Approved _____
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS.

The meeting was called to order by Representative Robert H. Miller at
Chairperson

1:30 a.m./p.m. on March 20, 1985 in room 526S of the Capitol.

All members were present except:

Representative Aylward - E

Committee staff present:

Lynda Hutfles, Secretary
Russ Mills, Research
Mary Torrence, Revisor's Office

Conferees appearing before the committee:

Representative Rex Crowell
Brian Moline, Kansas Corporation Commission
Bob Storey, Union Gas System, Inc.
John Jordison, Peoples Natural Gas
Richard Kready, Kansas Power & Light
Phil Harnes, Johnson County
Representative Daryl Webb
Malcolm Moore, Sierra Club
Marsha Marshal, Kansas Natural Resource Council
Don Schnacke, KIOGA

The meeting was called to order by Chairman Miller.

Representative Brady made a motion, seconded by Representative Long, to approve the minutes of the March 19 meeting. The motion carried.

HB2202 - Natural gas regulation by KCC, when

Representative Rex Crowell, Chairman of House Transportation, explained the bill to the committee and distributed a copy of a substitute bill. See attachment A. He explained the differences between these two bills. HB2202 was a combination to two bills that came out of the Interim Transportation Committee (2019 & 2020). This was an outgrowth of two situations - Fairfax and Johnson County Airport. In this bill there is an attempt to protect residential customers, to allow for competition and to provide a level paying field.

Brian Moline, Kansas Corporation Commission, supported both of the committee bills. He said that competition properly managed can be constructive. The new version is substantially similar to the new bill and we support it. Under this bill all sellers and resellers will be subject to a statewide statuatory scheme.

Bob Storey, Union Gas System, Inc. (which represents Wyandotte, Leavenworth, & Johnson Counties and S.E. Kansas), gave testimony in support of the bill. He explained the problems Union has had with Johnson County wanting to buy their gas elsewhere. This bill will prevent "cream skimming"and will require any utility who wants to take over customers to go before the KCC with a projected need.

John Jordison, Peoples Natural Gas, gave t-stimony in support of the bill and stated that it is in the best interest of Kansas natural gas consumers that all entities choosing to compete for existing natural gas customers be regulated by the KCC. See Attachment B.

Richard Kready, Kansas Power & Light, Manager of Company Affairs, gave testimony in support of the bill and view this bill as a response to certain changes taking place in the competitive valve of the natural gas industry and considers the bill a positive effort to deal with some of these changes most affecting the ultimate consumer. See attachment C.

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS,

room 526S, Statehouse, at 1:30 a.m./p.m. on March 20, 19 85

Phil Harnes, Johnson County Counselor, gave testimony in support of the bill.

Representative Daryl Webb explained and distributed a proposed amendment to the bill which would require the KCC to approve a decommissioning plan before a nuclear plant can begin commercial operation. See attachment D.

Malcolm Moore, Sierra Club, gave testimony in support of the bill with Representative Webb's amendment. He talked about the decommissioning process and the problems encountered in dismantling a nuclear reactor. See attachment E.

Marsha Marshal, Kansas Natural Resource Council, gave testimony in support of the bill with Representative Webb's amendment. Mrs. Marshal reviewed with the committee the little experience the U.S. has had in decommissioning nuclear reactors, the costs of dismantling a nuclear reactor the size of Wolf Creek and legislative options. See attachment F.

Brian Moline told the committee he had no opposition to HB220s, but the committee should keep in mind there are two problems with decommissioning 1. How are you going to do it? (Totally up to the federal government) and the state will pay for it; 2. This is an added increment of cost from day one for the cost of decommissioning. If this amendment is approved he expressed some technical amendments that need to be addressed. On page 3 (i) the definition of "prompt removal and dismantlement" needs to be looked at; on page 3, New Sec. 5 (b) 4 - placement of funds in non speculative investments; On page 3, New Sec. 5(b) 2 - there is no way of knowing how much this will cost; and on page 6 (d) "funding requirements" needs to be looked at.

Don Schnacke, KIOGA, gave testimony in opposition to Mr. Kready's amendment on lines 37-24.

Hearings were concluded on HB2202.

Representative Walker made a motion, seconded by Representative Long, to introduce a proposed bill to remove Hillsdale from the State Park System as a committee bill. The motion carried.

The meeting was adjourned.

