the decommissioning  
4 financing plan.

5 The triennial Decommissioning Financing Plan, completed in accordance with the  
6 Commission's order in Docket No. 15-WCNE-093-GIE ("093" Docket), includes seven  
7 components, which includes an explanation of: (1) the Triennial Wolf Creek  
8 Decommissioning Cost Study, (2) the escalation rate and estimated cost at  
9 decommissioning, (3) utility funding plans, (4) ownership financial responsibility, and (5)  
10 Commission requested information.

11 Leo Haynos and Adam Gatewood filed direct testimony on May 15, 2018 on  
12 behalf of the Staff of the Kansas Corporation Commission ("Staff"). Mr. Haynos  
13 recommended the Commission accept the decommissioning cost estimate presented in  
14 Appendix E of the decommissioning cost study at a total cost of \$1.09 billion (2017  
15 dollars).<sup>1</sup> If the Commission declines to adopt the Appendix E methodology, Mr. Haynos  
16 alternatively recommends the Commission consider approving the SAFSTOR  
17 methodology at a total cost of \$1.09 billion (2017 dollars). Mr. Gatewood agreed with the  
18 forecasts included in the triennial Decommissioning Financing Plan, and recommended  
19 the Commission adopt 2.91% as the escalation rate.

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<sup>1</sup> Appendix E is referred to as DECON Alternative with Long-Term Spent Fuel Management in the S&A.

1 **Q. Did you, or any other representative of CURB, file direct testimony in this**  
2 **proceeding?**

3 A. No.

4

5 **C. Discussion of the Stipulation and Agreement**

6 **Q. Have the parties engaged in settlement discussions?**

7 A. Yes, the parties engaged in settlement discussions on June 21, 2018. As a result of the  
8 settlement discussions, WCNOG, Westar, KCPL, KEPCo, and Staff entered into an S&A  
9 to resolve the issues in this case. CURB is not a party to the S&A for the reasons  
10 specified in this testimony.

11

12 **Q. Please summarize the terms of the S&A.**

13 A. The S&A wholly adopts the recommendations set forth in Staff's direct testimony. The  
14 S&A stipulates the cost for decommissioning funding will be \$1.088 billion as described  
15 in Appendix E ("DECON-LTSFM") of the decommissioning cost study. Additionally,  
16 Westar, KCPL, and KEPCo agree in the S&A to use an escalation rate of 2.91% per year  
17 to escalate the 2017 decommissioning cost estimate of \$1.088 billion from 2017 dollars  
18 to the appropriate dollar amount in the year that the decommissioning costs will occur.

19

20 **Q. What is your primary concern regarding the S&A**

21 A. My primary concern is that the DECON-LTSFM plan agreed upon in the S&A results in  
22 a significant increase in the decommissioning cost estimate. In each of the previous  
23 triennial Plans, the Commission accepted the DECON decommissioning cost estimate. In

1           2015, the accepted DECON decommissioning cost estimate was \$765 million. If  
2           approved, the terms of the S&A in this docket would increase the decommissioning cost  
3           estimate from \$765 million to \$1.088 billion – or 42%. Because decommissioning costs  
4           are passed onto ratepayers, CURB is concerned about the rate impacts that will occur as a  
5           result of increasing the decommissioning cost estimate 42%.

6  
7           **D. Standards of Review**

8           **Q. Are you familiar with the standards used by the KCC to evaluate a settlement that**  
9           **is proposed to the Commission?**

10          A. Yes, I am. The Commission has adopted five guidelines for use in evaluating settlement  
11          agreements. These include: (1) has each party had an opportunity to be heard on its  
12          reasons for opposing the settlement? (2) is the agreement supported by substantial  
13          evidence in the record as a whole? (3) does the agreement conform to applicable law? (4)  
14          will the agreement result in just and reasonable rates? (5) are the results of the agreement  
15          in the public interest, including the interests of customers represented by any party not  
16          consenting to the agreement? Since I am not an attorney, I will not address item 3 (does  
17          the agreement conform to applicable law). However, at the request of the Commission,  
18          CURB counsel will provide a response to the question of whether the Agreement does  
19          indeed conform to applicable law.

1 **Q. Has each party had an opportunity to be heard on its reasons for opposing the**  
2 **Settlement Agreement?**

3 A. Yes. Settlement discussions were conducted with all parties on June 21, 2018. CURB was  
4 present during the settlement discussions. Moreover, I have the opportunity to file this  
5 testimony in opposition and to appear at the hearing before the Commission to address  
6 CURB's opposition. Therefore, I believe that each party has had an opportunity to be  
7 heard on its reasons opposing the S&A.

8  
9 **Q. Is the Settlement supported by substantial evidence in the record as a whole?**

10 A. Only partially. The decommissioning cost study presented evidence to support three  
11 methodologies that can be used to estimate decommissioning costs: DECON,  
12 SAFESTOR, and DECON-LTSFM. These estimates, as part of the decommission cost  
13 study have been properly prepared to meet the statutory reporting requirements.  
14 However, substantial evidence has not been provided regarding the potential impact to  
15 ratepayers if decommissioning costs are increased 42%.

16  
17 **Q. Will the Settlement Agreement result in just and reasonable rates?**

18 A. Rates are not directly determined in the S&A, or as part of this triennial  
19 Decommissioning Financing Plan. However, rates will be indirectly impacted by the  
20 Commission's order in this proceeding. After the cost estimate is approved by the  
21 Commission in this proceeding the cost estimate will be used to determine the amount  
22 each utility must contribute annually to its nuclear decommissioning trust. The annual  
23 contribution amount is then included in a utility's cost of service so that each utility can

1 recover from ratepayers the amount that it deposits into its nuclear decommissioning  
2 trust.

3

4 **Q. Are the results of the Settlement Agreement in the public interest, including the**  
5 **interests of customers represented by any party not consenting to the agreement?**

6 A. In my opinion, it is unclear. However, the results of the S&A will result in an overall cost  
7 increase of 42% which may result in a rate impact that is not in the public interest.

8

9 **Q. Please summarize your conclusions.**

10 A. The DECON-LTSFM methodology agreed upon by the parties in the S&A represents a  
11 considerable monetary change from the previously adopted decommissioning  
12 methodology, DECON. If the S&A is approved, the cost estimate to decommission Wolf  
13 Creek will increase 42% over the estimate approved by the Commission in 2015.  
14 However, the financial impact to ratepayers has not been fully addressed by the parties in  
15 the S&A. Because CURB is concerned about the rate impact that will be caused if the  
16 S&A is approved, I cannot recommend the Commission approve the S&A as presented.

17

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

19 A. Yes.

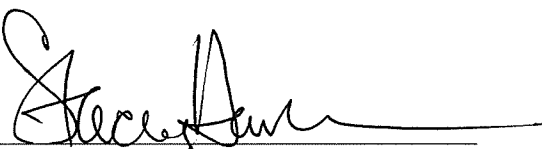
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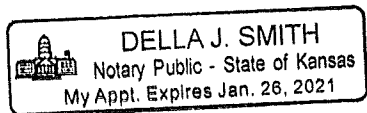
**VERIFICATION**


STATE OF KANSAS                    )  
  )    ss:  
COUNTY OF SHAWNEE            )

I, Stacey Harden, of lawful age and being first duly sworn upon my oath, state that I am a Senior Regulatory Analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Stacey Harden

SUBSCRIBED AND SWORN to before me this 27<sup>th</sup> day of June, 2018.



  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2021.



**CERTIFICATE OF SERVICE**

18-WCNE-107-GIE

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 27<sup>th</sup> day of June, 2018, to the following:

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