

## Exhibit No. 2

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Witness: Kevin D. Gun  
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Case No.: EA-2025-0075  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: EA-2025-0075**

**DIRECT TESTIMONY**

**OF**

**KEVIN D. GUNN**

**ON BEHALF OF**

**EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST**

**Kansas City, Missouri  
November 2024**

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**DIRECT TESTIMONY**

**OF**

**KEVIN D. GUNN**

**CASE NO. EA-2025-0075**

**I. Introduction and Executive Summary**

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

A: My name is Kevin D. Gunn. My business address is 1200 Main Street, Kansas City, Missouri 64105.

**Q: By whom and in what capacity are you employed?**

A: I am employed by Evergy Metro, Inc. and serve as Vice President - State and Federal Regulatory Policy for Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy Kansas Central” or “EKC”), the operating utilities of Evergy, Inc. (“Evergy”).

**Q: Who are you testifying for?**

A: I am testifying on behalf of Evergy Missouri West (“EMW”) and Evergy Missouri Metro (“EMM”) (collectively, “Applicants” or “the Company”).

**Q: What are your responsibilities?**

A: My responsibilities include developing and implementing Evergy’s regulatory policy at the state and federal level, including managing regional transmission organization (“RTO”) policy. Currently, my state duties are limited to Missouri regulatory policy.

1 **Q: Please describe your education, experience, and employment history.**

2 A: I received a Bachelor of Arts degree from American University in 1992 and a Juris Doctor  
3 degree from St. Louis University School of Law in 1996. I was a Commissioner on the  
4 Missouri Public Service Commission (“Commission” or “PSC”) from 2008 to 2013 and  
5 served as Chair from 2011-2013. Prior to being on the Commission, I served as a lawyer  
6 in private practice and as a chief of staff to a Member of Congress from Missouri. After  
7 serving on the Commission, I was a regulatory affairs consultant and was Executive  
8 Director of Regulatory and Political Affairs, Central Region for NextEra Energy  
9 Resources.

10 **Q: Have you previously testified in a proceeding at the Commission or before any other**  
11 **utility regulatory agency?**

12 A: Yes, I have offered testimony before this Commission in File No. EO-2023-0369/0370,  
13 ER-2024-0189, and EA-2024-0292.

14 **Q: Are there other witnesses testifying in support of the Company’s Application?**

15 A: Yes. In addition to my testimony, the following witnesses are also providing direct  
16 testimony in conjunction with Evergy’s filing in this docket:

17 Jason Humphrey is providing testimony to (1) describe the relationship between the  
18 Company’s Integrated Resource Plan (“IRP”) process and generation planning; (2) identify  
19 the salient elements of EMW’s and EMM’s long-term generation plans; (3) Provide an  
20 overview, from the development perspective, of the generation additions that are the  
21 subject of the Company’s CCN Application; (4) Describe in general terms the process  
22 employed by Evergy that resulted in the selection of the generation additions; and (5)  
23 Provide additional context and support for the Company’s CCN Application.

1 Cody VandeVelde is providing testimony to (1) describe how Evergy's IRP process  
2 and the recent 2024 Triennial IRP Preferred Plan for EMW support this CCN Application  
3 for two natural gas electric generating facilities, and how these generating facilities fit  
4 within the overall capacity plans for EMW; (2) addresses the updated IRP analysis Evergy  
5 performed in order to evaluate the increase from the cost estimate included in the 2024 IRP  
6 and the cost estimate Evergy received for the natural gas projects from its Owners  
7 Engineer; and (3) discusses the contingent need for the Commission to grant a third CCN  
8 for either EMW or EMM to construct, operate and own an additional natural gas generating  
9 facility known as the McNew Generating Station ("McNew"), a 710 MW CCGT plant.

10 Kyle Olson is providing testimony to (1) provide an overview of the natural gas  
11 generation additions under review in this docket; (2) explain how the project locations were  
12 selected; (3) explain the OE-EPC contractor approach and describe the respective roles of  
13 each contractor in connection with the projects; (4) summarize the project procurement  
14 process; (5) provide project cost estimates; (6) describe project risk mitigation; and (7)  
15 describe the plan for supplying fuel gas to the projects.

16 John Grace is providing testimony to describe the Company's plan to finance new  
17 generation assets that match the needs identified in the Company's most recent IRP, which  
18 include Viola Generating Station, McNew Generating Station, and Mullin Creek #1  
19 Generating Station. regarding Evergy's plans to finance the proposed investments related  
20 to the projects and the ownership structure of the two natural gas projects. Specifically, he  
21 (1) provides an overview of the Company's current investment grade credit ratings,  
22 available liquidity, and access to capital markets available to the Company to finance the  
23 projects during construction as well as on-going operations and maintenance of the

1 generating facilities; and (2) discusses the ownership structure of the two combined-cycle  
2 and simple-cycle generating facilities and the requested rate treatment described in Ron  
3 Klote's direct testimony.

4 Ron Klote is providing testimony (1) to request approval of construction accounting  
5 that would allow the Company to continue to accrue Allowance for Funds used During  
6 Construction ("AFUDC"), given the regulatory lag that the Company will suffer regarding  
7 the new gas generating projects proposed in this case and to defer depreciation expense for  
8 the projects between the time they are placed in service on EMW's books and the effective  
9 date of new rates that will reflect these investments in its revenue requirement; and (2) to  
10 discuss the accounting process the Company will implement for the jointly owned natural  
11 gas facilities in order to ensure costs are appropriately allocated according to each  
12 affiliate's ownership interest.

13 Katy Onnen will testify to (1) describe Southwest Power Pool, Inc. ("SPP") and its  
14 Generator Interconnection Procedures that are used to identify Interconnection Facilities  
15 and Network Upgrades associated with the interconnection service that SPP will require  
16 the Company to pay in order to connect the two generation projects proposed in the  
17 Application to the transmission system ("the Projects"); (2) explain when those Network  
18 Upgrades are likely expected to cause the Company to incur additional costs related to the  
19 Projects; and (3) explain how the Company, with the assistance of consultant 1898 & Co.,  
20 an affiliate of Burns & McDonnell, is managing the variables in the SPP Generation  
21 Interconnection Procedures to account for foreseeable risks and quantify likely costs  
22 related to the SPP Network Upgrades associated with the Projects.