GUEST LIST

FEDERAL & STATE AFFAIRS COMMITTEE

DATE: 3-20-85

(PLEASE PRINT)

NAME	ADDRESS	WHO YOU REPRESENT
Robert A Anderson	Box 17 Overland Park Ks	Mid Continent
Richard D. Kready	Topeka	KPL / Gas Service Co.
George A. Sams	Topeka	Mobil
WALTER DUNN	"	EKOGA
Phil Harness	Olathe, Ks.	Johnson County, Ks.
JIM Flaherty	TOPEKA	KCC
Bob Storey	Topeka	Union Gas System Inc
John Jordison	Omaha	Peoples Natural Gas Co.
Jan Johnson	Topeka	Budget Division
Jerry Coonrod	"	KC & E
Shaun McGrath	Lawrence	KNRC
KEVIN ROBERTSON	TOPEKA	KPL / GAS SERVICE
TREVA POTTER	TOPEKA	NORTHERN NAT. GAS
Louis Stroup Jr.	McPherson	Kansas Municipal Utilities
Jack Cromell	LONGTON	Ks Leg
Don Schmaltz	Topeka	IKIOGA
R Neavel	Topeka	Ks Gas Comm

HOUSE BILL NO. _____

By Committee on Federal and State Affairs

AN ACT concerning natural gas; amending K.S.A. 66-104 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 66-104 is hereby amended to read as follows: 66-104. The term "public utility," as used in this act, shall be construed to mean every cooperative, corporation, company, individual, association of persons, their trustees, lessees or receivers, that now or hereafter may own, control, operate or manage, except for private use, any equipment, plant or generating machinery, or any part thereof, for the transmission of telephone messages or for the transmission of telegraph messages in or through any part of the state, or the conveyance of oil and gas through pipelines in or through any part of the state, except pipelines less than ~~fifteen--(15)~~ 15 miles in length and not operated in connection with or for the general commercial supply of gas or oil, or for the operation of any trolley lines, street, electrical or motor railway doing business in any county in the state; also all dining car companies doing business within the state; also all sellers, resellers and commissioned brokers of natural gas doing business within the state who do not own, control, operate or manage pipeline and distribution facilities, except for natural gas producers who sell to public utilities as herein defined, who sell to customers not served by public utilities as herein defined or who sell by private contract to an end-use customer, and except for (1) the sale of natural gas for on-farm use, or (2) the sale of natural gas through a farm tap granted pursuant to a right-of-way, and all companies for the production, transmission, delivery or furnishing of heat, light, water or

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Attach A

power. No cooperative, cooperative society, nonprofit or mutual corporation or association which is engaged solely in furnishing telephone service to subscribers from one telephone line without owning or operating its own separate central office facilities, shall be subject to the jurisdiction and control of the commission as provided herein, except that it shall not construct or extend its facilities across or beyond the territorial boundaries of any telephone company or cooperative without first obtaining approval of the commission. As used herein, the term "transmission of telephone messages" shall include the transmission by wire or other means of any voice, data, signals or facsimile communications, including all such communications now in existence or as may be developed in the future.

The term "public utility" shall also include that portion of every municipally owned or operated electric or gas utility located outside of and more than three ~~(3)~~ miles from the corporate limits of such municipality, but nothing in this act shall apply to a municipally owned or operated utility, or portion thereof, located within the corporate limits of such municipality or located outside of such corporate limits but within three ~~(3)~~ miles thereof except as provided in K.S.A. 66-131a and amendments thereto.

Except as herein provided, the power and authority to control and regulate all public utilities and common carriers situated and operated wholly or principally within any city or principally operated for the benefit of such city or its people, shall be vested exclusively in such city, subject only to the right to apply for relief to the corporation commission as hereinafter provided in K.S.A. 66-131a or 66-133 ~~and--to--the provisions--of-K.S.A.-66-131a.~~ and amendments thereto. The power and authority to control and regulate all natural gas public utilities currently situated and operated wholly or principally within any city or principally operated for the benefit of such city or its people on the effective date of this act, and all natural gas public utilities that begin operation after the

effective date of this act wholly or principally within any city not being provided that natural gas public utility service by a public utility subject to the jurisdiction of the commission, shall be vested exclusively in such city, subject only to the right to apply for relief to the corporation commission as hereinafter provided in K.S.A. 66-131a or 66-133 and amendments thereto. All natural gas public utilities that begin operation after the effective date of this act wholly or principally within any city already being provided similar service by a natural gas public utility subject to the jurisdiction of the commission, shall be deemed to be a public utility as that term is used in this section and, as such, shall be subject to the jurisdiction of the commission. A transit system principally engaged in rendering local transportation service in and between contiguous cities in this and another state by means of street railway, trolley bus and motor bus lines, or any combination thereof, shall be deemed to be a public utility as that term is used in this act and, as such, shall be subject to the jurisdiction of the commission.

