

FILED
June 4, 2025
Missouri Public
Service Commission

Exhibit No. 200

Staff – Exhibit 200
Staff Recommendation
File No. EA-2025-0075

**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)	<u>File No. EA-2025-0075</u>
of a Certificate of Public Convenience and)	
Necessity for Natural Gas Electrical)	
Production Facilities)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and for its *Staff Recommendation* respectfully states as follows:

1. On November 15, 2024, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“EMW”) and Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”) (collectively “Evergy” or “Applicants”) filed an application (“Application”) with the Commission requesting a Certificate of Convenience and Necessity (“CCN”) to construct, install, own, operate, control, manage and maintain three natural gas electrical production facilities located in Sumner County, Kansas (“Viola”); Nodaway County, Missouri (“Mullin Creek #1”); and Reno County, KS (“McNew”) (collectively, the “Projects”). Evergy also requests construction accounting, variances from Section (3)(C) of Commission Rule 20 CSR 4240-20.045, and a determination from the Commission, under Commission Rule 20 CSR 4240-20.045(2)(C), that Evergy’s decision to acquire, construct, and operate the Projects is prudent. Evergy noted in its Application that it would be filing supplemental testimony on February 19, 2025, which would include additional support for the McNew project, including whether EMM or EMW would acquire a 50% ownership interest in McNew, or whether the entire McNew project would be owned by Evergy Kansas Central (“EKC”).

2. Evergy indicated in its Supplemental Testimony that the 50% ownership interest in McNew would be allocated to EMW.

3. Evergy also requests (1) variances from 20 CSR 4240-20.045(3)(C) to provide plans for restoration of safe/adequate service and as-built design drawings in a later submission; (2) construction accounting; and (3) that the Commission determine that Evergy's decision to acquire, construct, and operate the Projects is prudent under 20 CSR 4240-20.045(2)(C).

4. Pursuant to the Commission's *Order Setting Procedural Schedule*, issued on February 26, 2025, Staff files the attached Staff memorandum, attached and incorporated hereto as Appendix A, outlining its analysis under the five factors laid out under *In re Tartan Energy*, Report and Order, 3 Mo.P.S.C. 3d 173, Case No. GA-94-127, 1994 WL 762882 (September 16, 1994).

I. The Projects

5. In summary, and as detailed further in Appendix A, based on Staff' review, Staff recommends that the Commission approve the Projects, subject to the following conditions:

- a. The Applicants should re-model the capacity expansion aspect of its Integrated Resource Plan ("IRP") and allow the model to select the retirement dates for the Projects;
- b. Given the high costs of the Projects, the Applicants should delay the retirements of generation assets and conform to the model's selection date, to reduce the cost burden on ratepayers;

- c. The Applicants should consider establishing a range of values for each level of the critical uncertain factor to make the results more robust;
- d. The Applicants should lower the annual capacity factor in the capacity expansion model for the Projects to no greater than the maximum allowable to comply with the Environmental Protection Agency's Green House Gas regulation and allow the model to select alternative generation resources to meet resource adequacy requirements;
- e. EMW shall file in this docket a site-specific Emergency Action Plan as well as Operations and Maintenance Plans for the Projects within sixty (60) days of a facility being placed in service;
- f. EMW shall provide quarterly reporting of the progress of construction of the Projects. This report shall include, but not be limited to, quarterly progress reports on permitting, plans, specifications, and construction progress for the Projects; and
- g. EMW shall use the in-service criteria set forth in Confidential Schedule 4 to Appendix A.

II. Variances from 20 CSR 4240-20.045(3)(C)

6. As detailed further in Appendix A, Staff recommends the Commission grant Evergy's requested variance from 20 CSR 4240-20.045(3)(C), subject to the conditions proposed by Staff.

III. Construction Accounting

7. As detailed further in Appendix A, with the passage of Senate Bill 4, electric utilities can utilize plant in service accounting (“PISA”) for new natural gas generating units. Senate Bill 4 will be effective August 28, 2025; therefore, the Commission does not need to grant EMW and EMM construction accounting since PISA will now be available for natural gas generating units.

IV. Decisional Prudence

8. In summary, and as detailed further in Appendix A, Staff recommends the Commission reject EMW’s request for decisional prudence. Based upon the information that EMW has provided and Staff has reviewed, it is not possible for Staff to determine that moving forward with the Projects is a prudent decision at this time. While Staff concludes that additional capacity is effectively a necessity because the lack of the service is such an inconvenience, the economic analyses provided by EMW are flawed, and deciding to move forward with the Projects based upon the results of such analysis introduces unnecessary risk for ratepayers. Staff’s recommended conditions for approval of these CCNs would provide the Commission, as well as other parties to a general rate case, additional data points for determination of the prudence of the decision to move forward with the projects.

WHEREFORE, Staff prays the Commission accept this Staff Recommendation, and approve the Projects subject to Staff’s recommended conditions; grant Evergy’s requested variance from 20 CSR 4240-20.045(3)(C); reject EMW’s request for decisional prudence; and grant any other relief the Commission deems just and necessary under the circumstances.

Respectfully submitted,

/s/ Travis J. Pringle

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**Attorneys for the Staff of the
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to all parties and/or counsel of record this 25th day of April, 2025.

/s/ Travis J. Pringle