1   **Q:     What is the purpose of your direct testimony?**

2   **A:**     The purpose of my Direct Testimony is to:

- 3           1.     Provide an overview of Applicants’ request for a CCN authorizing them to  
4                   construct, install, own, operate, manage, maintain, and control natural gas  
5                   electrical production facilities: (1) 50% of an advanced class 710 megawatt  
6                   (“MW”) combined cycle gas turbine (“CCGT”) generating facility, known  
7                   as the Viola Generating Station (“Viola”), located in Sumner County,  
8                   Kansas; and (2) a 440 MW simple-cycle gas turbine (“SCGT”) generating  
9                   facility, known as the Mullin Creek #1 Generating Station (“Mullin Creek  
10                  #1”), located in Nodaway County, Missouri (together, the “Projects” or  
11                  “Assets”);
- 12          2.     Explain how these facilities meet the requirements set forth in the  
13                  Commission’s CCN rule, as well as the Commission’s traditional standards  
14                  for evaluating and approving CCN requests;
- 15          3.     State why granting the CCN requests for these facilities is not detrimental  
16                  to the public interest, and how adding them to Applicants’ respective  
17                  resource generation fleets is prudent because they provide significant  
18                  customer benefits and help satisfy the Company’s future capacity  
19                  requirements based upon its latest and upcoming IRP filings;
- 20          4.     Address why it is appropriate for the Commission to make a determination  
21                  in this docket on the prudence of the Company’s decision to move forward  
22                  with building these specific resources for the benefit of EMW customers;



- 1           5.     Along with the request to provide supplemental testimony in February, I  
2                 also introduce the request to include in the supplemental testimony  
3                 additional support for the Commission to consider approval of a CCN for  
4                 50% of a potential second advanced class 710 megawatt (“MW”) combined  
5                 cycle gas turbine (“CCGT”) generating facility. This facility is known as  
6                 the McNew Generating Station (“McNew”) located in Reno County,  
7                 Kansas and could serve the needs of either Evergy Kansas Central, Evergy  
8                 Metro, or Evergy Missouri West depending on the application of the  
9                 decision framework I discuss in greater detail below;
- 10           6.     Provide an explanation of the procedural schedule Evergy is proposing for  
11                 the docket and the request to provide supplemental testimony in February;  
12                 and
- 13           7.     Request that the Commission should issue its decision approving the  
14                 Application by July 8, 2025, including approvals of the Application’s  
15                 requests for variances described in the Application and below.

16   **Q:     Could you please provide an executive summary of your testimony?**

17   A:     Evergy’s construction of the new generation facilities proposed in this Application is a  
18           significant part of the Company’s broader long-term resource plan to meet substantially  
19           increased capacity and energy requirements while ensuring system reliability and  
20           minimizing carbon emissions from its system. Evergy is committed to a multifaceted plan  
21           for responsible generation transition, involving (a) new, highly efficient natural gas  
22           generation which helps modernize our dispatchable generation fleet, (b) less reliance on  
23           older units and coal for generation, (c) growing investment in solar and wind generation

1 resources, and (d) continued focus on demand-side management programs. This plan  
2 results in a balanced, all-of-the-above strategy in maintaining resource adequacy that will  
3 benefit Missouri customers for years to come.

4 Evergy's preferred resource plan – and the specific projects proposed in this  
5 Application – advance the fiscal and economic objectives of ensuring that investments in  
6 new generating facilities are prudent, that they are part of a robust, resilient resource plan  
7 that considers least cost options to meet long-term planning requirements, that they meet  
8 our obligation to provide dependable, efficient, and affordable service to Evergy's  
9 customers, and that they facilitate the continuation of Missouri's successful economic  
10 development achievements. Additionally, Evergy's investment in the natural gas plant in  
11 Nodaway County will bring direct value to the area in jobs and tax dollars and the addition  
12 of both plants to EMW's generation fleet will ensure Missouri can continue to  
13 accommodate business growth that will benefit the entire state.

14 The proposed construction of the new natural gas facilities meets the needs  
15 identified under Evergy's IRP, which has established a preferred resource plan that is  
16 reasonable, reliable, and efficient. Implementation of that plan is prudent and will result  
17 in reasonable cost impacts for our customers, allowing us to maintain our position with  
18 respect to regional rate competitiveness while building generation that will ensure we can  
19 reliability and efficiently serve our customers and meet the demand resulting from  
20 economic growth in the state.

## II. Project Overview

**Q: Please provide a general description of the natural gas plants proposed as part of filing.**

A: Evergy plans to add a new advanced-class 710 MW combined cycle natural gas turbine generating facilities (“CCGTs”) known as the Viola Generating Station (“Viola”). The Viola Generating Station will be constructed in Sumner County, Kansas, near Conway Springs, and is scheduled for commercial operation by January 1, 2029. It is currently planned that EMW will own 50% of the Viola Station, with the other half owned by Evergy Kansas Central.

EMW also plans to build and own 100% of a 440 MW simple-cycle gas turbine (“SCGT”) generating facility, known as the Mullin Creek #1 Generating Station (“Mullin Creek #1”), located in Nodaway County, Missouri.

Mr. Olson provides details regarding Evergy’s plan to develop these two generating assets and the expected costs associated with their construction in his Direct Testimony.

**Q: What approach is Evergy using to develop these natural gas plants?**

A: There are three major components to Evergy’s development of these natural gas plants – (1) retaining an Owner’s Engineer (“OE”), (2) procuring Power Island Equipment (“PIE”), and (3) selection of an Engineer, Procure, and Construct (“EPC”) contractor.

Under this structure, the OE will provide technical and managerial support to Evergy, including assistance with oversight of the EPC process and serving as Evergy’s representative in the EPC contractor’s procurement process. By using an OE with experience in EPC work to oversee the EPC process, Evergy will be able to apply prudent oversight to that process and the EPC contractor.

1           The PIE includes the major equipment for the projects, including the advanced J-  
2       Class gas turbine, an electrical generator, a heat recovery steam generator, and a steam  
3       turbine. Evergy's approach will be to procure all of this equipment from one vendor in  
4       order to minimize risk because the PIE vendor will warrant the equipment delivery  
5       schedule and performance.

6           The EPC contractor will design and construct a complete power plant for each of  
7       the projects and provides Evergy with a plant that complies with the commercial and  
8       technical specifications agreed upon during the contracting process. The EPC contract  
9       coordinates all engineering design, procurement and construction work and is responsible  
10      for ensuring the entire project is completed on schedule.

11          As a whole, this approach will help Evergy complete the projects on schedule and  
12      minimize risk. Mr. Olson discusses each of these components, including the selection  
13      process used by Evergy and the current status, in greater detail in his Direct Testimony.

14   **Q:   Has Evergy Selected and Contracted with an OE?**

15   A:   Yes. As Mr. Olson testifies, the OE contractor selected for these projects is Burns &  
16       McDonnell ("BMcD"). Evergy solicited bids under an owner's engineer request for  
17       proposal ("OE RFP"). The OE RFP was prepared by a team with considerable experience  
18       in natural gas plant configurations and construction. In preparing the solicitation  
19       documents, Evergy's project team emphasized the long-term nature of the projects and  
20       insisted that bidders submitting proposals put forward their best effort to commit to Evergy  
21       their most experienced resources over the next several years. Evergy emphasized six  
22       critical criteria in its OE RFP, including (1) past experience with Evergy; (2) key resources  
23       and staff résumés; (3) experience with advanced class turbines; (4) completeness of bid

1 proposal; (5) OE proximity to Evergy's headquarters and the project sites; and (6) project  
2 rate sheet/hourly rate. Based on those criteria, the Evergy project team determined five  
3 firms were qualified for the projects and solicited bids from those five firms. Evergy  
4 received bid proposals from three of those firms. The final result was a unanimous decision  
5 to award the OE services contract to BMcD.