New Sec. 2. As used in K.S.A. 66-104 and amendments thereto and K.S.A. 66-131 and amendments thereto, when applicable to natural gas or to a gas utility, the words "municipally owned" mean city-owned and the word "municipality" means city.

Sec. 3. K.S.A. 66-104 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

TESTIMONY OF PEOPLES NATURAL GAS CO.
ON H.B. 2202
HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE
MARCH 20, 1985

The natural gas industry has changed significantly in the last few years. With abundant supplies, natural gas prices are declining and competition for customers is here to stay. Peoples welcomes the new challenges that these changes have brought about.

However, at the same time, Peoples remains concerned about protection for residential customers. In the case of the telephone and airline industries, ungoverned entry into the marketplace has favored large users as opposed to small users and rural areas. In the natural gas industry, the competition for large customers, known as "cream-skimming", could result in similar negative consequences for residential users. In fact, cream skimming by unregulated suppliers can dramatically increase costs to residential customers.

Peoples believes that it is in the best interest of Kansas natural gas consumers that all entities choosing to compete for existing natural gas customers be regulated by the KCC. The Commission is empowered to decide if sales by regulated natural gas utilities are fair to all classes of customers, on a case-by-case basis. In order to protect the residential customers of regulated natural gas public utilities, Peoples believes the KCC needs the authorization to regulate all sellers, resellers and brokers of natural gas choosing to compete for large customers.

H.B. 2202 accomplishes this goal. I urge that you favorably report HB 2202.

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TESTIMONY OF RICHARD D. KREADY
The Kansas Power and Light Company
and
The Gas Service Company

H. B. 2202

House Federal and State Affairs Committee

March 20, 1985

My testimony will address H. B. No. 2202 concerning proposed amendments to the law governing certification of natural gas suppliers in the state by the Corporation Commission. We view this bill as a response to certain changes taking place in the competitive nature of the natural gas industry, and we consider it a positive effort to deal with some of these changes most affecting the ultimate consumer.

As Mr. L. R. Nicholson, President of KPL/GSC, has testified before this Legislative Body, competition at the gas distribution end of the business for the high volume customers, popularly known as cream skimming, threatens the quality and cost of gas service to the vast majority of consumers who the local distributor has a statutory obligation to serve, and for whose business there is little or no competition.

K.S.A. 66-131 provides a framework in which the KCC can order the distribution of gas to end users, preventing inefficient competition and unnecessary duplication of facilities. H. B. 2202 addresses what we consider the most important problem in the present law - a loophole which allows "single-city" utilities to escape KCC regulation and compete as they wish for the high volume customers of utilities obligated to serve everyone in their service areas.

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If a single-city utility seeks to sell gas exclusively to large industrial customers of a certificated utility, the city, not the Corporation Commission, controls. This loophole in the certificate law thereby creates a vehicle to circumvent the otherwise comprehensive fabric of state regulatory policy.

We saw in the last year a serious attempt to use this loophole as a means to sell gas, when available, to large industrial customers in Kansas City. Had this attempt been successful, we would have had to spread millions of dollars in lost revenues to the bills of our remaining, smaller customers. Fortunately, it did not succeed in that case, but a major effort was required to protect our customers.

There are, in fact, isolated instances in Kansas of single-city gas utilities providing reliable, long term service to all types of customers, and these are not the problem. H. B. 2202 would not affect these existing distributors. The problem is the speculative venture trading on a temporary market condition, in which temporary gas supplies are available at distress prices because of a lack of demand, to unfairly compete for the most profitable sales. We read H. B. 2202 to address this problem, and we think it would attain that objective.

However, this bill also raises some potential problems by bringing within the KCC's jurisdiction a host of other types of enterprises not previously regarded as utilities at all. These include gas marketers and brokers without facilities and

gas producers selling to end users. These entities would require the intervention of a pipeline to effect deliveries, and in almost all cases such pipelines are subject to either State or Federal certificate jurisdiction. It would be sufficient to carve out a more limited exception for instances in which a broker or producer is able to effect a sale to an end user served by a utility without the aid of a regulated company.

