



Kansas Corporation Commission Nuclear Round Table Part II December 16, 2008

Utility Perspectives

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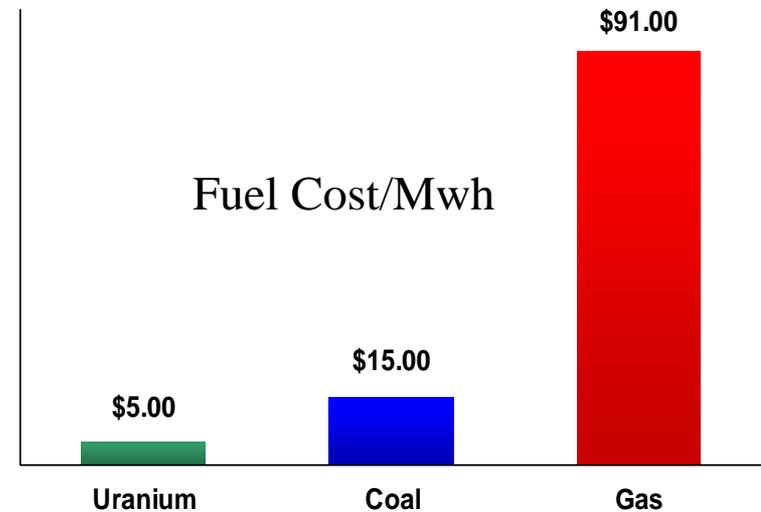
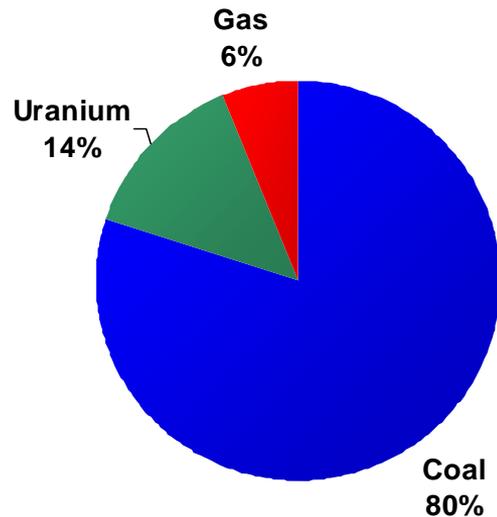
Exec VP & CFO Westar Energy



 *Westar Energy*[®]

Westar's Perspective on Nuclear Energy

☞ A strong advocate for nuclear in Kansas and for our nation



☞ Must be a key part of our nation's energy supply

- Virtually no emissions
- More within our control

Obstacles & Challenges to Overcome

- ☞ Technology
 - What the U.S. says—*“This time we will build standardized plants of a common design”*...
 - But, the NRC already has four different designs, sponsored by four different firms, sourced on three different continents

- ☞ U.S. Has Lost Its Market Leadership in Nuclear Infrastructure
 - Fewer vendors of nuclear-grade materials

- ☞ Huge Barriers to Permanent Waste Disposal
 - *“Yucca Mountain is history, OK?...Just watch...you will see it bleed real hard next year.”* —Senator Harry Reid, Nov. 20, Las Vegas Review Journal

- ☞ Huge Cost Uncertainties

Cost Illustrations Relative to Westar

Cost Estimates Being Tossed Around	<u>Low</u>	<u>Medium</u>	<u>High</u>
Cost per installed kW	\$5,000	\$7,000	\$9,000
Implied cost of a Wolf Creek-sized plant (in billions)	\$ 5.8	\$ 8.1	\$ 10.4
Illustrative investment for a 47% share	\$ 2.7	\$ 3.8	\$ 4.9
Implied increase in Westar's current rate base	77%	108%	139%

Cost Illustrations Relative to Westar

Cost Estimate	<u>Medium</u>
Cost per installed kW	\$7,000
Implied cost of a Wolf Creek-sized plant (in billions)	\$ 8.1
Illustrative investment for a 47% share	\$ 3.8
Implied increase in Westar's current rate base	108%

If we were to limit dollar investment to same as Wolf Creek when new...

47% share of Wolf Creek (in billions)	\$ 1.4
What share would that money buy in a new nuclear plant?	17%
–MW of new generating capacity	200
–% of Westar's current MW	3%

What This Implies for Westar's Plans

- ☞ Westar is better suited to being a “fast follower” rather than “early adopter”

- ☞ Why it's responsible for us to wait and watch:
 - Unsettled carbon policy
 - Unsettled renewable standards
 - Cooling water environmental impact standards in flux
 - New factors affecting demand for electricity
 - Minimize risk of excess capacity

- ☞ Larger companies are much better suited to pave the way to the next generation of nukes

In The Meantime...

- ☞ In November, Wolf Creek received a 20-year life extension

- ☞ Planning a 38 MW turbine upgrade
 - When combined with other upgrades and improved operations, we expect Wolf Creek to produce about 30% more energy than envisioned when the plant was commissioned in 1985

- ☞ Even excellent nuclear plants and operations require vigilant oversight and a significant ongoing financial commitment