6 There were multiple reasons for selecting BMcD as discussed in more detail in Mr.  
7 Olson's testimony, but in addition to substantial experience and expertise in building these  
8 types of projects, BMcD also provided a competitive cost estimate, which was slightly  
9 lower than the next most qualified bidder. Therefore, Evergy employed strategies for the  
10 dual purpose of maximizing experience, expertise and convenience, but also minimizing  
11 overall cost for the OE's services.

12 **Q: Has Evergy selected a supplier for the PIE?**

13 A: Yes. As Mr. Olson explains, we conducted a competitive solicitation for the PIE by issuing  
14 an RFP seeking bids. BMcD assisted Evergy in preparing the RFP, which was released in  
15 July 2024. Bids were submitted to Evergy in September 2024. As a result of this  
16 competitive process, Evergy selected Mitsubishi Power Americas ("MPWA") as the PIE  
17 supplier for the natural gas projects.

18 In order to support our construction schedules for the proposed plants by reserving  
19 manufacturing capacity for the PIE before its PIE Supply Agreement with MPWA is  
20 finalized, Evergy entered into a Reservation Agreement with MPWA. The Reservation  
21 Agreement requires MPWA to irrevocably reserve manufacturing slot space for the PIE  
22 being provided for Evergy's projects in order to ensure delivery on or before the scheduled  
23 dates.

1   **Q:    What is the status of Evergy’s selection of an EPC contractor?**

2   A:    Evergy, with assistance from BMcD, developed an RFP seeking bids for an EPC contractor.  
3        This RFP was issued on October 15, 2024, and bids are due on January 31, 2025. Evergy  
4        invited the three contractors in the market with experience on projects similar to Evergy’s  
5        and that could support the labor requirements. All three of these contractors have indicated  
6        that they intend to provide bids in response to the RFP.

7           We expect to finalize our selection of the EPC contractor shortly after receipt of the  
8        final bids on January 31, 2025, and will be able to provide testimony regarding that  
9        selection in February when we file supplemental testimony as I propose in testimony  
10       below.

11   **Q:    How did Evergy develop its cost estimate for the two natural gas plants proposed in**  
12   **this filing if it has not yet selected the EPC contractor?**

13   A:    BMcD worked with Evergy to develop a comprehensive cost estimate for the costs that  
14        will be charged by the EPC contractor. BMcD has extensive experience working as an EPC  
15        contractor on other similar projects – the only reason that BMcD did not participate in the  
16        bidding process for Evergy’s EPC contractor is because it was already selected as the OE  
17        – and BMcD applied that expertise to develop a very detailed cost estimate for the EPC  
18        component of these projects.

19           Evergy already had cost information on the other components of the project (OE  
20        costs, PIE costs, and transmission upgrades) and was therefore able to develop a complete  
21        cost estimate for the two plants by including the BMcD estimate together with the known  
22        costs for the other items. Mr. Olson provides the itemized detail of our cost estimates in  
23        Schedules JKO-11, 12, and 13 to his Direct Testimony. As I discuss below, the only

1 component of these cost estimates we will be updating in February is the EPC contractor  
2 costs; however, we do not expect that amount to vary significantly from what we have  
3 included in the estimates in this direct filing.

4 **Q: Do these projects benefit from economies of scale?**

5 A: Yes. The Company will be able to utilize its experience in executing large, complex  
6 projects to construct these Projects commensurate with market cost and performance. Due  
7 to the economies of scale flowing from utilizing these same core functions for the Projects,  
8 the Company anticipates a more efficient, reliable, and cost-effective Project delivery.  
9 Clearly, it's not possible for EMW to only construct half or a part of a generating plant to  
10 satisfy a current IRP, so by constructing these plants together and with sharing ownership  
11 of the Viola plant with EKC benefits in terms of cost savings that will be passed on to  
12 customers.

13 **Q: Are there other aspects of the natural gas projects where Evergy has worked to**  
14 **minimize risk and benefit customers?**

15 A: Yes, Evergy has made a significant effort to minimize the risk associated with any  
16 interconnection or system Network Upgrades that might be required in order to connect the  
17 new generating facilities to the transmission network.

18 **Q: Does Evergy anticipate additional reliability and system upgrades to be mandated by**  
19 **SPP as a result of the construction of the new generation facilities?**

20 A: Yes. This topic is discussed in more detail in the testimony of Katy Onnen. In general,  
21 Evergy anticipates two categories of costs related to reliability upgrades mandated by SPP:  
22 interconnection Network Upgrades and system Network Upgrades. Mr. Olson identifies  
23 the expected cost of the interconnection Network Upgrades in his direct testimony.

1           As Ms. Onnen states in her testimony, there are a number of variables that are likely  
2           to impact the timing and amount of costs associated with mandated system Network  
3           Upgrades, so they are somewhat unpredictable. These required upgrades are likely less  
4           certain because there are more variables and unknowns with respect to the timing and  
5           amount of such costs. In order to develop an estimate of the costs of the expected system  
6           Network Upgrades, Evergy engaged a consultant – 1898 & Co. – to conduct an analysis  
7           and provide a high and low estimate of required upgrades. Although Evergy cannot  
8           eliminate all variables and risks in this process, this process provides us with the best  
9           information available and allows us to make reasonable and prudent decisions related to  
10          construction of the new generation facilities, incorporating the best available information  
11          regarding these SPP mandated upgrades.

12   **Q:    Has Evergy taken any other steps to help minimize the impact of required upgrades**  
13   **on customers?**

14   A:    Yes. As Ms. Onnen discusses in detail, Evergy has supported a revision in SPP policy that  
15          would result in base-plan funding for the required system Network Upgrades.<sup>1</sup> This  
16          revision is still being processed at SPP and would have to be approved by the Federal  
17          Energy Regulatory Commission (“FERC”), but if ultimately implemented, would spread  
18          the costs of the required upgrades across the SPP footprint rather than directly assigning  
19          all costs to Evergy Missouri West and Evergy Kansas Central, as would occur under the  
20          current SPP process.

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<sup>1</sup> SPP already provides a separate study process and path for Load Responsible Entities to designate an existing generator as a network resource and receive Base Plan funding treatment for up to \$180,000/MW of the system Network Upgrades identified in that study process. So, the proposed revision would effectively just be to extend the existing SPP policy to system Network Upgrades associated with new network resources that are trying to come online as quickly and efficiently as possible to meet SPP capacity and resource adequacy requirements.



1                   **III. The Projects Meet the Requirements for Approval of a CCN**

2   **Q: Please provide an overview of the regulations that apply to the Company's CCN**  
3   **Application.**

4   A: The Commission's Rule at 20 CSR 4240-20.045 ("CCN Rule") requires a CCN for an  
5   electric utility to construct an electric generating plant under Section 393.170.1. A CCN  
6   is required if an "electric generating plant ... is expected to serve Missouri customers and  
7   be included in the rate base used to set their retail rates regardless of whether the item(s)  
8   to be constructed or operated is located ... inside or outside Missouri; ...." See 20 CSR  
9   4240-20.045(1)(A)1 & (2)(A)3. The Viola and McNew plants are located in Kansas but  
10   will serve Missouri customers, and Mullin Creek #1 will only serve Missouri customers.  
11   Applicants anticipate, upon approval from the Commission, that the Assets will be  
12   included in the Company's retail rates.