Our concern here is the potential for a proliferation of litigation before the KCC and the courts should an entirely new group of companies be invested with utility status. This litigation would add a distracting burden for both the KCC and the distributors, but would not materially increase protection of natural gas consumers.

Furthermore, subjecting producers, brokers and other non-utilities to ratemaking and territorial regulation would not necessarily lead to competition on an equal footing with local distributors because the cost structures in these sectors are completely different. Brokerage can serve to allow existing utilities to retain customers subject to cream skimming, to the benefit of other customers. But regulation would likely serve only to discourage any brokerage business, beneficial or not, within the State.

The real problem to be addressed is the non-utility supplier's use of a temporary price advantage to undercut and by-pass the local distributor on a customer by customer basis. This problem was adequately and properly addressed in the case of Kansas Pipeline Company when the KCC required, as a con-

dition of certification, that any sale by Kansas Pipeline to an end user within the territory of an existing utility be through the facilities of that utility. In this way, the utility can protect its remaining customers by charging a transportation fee equal to the margin on its sales to the end user.

Such a solution could be codified in Chapter 66, but we believe the standards now in place for granting certificates adequately protect utilities from territorial invasion by outside entities. After all, in order to deliver gas to the end user, pipeline facilities must be utilized, and in most cases existing law would automatically classify the pipeline as a utility. I would, therefore, recommend that the language at lines 37 through 43 be deleted and language be substituted which addresses the more limited problem of sales, rather than sellers escaping regulatory scrutiny:

> also all sellers of natural gas who sell to customers through facilities not subject to the certification requirements of K.S.A. 66-131 or of Federal law, except for sellers who sell to natural gas public utilities or who sell to customers not served by public utilities as herein defined.

With this change, I think the bill would close the most important gaps in regulation of the natural gas industry in the state, allowing the KCC to exercise the control necessary to protect consumers from uneconomic competitive practices.

Webb

FAH2202m8

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend House Bill No. 2202, As Amended by House Committee, on page 4, following line 146, by inserting:

"New Sec. 4. As used in this act:

(a) "Commission" means the state corporation commission.

(b) "Closing" means the time at which a nuclear power generating facility ceases to generate electricity and is retired from active service.

(c) "Decommissioning" means the series of activities undertaken beginning at the time of closing of a nuclear power generating facility to ensure that the final disposition of the site or any radioactive components or material, but not including spent fuel, associated with the facility is accomplished safely, in compliance with all applicable state and federal laws. Decommissioning includes activities undertaken to prepare such a facility for final disposition, to monitor and maintain it after closing and to effect final disposition of any radioactive components of the facility.

(d) "Decommissioning costs" means: (1) All reasonable costs and expenses of removing a nuclear power generating facility from service, including, without limitation, dismantling, mothballing, removing radioactive waste material, except spent fuel, to temporary or permanent storage sites, decontaminating, restoring and supervising the site and any costs and expenses incurred in connection with proceedings before governmental regulatory authorities relating to the authorization to decommission the facility; (2) all costs of labor and services performed or rendered in connection with the decommissioning of the facility and all costs of materials, supplies, machinery, construction equipment and apparatus acquired for or in connection with the

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decommissioning of the facility. Any amount, exclusive of proceeds of insurance, realized by a licensee as salvage on or resale of any machinery, construction equipment and apparatus, the costs of which was charged as a decommissioning cost, shall be treated as a deduction from the amounts otherwise payable on account of the cost of decommissioning of the facility; and (3) all overhead costs applicable to the facility during the decommissioning period, including, but not limited to, taxes, other than taxes on or in respect of income, licenses, excises and assessments, casualties, surety bond premiums and insurance premiums. All moneys expended or to be paid with respect to decommissioning a facility shall constitute part of the decommissioning costs if they are, or when paid will be, either properly chargeable to any account related to decommissioning of a facility in accordance with the systems of accounts then applicable to the licensee, or properly chargeable to decommissioning of a facility in accordance with then applicable regulations of the United States nuclear regulatory commission, the federal energy regulatory commission or any other regulatory agency having jurisdiction.

(e) "Licensee" means (1) the holder of the construction or operating permit from the United States nuclear regulatory commission for a nuclear power generating facility located in the state, if there is only one holder of such a permit or (2) if there are two or more holders of such a permit, those holders which are primarily responsible for the construction or operation of the facility.

