

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

In the Matter of Evergy Missouri West, Inc.	)	
d/b/a Evergy Missouri West’s Request for	)	No. ER-2024-0189
Authority to Implement A General Rate	)	
Increase for Electric Service	)	

**EVERGY MISSOURI WEST’S
INITIAL POST-HEARING BRIEF ON CROSSROADS ISSUES**

COMES NOW, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy,” “EMW,” or the “Company”) states the following for its *Initial Post-Hearing Brief* (“Brief”) to the Missouri Public Service Commission (“Commission” or “PSC”):

INTRODUCTION & ISSUES PRESENTED

On October 2, 2024 Evergy Missouri West, the Staff of the Commission (“Staff”), the Office of the Public Counsel (“Public Counsel” or “OPC”), Midwest Energy Consumers Group (“MECG”), and Renew Missouri Advocates (“Renew Missouri”) (collectively, “Signatories”) filed a Unanimous Stipulation and Agreement (“Stipulation”) where the Signatories agreed to an “extension of Issue 5.C” related to the Company’s Crossroads Energy Center (“Crossroads”) in this proceeding’s List of Issues.¹

Crossroads is a 300 megawatt (“MW”), simple-cycle, natural gas-fired electric generating plant located in Clarksdale, Mississippi which is currently included in EMW’s generation portfolio and in the Company’s rate base.² However, the transmission costs to bring the benefits of Crossroads’ capacity and energy to Evergy Missouri West have not been recovered because decisions by the Commission in 2011 and 2013 found them to be imprudent.³

¹ List of Issues, Order of Opening Statements, Order of Cross-Examination, and Motion for Extension to File Order of Witnesses (Sept. 19, 2024).

² Ex. 160 at 2-6, C. VandeVelde Direct Testimony (Sept. 15, 2025).

³ Ex. 161 at 3-4, D. Ives Direct Testimony (Sept. 15, 2025).

Issue 5.C states: “In this case should the Commission determine it is prudent for Evergy to renew its firm point-to-point transmission service agreement with Entergy Corp. before it expires in February 2029?”⁴

This issue is critical because EMW is at a decision point where it needs to determine whether it should consider entering into a transmission agreement or alter course to establish replacement generation within its territory. As stated, EMW cannot knowingly enter into a transmission agreement that would be considered imprudent and can no longer afford to absorb the costs of the transmission service agreement (“TSA”), now totaling over \$155 million,⁵ which the Commission previously found to be imprudent, even though Crossroads’ capacity and energy continue to benefit the Company’s customers. EMW respectfully requests that the Commission determine that the Company’s decision to renew the Crossroads transmission path is prudent, it should confirm that it will apply its established prudence standard in any future rate case where EMW seeks to recover its Crossroads transmission costs. The Commission should also assure the Company that it will not automatically and prospectively impose any penalty, disallowance, or asset replacement value cap in a future rate case.

Since Crossroads was placed in EMW’s rate base in 2008, Evergy has paid this expense.⁶ The Commission found in 2011 that Crossroads was properly included in EMW’s rate base because it was the most reasonable and prudent resource.⁷ However, the PSC denied recovery of the transmission costs because Crossroads was in Mississippi.⁸

⁴ Stipulation at 3.

⁵ Ives Direct Testimony at 6

⁶ See Report & Order at 99, In re KCP&L Greater Mo. Operations Co., No. ER-2010-0356 (May 4, 2011) (“Crossroads I”), *aff’d* State ex. rel. KCP&L Greater Mo. Operations Co. v. PSC, 408 S.W.3d 153, 164-165 (Mo. App. W.D. 2013).

⁷ Id.

⁸ Id. at 100.

Pertinent to Issue 5.C, the Company paid the Crossroads transmission costs to Entergy under the TSA that it agreed to in 2009, which expires in 2029.⁹ However, things changed when Entergy decided to join the Midcontinent Independent System Operator, Inc. (“MISO”) regional transmission operator (“RTO”), and in December 2013 integrated its transmission system into MISO.¹⁰ Entergy, by contrast, has been and remains a member of Southwest Power Pool, Inc. (“SPP”), the RTO immediately to the west of MISO. As a result, from 2014 until today EMW has paid the Crossroads transmission expenses per the “through-and-out” provisions of MISO’s FERC-approved transmission tariff.¹¹ If the transmission path that goes through Entergy via the MISO tariff is not renewed by the Company, the Crossroads capacity and energy benefits that SPP recognizes and accredits will disappear, and Entergy will have to find resources to replace them.¹²

Over the years, the Company and other parties have explored whether it made sense to relocate Crossroads to a site within SPP.¹³ Last year, pursuant to Section 5 of the Stipulation, Entergy retained Black & Veatch, “a qualified independent engineering firm,” to perform a Demobilization Study¹⁴ related to Crossroads “to evaluate the costs, procedures, and schedule of relocating Crossroads to a site in the [SPP] footprint.”¹⁵ Once the Study was completed, the Signatories met to determine whether “a workable solution regarding Issue 5.C. and any other issues related to” Crossroads could be reached.¹⁶ The Signatories were not able to come to an

⁹ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 4; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 3.

¹⁰ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 8; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 7-8.

¹¹ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 6.

¹² See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 4; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 3; Tr. 66:2-19 (K. Gunn).

¹³ See Tr. 57:11-23, 58:6-9 (K. Gunn).

¹⁴ The “Demobilization Study” is referred to as the “Crossroads Relocation Study” or the “Study.”