13   **Q: What are the specific requirements to be addressed if the application is for**  
14   **authorization to construct an asset under section 393.170.1?**

15   A: Subsections (A) through (K) of CCN Rule 4 CSR 4240-20.045(6) set forth the specific  
16   requirements that must be addressed in the Company's application for authorization to  
17   construct, own, and operate the Projects under Mo. Rev. Stat. § 393.170.1.

18   **Q: Does the Company's Application comply with all the requirements listed under 4 CSR**  
19   **240-20.045(6)?**

20   A: Yes. Company witness Kyle Olson describes in his Direct Testimony how each Project  
21   identified in the Company's Application satisfies all the requirements outlined in 4 CSR  
22   240-20.045(6), except for subsections (F) which is addressed by Company witness Grace  
23   and (G) which is addressed by Company witness VandeVelde.

1 **Q: Are there other specific requirements under the CCN Rule that the Company needs**  
2 **to address?**

3 A: Yes. Section (3)(B) of the CCN Rule 4 CSR 240-20.045 states that, “[i]f an asset [is] to  
4 be operated or constructed outside Missouri, the application shall include plans for  
5 allocating costs, other than regional transmission organization/independent system  
6 operator cost sharing, to the applicable jurisdiction.” Because the Viola plant will be  
7 located in Kansas and will be jointly owned with EKC and EMW, there will be cost  
8 allocations between Missouri and Kansas because the Assets will serve Missouri and  
9 Kansas customers. Company witness Klote describes the plans for allocating the costs of  
10 the Viola plant to the applicable jurisdictions.

11 **Q: What other standards has the Commission traditionally employed in evaluating CCN**  
12 **applications?**

13 A: When determining whether a project is necessary or convenient for the public service, the  
14 Commission has traditionally applied five criteria, commonly known as the Tartan factors,<sup>2</sup>  
15 which are as follows:

16 A. Is the service needed?

17 B. Is the applicant qualified to provide the service?

18 C. Does the applicant have the financial ability to provide the service?

19 D. Is the applicant’s proposal economically feasible?

20 E. Does the service promote the public interest?

21 **Q: Will you be addressing the Tartan factors?**

22 A: Yes.

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<sup>2</sup> *In Re Tartan Energy Co., L.C.*, No. GA-94-127, 1994 WL 762882 (Sept. 16, 1994).

1                   **A.     THE PROJECTS ARE NEEDED**

2   **Q.     How does the Missouri Public Service Commission define necessity for purposes of**  
3       **CCN applications, such as this case?**

4   A:     The legal standard for granting a certificate of convenience and necessity under existing  
5           statutes and case law will also be addressed in the Applicants' briefs. However, the  
6           appellate courts have found that no specific criteria have been set out by statute as to when  
7           a certificate is "necessary or convenient for the public service" and thus should be issued.  
8           Instead, whether "the evidence indicates the public interest would be served in the award  
9           of the certificate" is within the discretion of the Commission.<sup>3</sup>

10           The courts have also held that "necessity" does not mean essential or absolutely  
11           indispensable, but that an additional service would be an improvement justifying its cost.<sup>4</sup>  
12           In other words, any improvement, or additional service, which is important to the public  
13           convenience and desirable for the public welfare, may be regarded as necessary.<sup>5</sup> If "there  
14           is [a] reasonable necessity" for the additional service, and "the public convenience will be  
15           enhanced," then the "need," or "necessity," requirement is satisfied by granting the CNN.<sup>6</sup>

16   **Q.     Do the Projects satisfy the Tartan factor of need?**

17   A:     Yes.   Staff has previously interpreted "need" as a requirement for the applicant to  
18           demonstrate that there are benefits to the project that justify its cost.<sup>7</sup> Company witness

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<sup>3</sup> *In re Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity Authorizing It to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage Solar Generation Facilities in Western Missouri*, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

<sup>4</sup> Report and Order, pp. 12-13, *In re Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage Solar Generation Facilities in Western Missouri*, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

<sup>5</sup> *United for Missouri v. PSC*, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

<sup>6</sup> *State ex rel. Beaufort Transfer Co. v. Clark*, 504 S.W.2d 216, 219 (Mo. App. K.C. 1973).

<sup>7</sup> *In re Evergy Metro, Inc. Application for a CCN to Construct and Operate Solar Generation Facilities*, No. EA-2022-0043, Memorandum at 7, attached to Staff Recommendation (March 10, 2022).

1 Humphrey describes how these natural gas electrical production facilities are a significant  
2 part of the Company's broader long-term resource plan to meet substantially increased  
3 capacity and energy requirements while ensuring system reliability and minimizing carbon  
4 emissions from its system. Evergy is committed to a responsible generation transition,  
5 including measured retirements when appropriate.

6 Evergy's generation plan is multifaceted, involving: (a) new, highly efficient  
7 natural gas generation which helps modernize our dispatchable generation fleet, (b) less  
8 reliance on older units, (c) growing investment in solar and wind generation resources, and  
9 (d) continued focus on demand-side management programs. This plan results in a  
10 balanced, all-of-the-above strategy in maintaining resource adequacy that will benefit  
11 Missouri customers for years to come. Evergy's plan advances the fiscal and economic  
12 objectives of ensuring that investments in new generating facilities are prudent, that they  
13 are part of a robust, resilient resource plan that considers least-cost options to meet long-  
14 term planning requirements, that they meet our obligation to provide dependable, efficient,  
15 and affordable service to Evergy's customers, and that they facilitate the continuation of  
16 Missouri's successful economic development achievements.

17 These Projects represent successive steps of generation addition from EMW's  
18 Preferred Plan, which started with EMW's transaction to purchase 22% of Dogwood  
19 Energy Center, a combined-cycle natural gas plant, and our proposal to invest in two solar  
20 facilities which are the subject of a pending docket before the Commission.<sup>8</sup>

21 With respect to the natural gas generation proposed in this Application, the Viola  
22 generation station corresponds to the thermal generation addition that is identified in year

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<sup>8</sup> See, File No. EA-2024-0292.

1 2029 in EMW's Preferred Plan. The other half of this facility will be allocated to the  
2 Evergy Kansas Central utility. The Mullin Creek #1 simple cycle advanced class  
3 combustion turbine corresponds to the natural gas generation identified in EMW's  
4 Preferred Plan by 2030, with 100% of the facility being owned by EMW.