(f) "Owner" means any electric utility which owns any portion of a nuclear power generating facility whether directly or through ownership of stock in a company which owns any portion of such a facility.

(g) "Electric utility" means every public utility, as defined by K.S.A. 66-104 and amendments thereto, which owns, controls, operates or manages any equipment, plant or generating machinery for the production, transmission, delivery or

furnishing, of electricity or electric power.

(h) "Premature closing" means the closing of a nuclear power generating facility before the projected date of decommissioning as projected in the decommissioning financing plan prepared under section 2.

(i) "Prompt removal and dismantlement" means the immediate removal of radioactive or radioactively contaminated material down to allowable residual levels which permit release of the property for unrestricted access.

New Sec. 5. (a) Any licensee operating a nuclear power generating facility located in the state on the effective date of this act shall submit a proposed decommissioning financing plan for the facility to the commission not later than December 31, 1985. Any licensee constructing such a facility on the effective date of this act shall submit such a plan to the commission not later than one year after the licensee begins commercial operation of the facility.

(b) The decommissioning financing plan shall include:

(1) An estimate of the date of closing of the nuclear power generating facility;

(2) an estimate of the cost of decommissioning the facility, expressed in dollars current in the year the plan is prepared, and based on an engineering report issued within three years of the date the plan is submitted to the commission;

(3) the share of the estimated decommissioning costs attributed to each owner;

(4) a plan for funding the decommissioning;

(5) plans for periodic review and updating of the plan, including the cost of decommissioning estimated under paragraph (2);

(6) the amount of money which customers of each owner have been charged for the decommissioning up to the date of submission of the plan and the total amount necessary to meet the projected decommissioning costs of the facility, over the remaining useful life of the facility;

(7) plans and options for insuring against or otherwise financing premature closing of the facility;

(8) reasonable assurance of responsibility in the event of insufficient assets to fund the decommissioning;

(9) a description of the stages by which decommissioning is intended to be accomplished;

(10) a fully executed decommissioning financing agreement between the licensee and each owner, evidencing each owner's acceptance of its respective share of the ultimate financial responsibility for decommissioning. In satisfaction of this requirement, the licensee may submit existing ownership agreements together with documentation from each owner of the applicability of the agreement to the case of financial responsibility for decommissioning; and

(11) any other information related to the financing of decommissioning which the commission requests.

New Sec. 6. (a) The state corporation commission shall hold a public hearing on each proposed decommissioning financing plan submitted under section 2. The commission may hold such hearing in conjunction with its proceedings on a proposed rate amendment filed by an owner of the facility.

(b) The commission shall approve such a plan if it finds that the licensee has provided reasonable assurances that: (1) The estimated time of closing of the nuclear power generating facility and the estimated cost of decommissioning are reasonable; (2) the licensee and the owners of the facility can adequately fund the decommissioning; (3) the share of the estimated cost of decommissioning for each owner of the facility is reasonable; (4) the plans and options for insuring against or otherwise financing any shortfall in decommissioning funds resulting from a premature closing are adequate and reasonable; (5) the owners are legally bound to accept their respective shares of the ultimate financial responsibility for decommissioning as provided under section 5; and (6) the plan will periodically be reviewed and revised to reflect more closely

the costs and available techniques for decommissioning. This update shall occur at least every five years.

(c) If the commission finds that the decommissioning plan does not meet the criteria under subsection (b), it shall reject the plan and order that it be modified as the commission deems necessary to meet such criteria.

New Sec. 7. (a) If the commission approves a decommissioning financing plan under section 3, it shall, at least every five years until the facility's closing and at least annually after the closing, review the financing plan to assess its adequacy. If changed circumstances make a more frequent review desirable or if the licensee requests it, the commission may review the plan after a shorter time interval. The review shall include, but not be limited to, the following considerations: (1) The estimated date of closing the nuclear power generating facility; (2) the estimated cost of decommissioning; (3) the reasonableness of the method selected for cost estimate purposes; and (4) the adequacy of plans for financing the decommissioning and any shortfall resulting from a premature closing.

(b) The commission, after conducting a review under subsection (a), may, after a hearing, order such changes in the decommissioning financing plan as it deems necessary to make the plan comply with the provisions of subsection (b) of section 3.

New Sec. 8. (a) If the funds allocated for decommissioning are insufficient to pay for decommissioning costs, the licensee shall first be responsible for the additional cost if it is the only holder of an operating permit from the United States Nuclear Regulatory Commission with respect to the facility.