5 Company witness VandeVelde describes the results of the updated IRP analysis  
6 that demonstrates how the Projects continue to be selected as part of the most cost-effective  
7 build plan for EMW customers in order to meet their energy needs over the twenty-year  
8 planning horizon compared to other options. This value is provided through long-term  
9 low-cost energy and capacity to meet EMW's capacity requirements. Indeed, Evergy has  
10 discussed in testimony in previous dockets the capacity needs created by SPP's revised  
11 resource adequacy requirements, attributable to increased reserve margin requirements and  
12 changes in capacity accreditation standards, as well as the growth already occurring in  
13 EMW's systems. Again, in this docket, Mr. VandeVelde discusses SPP's increases to load-  
14 serving entities' planning reserve margins and recent publications regarding resource  
15 adequacy concerns and new generation resource siting. These Projects also benefit  
16 Evergy's resource portfolio with their geographic diversity by being located in different  
17 areas.

## 18 **B. EVERGY IS QUALIFIED TO PROVIDE THE SERVICE**

19 **Q: Are Applicants qualified to provide the service?**

20 A: Yes. Evergy Missouri West and its affiliates Evergy Metro and Evergy Kansas Central  
21 have a long history of operating generation, transmission, and distribution facilities that  
22 provide electricity in Missouri and Kansas through the construction, operation, and  
23 ownership of different power generation assets and methods, including natural gas

1 generation. Mr. Humphrey describes Evergy's history of owning and operating generating  
2 facilities, including gas facilities. Therefore, the Company is qualified to own, operate,  
3 maintain, control and manage the Projects, as well as their related facilities.

4 As I discussed above, Evergy has also retained a skilled OE to assist with the  
5 construction and development of these natural gas projects. The OE's expertise will be  
6 invaluable as Evergy moves forward and will benefit customers by ensuring the  
7 development and construction process is efficiently executed. Additionally, the RFP  
8 process underway for selection of an EPC contract will ensure that the company  
9 constructing these projects is experienced and skilled with construction of natural gas  
10 facilities.

#### 11 **C. THE ASSETS ARE ECONOMICALLY FEASIBLE**

12 **Q: Do the benefits for EMW customers that result from adding these Projects justify the**  
13 **costs associated with their addition?**

14 **A:** Yes. First, these Projects provide a valuable addition to EMW's portfolio in terms of firm,  
15 dispatchable power plants. These plants will include firm fuel transport for the combined  
16 cycle plant and on-site liquid fuel storage for the simple site plant. The two plants are also  
17 located at different points on the Southwest Power Pool ("SPP") grid providing for  
18 geographic diversity while still being located in the SPP, as described by Company  
19 witnesses Mr. Humphrey, Mr. Olson, and Mrs. Onnen.

20 The Projects also help EMW meet its capacity needs, as described in detail by  
21 Company witness VandeVelde. Mr. VandeVelde also describes how the IRP process for  
22 Evergy Missouri West identified Preferred Plans that included the addition of natural gas-  
23 fired resources.

1 **Q: Has Evergy taken steps to ensure the costs for the natural gas projects are**  
2 **reasonable?**

3 A: Yes. As I discussed above, we have run competitive bid processes in order to select the  
4 contractors to fill all of the major requirements for the project – the OE, the PIE supplier,  
5 and the EPC contractor. We have worked to minimize the risk and uncertainty associated  
6 with the transmission upgrades that will be required to connect the new generation to the  
7 transmission system and have taken steps at SPP to support a shift in cost allocation  
8 methodology that would benefit our customers. We have also capitalized on economies of  
9 scale that result from planning and constructing three natural gas plants as part of the same  
10 process.

11 **Q. Does the estimate of the cost of the CCGT and SCGT provided by Mr. Olson in his**  
12 **Direct Testimony vary from the cost estimate Evergy used in the 2024 IRP analysis**  
13 **for the addition of combined cycle natural gas generation?**

14 A. Yes. As Mr. Olson explains, as a result of inflation and the significant demand nationally  
15 for construction of natural gas generation right now, the costs for the construction of the  
16 CCGT and SCGT has increased substantially since Evergy performed its 2024 IRP  
17 analysis.

18 **Q. How did Evergy account for this significant change in input with respect to the IRP**  
19 **and how it supports EMW's request in this proceeding?**

20 A. As Mr. VandeVelde explains, we performed an updated IRP analysis, using all of the same  
21 inputs that were used in the 2024 IRP triennial filing, but changing only the cost of natural  
22 gas generation to be consistent with the cost estimate provided by Mr. Olson. The results  
23 of that updated analysis indicated that EMW's investment in 50% of the Viola plant and

1 100% of the Mullin Creek #1 plant is still the selected plan through 2030. Thus, this  
2 updated analysis continues to support EMW's plan related to the CCGT and SCGT  
3 proposed in this docket.

4 With respect to our proposal in this docket, the fact is that EMW must add  
5 generation that provides capacity and energy in order to meet needs related to load growth,  
6 increasing SPP reserve margin requirements, and ensure the continued reliability of its  
7 system. Even with the changed assumption related to cost, the addition of the CCGT and  
8 SCGT is the best approach for EMW to meet those needs and maintain reliability for its  
9 customers.

10 **Q: Has Evergy reviewed information to determine whether the initial cost estimate for**  
11 **the two natural gas plants included in this filing is reasonable and consistent with**  
12 **other construction in the industry?**

13 A: Yes. Evergy has included pricing information from a firm power island equipment bid, as  
14 well as the level IV cost estimate from our owner's engineer Burns & McDonnell as the  
15 basis for our pricing. Additionally, Evergy reviewed information from recent filings in  
16 other jurisdictions and determined that the costs in those cases are very similar to what we  
17 are proposing here. Mr. Olson discusses that Evergy has reviewed proceedings and IRPs  
18 in other states that include cost estimates for new natural gas plants similar to Evergy's  
19 initial cost estimate.



1                   **D.     EMW HAS THE ABILITY TO FINANCE THE PROJECTS**

2   **Q:     Does Evergy Missouri West have the ability to finance the purchase and operation of**  
3       **these Projects?**

4   A:     Yes.   EMW and its affiliate utilities have experience in financing the purchase and  
5           operation of large projects. Mr. Grace further describes how the Company plans to finance  
6           these Assets through its available utility financing resources with the intent that the Assets  
7           will ultimately be included in rate base through the Commission’s traditional ratemaking  
8           and cost of capital procedures. Additionally, co-ownership of the combined cycle facilities  
9           benefits Missouri customers by splitting costs of construction while having an equity  
10          ownership in a proven generation technology.

11               **E.     THE PROJECTS ARE IN THE PUBLIC INTEREST**

12   **Q:     Please describe how the public interest will be served by a grant of the requested**  
13       **CCNs?**

14   A:     In addition to the factors discussed above, which demonstrate that approval of this  
15           Application is in the public interest, Company witness Mr. Humphrey describes the  
16           responsible portfolio transition of Evergy’s generation fleet in detail. Addition of the  
17           proposed natural gas plants are a key element of Evergy’s generation plan.

18               Adding these Projects to Evergy Missouri West’s generation portfolio is consistent  
19           with positions taken by the PSC, Staff, and Office of the Public Counsel (“OPC”),<sup>9</sup> and

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<sup>9</sup> See Report & Order at 81, In re KCP&L Greater Mo. Operations Co. Rate Case, No. ER-2010-0356 (May 4, 2011) (“Staff has criticized and challenged GMO’s capacity planning in rate cases over the past decade. It did so in File Nos. ER-2001-672 and ER-2004-0034, criticizing Aquila, Inc. for entering into the five-year purchased power agreement for power from a 585 MW natural gas-fired combined cycle generating unit built by Calpine and Aquila, Inc.’s affiliate Aquila Merchant Services, Inc., instead of building generation it owned.”). See also OPC Initial Brief at 28, In re Eleventh Prudence Review of Evergy Mo. West Fuel Adjustment Costs, No. EO-2023-0277 (filed June 24, 2024) (“Evergy West should have made efforts to own enough of its own generating resources to meet its customer’s needs and thereby ‘limit exposure to adverse pricing in wholesale electricity markets.’”).

1 other parties that have encouraged the Company and its predecessors to invest in its own  
2 generation, especially dispatchable resources, instead of relying on power purchase  
3 agreements and the wholesale electricity markets.<sup>10</sup>

4 More recently in the 2024 IRP, both Staff and OPC have taken positions concerning  
5 the Company's need to build dispatchable thermal generation. OPC suggested the  
6 Company build and assign 325 MW to EMM and 650 MW to EMW by 2029 in order to  
7 reduce the Company's reliance on SPP and energy markets.<sup>11</sup> Staff expressed a similar  
8 concern with the risk borne by ratepayers with the Company's shift toward renewables  
9 instead of dispatchable generation.<sup>12</sup>

#### 10 IV. Request for Decisional Prudence

11 **Q: What does the CCN Rule provide regarding the Commission's authority to make a**  
12 **prudence determination regarding an asset that is to be operated so as to serve**  
13 **Missouri customers and be included in rate base used to set their retail rates?**

14 **A:** Section (2)(C) of the CCN Rule states: "In determining whether to grant a certificate of  
15 convenience and necessity, the commission may, by its order, make a determination on the  
16 prudence of the decision to operate or construct an asset subject to the commission's  
17 subsequent review of costs and applicable timelines." The CCN Rule's definition of an

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<sup>10</sup> See Report & Order at 34 (Public Counsel opposed EMW's "retiring a dispatchable generating unit"), In re Evergy Mo. West, Inc. General Rate Case, No. ER-2022-0130 (Dec. 8, 2022); Report & Order at 14-15, In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar Generating Facilities in Western Mo., No. EA-2015-0256 (Mar. 2, 2016), aff'd United for Missouri v. PSC, 515 S.W.3d 754, 764-65 (Mo. App. W.D. 2016) (CCN issued for Greenwood solar facility); Report & Order at 81-85, 98-99, In re KCP&L Greater Mo. Operations Co. Rate Case, No. ER-2010-0356 (May 4, 2011), aff'd State ex rel. KCP&L Greater Mo. Operations Co. v. PSC, 408 S.W.3d 153, 161-62 (Mo. App. W.D. 2013) (Crossroads combustion turbine units included in rate base). See also L. Mantle Surrebuttal at 14-16 ("there are still substantial benefits to fossil fuel generation"), In re Evergy Mo. West, Inc. Application for a CCN to Own and Operate an Existing Wind Generation Facility in Okla., No. EA-2022-0328 (Jan. 31, 2023).

<sup>11</sup> Comments of OPC at 7-8, No. EO-2024-0153 and EO-2024-0154.

<sup>12</sup> Staff Report at 2-3, No. EO-2024-0154.

1 “Asset in Section (1)(A) includes “[a]n electric generating plant” which “is expected to  
2 serve Missouri customers and be included in the rate base used to set their retail rates ....”

3 **Q: Is it appropriate for the Commission to address decisional prudence in this case?**

4 A: Yes. There is no reason why the Commission should not address decisional prudence in  
5 this case. The Company’s Application, supporting exhibits, testimony, and schedules  
6 contain every piece of evidence needed to evaluate and make a determination whether it is  
7 prudent for the Company to build and acquire these gas facilities for the benefit of EMW  
8 customers. All the information related to the IRP analyses, RFP process and evaluation,  
9 technical due diligence, ownership, operational model, and transaction prices will be  
10 included in this proceeding. All of these issues and facts are encompassed by the Tartan  
11 factors, especially the final factor that analyzes whether the acquisition and operation of  
12 the Asset promotes the public interest. Even with a finding of decisional prudence in this  
13 CCN docket determined by the Commission, other matters of prudence (such as around  
14 construction and final costs) would be reserved for a future rate case after the new resources  
15 are constructed and in-service. This is the appropriate case and time for the Commission  
16 to make a determination on the prudence of moving forward with building these specific  
17 resources for the benefit of EMW customers, especially considering the long lead time  
18 associated with new generation construction.

19 **Q: Has the Commission issued decisional prudence determinations in prior CCN cases?**

20 A: Yes. In its March 21, 2024 Order in No. EA-2023-0291 approving Evergy Missouri West’s  
21 Application for Permission and Approval of a Certificate of Public Convenience, the  
22 Commission states:

23 The Commission determines that Evergy Missouri West’s decision  
24 to acquire and operate the Dogwood Energy Facility, pursuant to the

1 terms of this Unanimous Stipulation and Agreement, is prudent,  
2 subject to the Commission's subsequent review of costs and  
3 applicable timelines.

4 **Q: How does a determination of decisional prudence by the Commission at this time**  
5 **promote predictability and certainty, and why is that important to Evergy?**

6 A: A finding of decisional prudence in this case allows Evergy to have the certainty of  
7 knowing that its investments for construction of the proposed plants have been reviewed  
8 and scrutinized, and found to be reasonable prior to construction. This is very important  
9 given the magnitude of the investments anticipated by Evergy and the risks related to such  
10 substantial investments.

11 **V. Request for Construction Accounting**

12 **Q: Please describe the Company's request associated with construction accounting?**

13 A: EMW is requesting approval of construction accounting for the Projects. Company witness  
14 Mr. Klote will further describe and provide support for the request in his Direct Testimony.  
15 In summary, the request would allow the Company to continue to accrue Allowance for  
16 Funds used During Construction ("AFUDC") and defer depreciation expense for the  
17 Projects during the period commencing when the costs of the Projects are booked to plant  
18 in-service and ending the effective date of new rates in EMW's next rate proceeding.  
19 Similar deferrals have been approved by the Commission in past cases involving large  
20 generation projects.<sup>13</sup>

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<sup>13</sup> In its Report & Order for No. EU-2011-0034, the Commission approved Construction Accounting treatment for Iatan 2 on October 19, 2010; Order Approving Stipulation and Agreement and Granting Certificate of Convenience and Necessity for No. EA-2024-0237, October 30, 2024

1 **Q: How would EMW’s request for Construction Accounting be impacted if the Plant in**  
2 **Service Accounting (“PISA”) statute is revised as a result of current discussions?**