(b) If the assets of such a licensee are insufficient to cover the remaining cost of decommissioning after such funds are exhausted, or if there are two or more holders of an operating permit from the United States Nuclear Regulatory Commission with respect to the facility, the owners shall be liable for the safe and proper decommissioning of the nuclear power generating

facility in accordance with their respective ownership shares in the facility. If, under this subsection, any in-state owner pays decommissioning costs in excess of its ownership share in the facility, that owner shall have a cause of action to recover that excess from the other owners. The attorney general shall assist in bringing such an action.

(c) The state shall have no financial responsibility for decommissioning. If the governor finds that, because of inadequate action by the responsible parties in carrying out decommissioning, protective action is reasonably required to protect the public health and safety, the state may undertake that action. In that case, the attorney general shall bring action against the licensee and the owners to recover the cost of that protective action. If the state pays for any decommissioning costs as a result of an owner paying less than its share of a facility's decommissioning costs, the attorney general shall bring an action against such owner to recover any such costs paid by the state.

(d) The commission shall include all decommissioning costs of an electric utility, which are approved by the commission under sections 3 and 4, as operating costs of the utility, provided no decommissioning costs for a facility may be included in the rates charged by the utility after the date of closing of the facility unless the commission determines (1) that the utility has complied with the decommissioning financing plan under which such costs are incurred and (2) that there are compelling reasons for including such costs in the rates.

New Sec. 9. Except as provided under federal law, no costs for damage associated with or caused by the incident at Unit 2 of the Three Mile Island Nuclear Power Station near Middletown, Pennsylvania shall be placed in the rate base of an electric utility or included, directly or indirectly, as operating expenses of that utility for purposes of rate-making. Such costs include, but are not limited to: (1) Capital expenditures, new plant investment, amortization of unrecovered plant investment,

reconstruction and repair of existing plant and equipment; (2) the costs of crisis response, replacement power and service for the duration of the shutdown; (3) the costs of decontamination and the clean-up and disposal of hazardous materials; (4) costs associated with shutdown and decommissioning; (5) personal and property liability due to the incident; and (6) federal, state and local government civil and criminal penalties resulting from the incident.";

By renumbering sections 4 and 5 as sections 10 and 11;

In the title, in line 18, by striking all after "ACT"; in line 19, before "corporation" by inserting "concerning public utilities; relating to the powers of the state"

Darrel Webb
97th District.

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

R. H. Miller, Chairman

My name is Malcolm Moore. I represent the Kansas Chapter of the Sierra Club.

I would like to ask the committee to consider ammending H.B. 2202 to include H.B. 2234.

H.B. 2234 is a bill on the decommissioning of nuclear reactors. Decommissioning is the process by which a nuclear reactor is dismantled. Dismantling is the only accepted method of decommissioning. Entombment or moth-balling have been discontinued because of long lived isotopes such as nickel-59 and nicobium-94 which have half-lives of 80,000 years. These isotopes would remain lethal for over a million years. Many parts of the plant will have these isotopes embedded in the concrete and structural steel. For all practical purposes many portions of the plant will be radioactive forever.

In 1977 activist groups petitioned the NRC to establish regulations and methods of decommissioning. There have been only a few reactors decommissioned to date. These were very small and are not a true indicator of cost. The bottom line is that this is an untried technilogy and we all know about cost over-runs in untried technologies.

Shippingport is now being dismantled and is supposed to be a show case for the process. The reactor vessel at

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Attach E

Shippingport is small enough that it can be removed in one piece. This will not be the case at Wolf Creek where the reactor vessel will have to be cut into pieces before it is removed. This part of the nuclear plant is the most contaminated.

Before the plant can be dismantled it will have to be encased in plastic and the interior will have to be flooded with water. This will keep the radioactive dust from getting into the atmosphere while the concrete is being sawed into pieces. The actual labor will have to be done by robots or remote controlled tools because the contamination will be so great that workers would be exposed to lethal doses of radioactivity.

Then not only will the thousands of tons of concrete and steel be radioactive, the millions of gallonsof water and tools will also be contaminated.

During dismantling it will be critical to ensure safety. If you think the construction of the plant was overburdened with government regulations, imagine what it will be like to tear it down when large parts of the facility are highly contaminated.

I seriously doubt that the $109 million that KG&E has estimated on decommissioning will cover the freight charges from Wolf Creek to the National Repository (wherever that may be.)