3 A: We would ask the Commission to make it clear in its order that if the PISA statute is  
4 amended so that it applies to the natural gas facilities proposed in this Application or any  
5 other statute applies to those facilities that results in deferral and recovery of return on and  
6 of investment from the in-service date to the effective date of new rates, then no  
7 Construction Accounting will be applied.<sup>14</sup>

8 **VI. EMW’s and Evergy Metro’s Request related to McNew Generating Station**

9 **Q: What is Evergy’s specific request with respect to 50% of the McNew Plant?**

10 A: Evergy Kansas Central has a need for half of a new advanced-class 710 MW CCGT known  
11 as the McNew Generating Station (“McNew”), which will be constructed in Reno County,  
12 Kansas near Hutchinson by January 1, 2030. It is currently planned that Evergy Kansas  
13 Central will own 100% of the McNew Station when it comes online in 2030. However, as  
14 the Commission knows and as Mr. VandeVelde has discussed in his Direct Testimony,  
15 Evergy plans for its three operating utilities both on an individual basis and on a combined  
16 basis across all three Evergy utilities. Based on our current view of expected load additions  
17 across our operating utilities, it is likely that Evergy Metro or Evergy Missouri West will  
18 have a greater need for the capacity from the second half of the McNew plant given  
19 significant interest from very large customers and the fact that Evergy Missouri West faces  
20 some level of uncertainty associated with its Crossroads generating plant and whether it  
21 will continue to be available to serve customers. Therefore, Evergy is requesting that the

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<sup>14</sup> Order Approving Stipulation and Agreement and Granting Certificate of Convenience and Necessity, No. EA-2024-0237, October 30, 2024.

1 Commission provide a CCN for allocation of that half of the McNew plant to Evergy Metro  
2 or EMW based on the framework I outline below. Pursuant to the proposed framework,  
3 the Company will include a notice of the resolution of the allocation question in the  
4 supplemental testimony it will file in February in this CCN proceeding.

5 **Q: Based on the IRP Evergy filed in 2024, EMW only needs half of the CCGT and all**  
6 **of the SCGT for which you are requesting a CCN. Why should the Commission**  
7 **provide a CCN for half of a second CCGT?**

8 A: Evergy has discussed in testimony in previous dockets the capacity needs created by the  
9 revised resource adequacy requirements established by Southwest Power Pool, Inc.  
10 (“SPP”) attributable to increased reserve margin requirements and changes in capacity  
11 accreditation standards and the growth already occurring on EMW and Evergy Metro’s  
12 system related to customers like Google and Meta. Currently, Missouri is experiencing  
13 record levels of economic development opportunities both from local business expansions  
14 and new business interests. In addition to Google and Meta, Evergy is currently seeing a  
15 substantial amount of interest from very large customers, such as other data centers and  
16 manufacturers, interested in locating in the Evergy Missouri West and Evergy Metro  
17 territory. Based on our analysis, the addition of even just one of these large customers  
18 would create an additional capacity need for Evergy Missouri West or Evergy Metro  
19 above and beyond what was reflected in the 2024 IRP. The second half of the McNew  
20 plant could be used to meet that capacity need. Because we believe that the addition of  
21 one or more of these large customers is highly likely within the next three-year period;  
22 because we need to be prepared to meet our obligation to serve them when they request  
23 service and want to encourage and foster the economic development benefits that would

1 result for Missouri from the addition of such a customer; and because the timeframe for  
2 construction of new generation is at least three years; Evergy is requesting a CCN and a  
3 determination of decisional prudence from the Commission for 50% of the McNew plant  
4 at this time.

5 **Q. Why is Evergy Missouri Metro included in this certificate filing when the IRP does**  
6 **not indicate that it needs natural gas generation at this time?**

7 A: The inclusion of Evergy Missouri Metro reflects the Company's request for flexibility in  
8 addressing ownership of 50% of the McNew generating station. Although the IRP does  
9 not currently show that Evergy Metro needs natural gas generation in 2030 when the  
10 McNew plant will go into service, there is a strong possibility that Evergy Metro will  
11 experience customer growth that will necessitate the addition of dispatchable generation  
12 before 2032, when the IRP currently shows the addition of a simple cycle natural gas unit  
13 for Evergy Metro. As a result, we are requesting that the Commission approve a CCN for  
14 Evergy Metro and provide a determination that it is decisionally prudent for EMM to own  
15 and operate the second half of the McNew plant in the event application of the framework  
16 I lay out below results in such an allocation to Evergy Metro.

17 **Q: Is Evergy making any related request at the Kansas Corporation Commission**  
18 **("KCC")?**

19 A: Yes. We filed an application for Predetermination with the KCC earlier this month in  
20 Docket No. 25-EKCE-207-PRE to request predetermination of ratemaking treatment  
21 associated with half of the Viola CCGT and all of the McNew CCGT. In that filing, we  
22 also requested similar flexibility to what I describe above, which would allow Evergy  
23 Kansas Central to transfer allocation of the second 50% interest in the McNew plant to

1 EMW or Evergy Metro – and for Evergy Metro to accept such an allocation – in the event  
2 that is the result of the application of the framework I discuss below.

3 **Q: Are there benefits that will result to Evergy and its customers as a result of the**  
4 **planning and construction of the two CCGT units and the simple cycle natural gas**  
5 **plant for EMW as part of the same process?**

6 A: Yes. As Mr. Olson explains in his Direct Testimony, there are significant economies of  
7 scale and efficiencies that result from the construction of these three plants as part of the  
8 same process. Clearly, it's not possible for Evergy Kansas Central to only construct half  
9 of a generating plant, and by constructing the entire second CCGT plant together with the  
10 first CCGT plant contemplated by the IRP and EMW's simple cycle plant, Evergy will  
11 achieve significant benefits in terms of cost savings that will be passed on to customers.

12 Additionally, by allowing Evergy the flexibility it is requesting, the Commission  
13 will help Evergy be better prepared to meet the ever-changing economic development and  
14 growth that is occurring in both Kansas and Missouri. Addition of any of these large  
15 customers will be beneficial to the state and the region and to the other customers on  
16 Evergy's system and Evergy's request in this docket will put it in a better position to be  
17 prepared to support that growth.

18 **Q: How will Evergy handle the recording of costs related to the second half of the second**  
19 **CCGT between now and when the final allocation decision is made?**

20 A: We will record the costs incurred related to the second half of the McNew Generating  
21 Station on Evergy Kansas Central's books unless and until a decision is made to allocate  
22 that portion of the plant to a different affiliate. If we decide to leave the entire second  
23 plant allocated to Evergy Kansas Central, no adjustments will need to be made. In the



1 event it is allocated to either Evergy Metro or EMW, the appropriate transactions will be  
2 recorded on both entities' books to ensure that the appropriate amount of already-incurred  
3 costs are transferred to the utility acquiring the interest in the second half of the plant at  
4 that time. Mr. Klote explains the accounting process related to the co-owned facilities in  
5 greater detail in his Direct Testimony.