The rule of thumb for decommissioning according to most researchers is that the cost will be equal to or greater

than the cost of construction. This does not take into consideration inflation rates. If you want to accept the $3 billion dismantling cost with an annual inflation rate of 5%, in thirty-five years the actual cost will be $17.5 billion. The bottom line is noone knows what the cost will be.

Kansas Natural Resource Council

Testimony
before the
House Federal and State Affairs Committee
on
HB 2234, concerning decommissioning
presented by
Marsha Marshall
March 20, 1985

I represent Kansas Natural Resource Council, a non-profit public interest organization which advocates sustainable energy and natural resource policies. Members of our organization have been actively studying and commenting upon the Wolf Creek project since 1973. Our files on the subject more than fill an entire room in our office.

Although we have substantial materials on the subject of decommissioning, much is speculative. For the purposes of this hearing I will confine my remarks to undisputed information and to comments I can verify.

Decommissioning Experience

The United States has more decommissioning experience than any other country in the world. The most significant non-U.S. experience appears to have been gained in France. However, only three commercially operated plants have been decommissioned, and they are all in the United States, listed as follows:

Elk River	MN	58.2MW	(dismantled)
Fermi I	MI	200 MW	(early shutdown--Mothballed)
Peach Bottom 1	PA	115 MW	(mothballed)

Costs to decommission these plants have run from 25 to 100% of construction costs.

The next commercially operated power plant to be decommissioned is the Shippingport plant in Pennsylvania. (72 MW) DOE has projected the costs of dismantlement will be $80 million, 66% of the $121 million construction costs.

Wolf Creek

WCGS is a 1150MW plant, almost six times larger than any commercial plant that has been decommissioned. KG&E estimates the costs of decommissioning (dismantlement) will be $109 million (1983 dollars). This represents 3.6% of the $3 billion construction costs. The company is not noted for accurate cost estimates, having predicted WCGS costs at $500,000 in 1973, and as late as Nov. 1983, when KNRC estimated that costs would rise to $3 billion, stood by their prediction of costs not exceeding $2.54 billion.

P.O. Box 2128 • Topeka, KS 66603 • 913/233-6707

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Attach F

Guess-timates

No one knows how much it will cost to decommission Wolf Creek; however, many experts predict decommissioning costs may be 30 times more than the KG&E estimate. Duane Chapman, economist at Cornell Univ. states "It will cost as much to dismantle the plants as it did to build them,--I think an average three billion dollars apiece in today's terms. Given a 6% annual inflation rate, a reactor going on line today will cost $17 billion to dismantle in 2014." Construction of nuclear power plants have run three to five times over the original estimates, and Charles Komanoff, energy consultant in N.Y., says that "We can probably look forward to that same type of growth in decommissioning costs, and maybe more." A Rand Corporation study has shown that costs for untried technologies typically climb to between 400 and 1000% of the costs originally predicted.

Dangerous Definitions

Industry testimony, in touting the safeness of nuclear power, often claims that the "high-level" waste generated from a plant the size of Wolf Creek will fit under a table. However, 80 tons of activated steel will be considered virtually as deadly as used fuel rods. But this enormous amount of waste slips between the cracks of regulatory definitions and at present remains classified as "low-level." (Low-level waste is defined as all radioactive garbage except spent fuel and fuel-reprocessing liquids, which are called "high-level.")

Legislative Options

The situation you legislators find yourselves in, at this point, can be compared to that of a manager of a casino. You and the casino manager make rules and policies dealing with the operation of the establishment. KG&E is like a gambler that started out with what looked like a pretty good hand. They "bet the company" and more, and have lost. Now, in order to recoup some of their losses, they feel they have to keep playing. But the table stakes (the cost of decommissioning) are absolutely unknown.

What I suggest to you, is that you not allow this company to commit to table stakes until we have a clearer idea of what those stakes are. HB 2234 sets forth a method for the KCC to approve a decommissioning plan which would give us a better idea of costs. We suggest two changes in the bill:

1) The KCC must approve a decommissioning plan before the plant can begin commercial operation. p. 3 new Sec. 5

2) Lines 0211 through 0214 be deleted to insure that no decommissioning costs for a facility may be included in the rates charged by the utility after the date of closing the facility. p 6 sec D. 1 + 2

If I were the manager of the casino, I would not let KG&E play any more. I fear we may already be liable for gambling debts, and they're still betting on a losing hand.