6 **Q: What is the decision framework Evergy will apply in order to determine the final**  
7 **allocation of the second half of the McNew plant?**

8 A: We propose to apply the following framework:

- 9 1. Evergy's starting proposal is to allocate the 50% interest in the McNew plant to  
10 Evergy Kansas Central. This is supported by need created as a result of the likely  
11 addition of a large load customer to Evergy Kansas Central's system and could  
12 facilitate EKC's renewal of an expiring wholesale contract with another Kansas  
13 utility.
- 14 2. Before the deadline for supplemental testimony in February, which I discuss below,  
15 Evergy will determine whether for regional resource adequacy considerations the  
16 50% allocation should be transferred to EMW or Evergy Metro.
  - 17 a. The 50% allocation in the McNew plant will be transferred to EMW only if  
18 all three of these conditions are met:
    - 19 i. The addition of an incremental large load customer under evaluation  
20 is confirmed to be located in EMW territory and EMW is  
21 responsible for developing capacity resources to meet the new load  
22 (rather than the customer providing capacity resources);

1                   ii.       EMW is able to complete transmission infrastructure upgrades in  
2                               time to accommodate the new large load customer's planned load  
3                               ramp; and

4                   iii.       EMW is able to finance the construction and ownership of the 50%  
5                               allocation.

6                               1.       If (ii) or (iii) does not occur, EMW will have to work with  
7                                       the new large load customer to determine whether their load  
8                                       can still be served if the customer is able to bring a  
9                                       generation resource to EMW but EMW will not be allocated  
10                                      the 50% interest in the second CCGT.

11               b.       In the event that one or more of these three conditions does not occur,  
12                               Evergy will determine whether the 50% allocation in the McNew plant  
13                               should be transferred to Metro. The 50% allocation will be transferred to  
14                               Metro if the following four conditions are met:

15                   i.       An existing large load customer in Metro decides to pursue an  
16                               expansion under evaluation in Metro's territory;

17                   ii.       Metro is responsible for developing capacity resources to meet the  
18                               expanded load (rather than the existing customer providing capacity  
19                               resources to serve the expanded load)

20                   iii.       Metro is able to complete transmission infrastructure upgrades in  
21                               time to accommodate the expansion under evaluation; and

22                   iv.       Metro is able to finance the construction and ownership of the 50%  
23                               allocation.

1           3.     As part of its supplemental testimony to be filed in February, Evergy will submit  
2           testimony explaining the outcome of the allocation of the 50% interest in the  
3           McNew plant and provide the same support as provided for the Viola CCGT and  
4           Mullin Creek #1 SCGT with this Application and Direct Testimony filing.

## 5                               **VII.     Proposed Procedural Schedule**

6     **Q:     Is Evergy proposing a specific schedule for this docket?**

7     A:     Yes, we have attached our proposed schedule attached to the application as Exhibit A.  
8           Applicants respectfully request that the Commission issue a final order by July 8, 2025, to  
9           allow construction to begin on the natural gas facilities. A final Commission order by this  
10          date will allow the Company to issue the official Notice to Proceed (NTP) on the Projects  
11          by no later than August 15, 2025. If the NTP is delayed, there is increased risk that the  
12          Projects will not achieve the target December 2028 and December 2029 commercial  
13          operation date.

14   **Q:     What is Evergy's proposal with respect to supplemental testimony?**

15   A.     We have proposed a date for the Company to provide supplemental testimony in February  
16          in order to provide the Commission with two specific pieces of information: (1) an update  
17          to the initial estimate for the EPC cost for the projects in order to identify the final definitive  
18          cost estimate for the natural gas plants; and (2) to provide the Company's decision  
19          regarding allocation of the second half of the McNew plant, including any necessary  
20          updates to the testimony providing specific support for the projects, as I discussed above.  
21          The proposed schedule includes a date for Staff and intervenors to file testimony after  
22          Evergy makes its supplemental filing in February.

1 **VIII. Requested Variances**

2 **Q: Is the Company seeking any variances?**

3 A. The Application seeks certain variances, per 20 CSR 4240-2.060(4) and CCN Rule Section  
4 3(C), so that the Company can provide plans for restoration of safe/adequate service and  
5 as-built design drawings in a later submission.

6 **IX. Conclusion**

7 **Q: Please summarize your testimony.**

8 A. The Commission should grant EMW's request for two CCNs related to the Viola CCGT  
9 and Mullin Creek #1 SCGT and find that EMW's decision to add these two generation  
10 resources for EMW is prudent. Evergy's Application and supporting documents and  
11 testimony demonstrate that its plan for constructing the Viola and Mullin Creek #1 natural  
12 gas generation facilities is reasonable, reliable and efficient, and Evergy's decision to  
13 construct the two natural gas facilities are prudent under the circumstances.

14 Evergy's plan is directly consistent with its IRP and promotes acquisition of  
15 resources that advance the goals of its IRP. The 2024 Triennial IRP confirmed the need  
16 and customer benefits of additional dispatchable gas resources over the 20-year planning  
17 horizon, as part of a mix of needed resources which also include other near-term additions  
18 such as adding 150 MW of solar.<sup>15</sup> The project enables Evergy to meet growing customer  
19 demand, accommodate substantial important economic development and growth in the  
20 State of Missouri, to enhance Evergy's investment in natural gas and solar generation, and  
21 to provide substantial benefits to the State in terms of jobs and tax dollars. Therefore, the  
22 projects enable Evergy to timely strengthen the capacity and reliability of its system, meet

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<sup>15</sup> No. EA-2024-0292, Evergy Missouri West Certificate Application, October 25, 2024.

1 and supply the needs of a growing economy with additional demands on Evergy's system,  
2 but do so competitively and affordably for its customers.

3 The Company requests the Commission adopt the proposed procedural schedule,  
4 which includes the opportunity for supplemental testimony to be filed in February for  
5 updated cost information and an opportunity to provide the Company's decision regarding  
6 allocation of the second half of the McNew plant, including any necessary updates to the  
7 testimony providing specific support for the projects. In addition, the Commission should  
8 grant construction accounting to reduce regulatory lag for these significant construction  
9 projects. Finally, the Company requests that the Commission should issue its decision  
10 approving the Application by July 8, 2025, including approvals of the Application's  
11 requests for variances.

12 **Q: Does that conclude your testimony?**

13 **A:** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy )  
Missouri West, Inc. d/b/a Evergy Missouri )  
West and Evergy Metro, Inc. d/b/a Evergy )  
Missouri Metro for Permission and Approval )  
of a Certificate of Public Convenience and )  
Necessity For Natural Gas Electrical )  
Production Facilities )

Case No. EA-2025-0075

**AFFIDAVIT OF KEVIN D. GUNN**

**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

Kevin D. Gunn, being first duly sworn on his oath, states:

1. My name is Kevin D. Gunn and I am employed by Evergy Metro, Inc. as Vice President – State and Federal Regulatory Policy.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of thirty-four (34) 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.

  
\_\_\_\_\_  
Kevin D. Gunn

Subscribed and sworn before me this 15<sup>th</sup> day of November 2024.

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

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI  
MY COMMISSION EXPIRES APRIL 26, 2025  
PLATTE COUNTY  
COMMISSION #17279952