¹⁵ Stipulation at 2. See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 5; Ex. 159, P. Rogge Direct (Sept. 15, 2025) at 2.

¹⁶ Stipulation at 3.

agreement, therefore, Issue 5.C and related Crossroads issues were heard by the Commission on November 4, 2025.¹⁷

I. THE ENERGY INDUSTRY HAS DRAMATICALLY CHANGED OVER THE LAST DECADE

Evergy is not before the Commission to relitigate its decisions in 2011 and 2013 that disallowed the transmission costs needed to bring the capacity and energy benefits of Crossroads to the Company's customers.¹⁸ Indeed, as the PSC observed in the Crossroads II Order, at some point a decision must be made on "how long the Commission will visit the sins of the predecessor on the successor."¹⁹ Since those orders were issued, there has been a fundamental change in the facts and circumstances regarding Crossroads, particularly in SPP and its wholesale energy market, as well as the increased transmission expense that the Company has incurred.²⁰

Over the past 20 years the U.S. energy industry has dramatically changed.²¹ As has been well documented, the "demand for electricity had been relatively flat since the early 2000s."²² However, "SPP's peak demand reached an all-time high in August 2023 which was 10% higher than the peak observed just two years earlier and could be as much as 25% higher by 2030 for both winter and summer seasons," particularly because of an influx of large load customers.²³ Moreover, there has been a reduction of dispatchable capacity in SPP, an increase in renewable

¹⁷ Id. See Tr. 1-166, Vol. 9 (Nov. 4, 2025). Signatory Renew Missouri and non-signatory Sierra Club did not participate in the hearing (Tr. 3-4). Sierra Club took no position on the issue. See Position Statement of Sierra Club (Oct. 24, 2025).

¹⁸ Crossroads I; Report & Order, In re KCP&L Greater Mo. Operations Co. Rate Case, No. ER-2012-0175 (Jan. 9, 2013) ("Crossroads II"), *aff'd per curiam*, KCP&L Greater Mo. Operations Co. v. PSC, 432 S.W.2d 207 (Mo. App. W.D. 2014).

¹⁹ Crossroads II at 57.

²⁰ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 4, 7-9.

²¹ Id. at 4, 8-9.

²² Id. at 8-9.

²³ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 8-9, *citing* "Our Generational Challenge: A Reliability Future for Electricity" at 10, Southwest Power Pool, Inc. (Summer 2024). Sched. CV-2, C. VandeVelde Surrebuttal.

energy generation assets, significant congestion in the SPP generation interconnection queue, an increase in extreme summer and winter weather events that create significant risk to the electrical grid, and an increase in SPP's planning reserve margin for both summer and winter beginning in 2026.²⁴

Additionally, at the time EMW and Entergy signed the 20-year TSA in 2009, and when the Commission issued its Crossroads I and Crossroads II orders, the annual transmission expense was approximately \$4.7 million.²⁵ However, in December 2013 Entergy joined MISO and integrated its transmission system into the MISO footprint, and the expense increased to approximately \$12.1 million.²⁶ At the evidentiary hearing, Mr. Gunn explained that following Entergy's integration, the terms of the TSA and its charges became subject to the MISO transmission tariff, as approved by the Federal Energy Regulatory Commission ("FERC").²⁷ Therefore, the TSA is no longer a bilateral agreement with Entergy, but rather a transmission service reservation agreement under the MISO tariff.²⁸ EMW became contractually obligated to pay the non-fixed MISO transmission service expense that reflects to the RTO's footprint.²⁹

Since 2014, the TSA expense has been at double-digit low million-dollar figures except for one year. Reaching a high of \$18.1 million in 2024, it is expected to increase at a compound annual growth rate of 4.2% per year.³⁰ Nonetheless, the capacity and energy value of Crossroads to EMW

²⁴ Id.; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 7-8, 17-18.

²⁵ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 6-7.

²⁶ Id. at 7-8; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 8-9; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3, 7-8; Tr. 59:11-19 (K. Gunn).

²⁷ See Tr. 61:3-11 (K. Gunn).

²⁸ See Tr. 94-96 (C. VandeVelde).

²⁹ See Tr. Tr. 57:11-23, 59:11-19 (K. Gunn).

³⁰ See Ex. 161, Ives Direct (Sept. 15, 2025) at 6-8; Ex. 160 C. VandeVelde Direct (Sept. 15, 2025) at 2-3 & 14.

and its customers today is materially greater than what could reasonably have been contemplated in 2011 and 2013 even with the increase in MISO transmission costs.³¹

Consequently, EMW is at a critical decision point regarding its generation resource planning strategy. If the transmission path agreement via the MISO tariff is not renewed, EMW will lose 300 MWs of accredited capacity and its accompanying energy and new resources must be found.³² If it is renewed, the transmission costs are likely to rise.

Taking these developments into account, EMW and the other Signatories agreed in the Stipulation that the Commission determine under Issue 5.C whether it is prudent for EMW to renew the transmission path agreement before it expires in February 2029.³³ EMW does not seek to relitigate the issues raised in past rate cases, to recover any transmission costs that were disallowed in the past, or to raise any issue regarding the Commission decision on Crossroads' rate base valuation.³⁴ EMW does not propose to recover any Crossroads transmission costs in rates or to modify the tariff with its current rates.³⁵

However, given the Commission's past disallowances of all Crossroads transmission expense, it would be imprudent, if not foolish, for EMW to renew the Crossroads transmission path agreement until a Commission decision under Issue 5.C that states that it would be prudent for the Company to renew the firm, point-to-point transmission path agreement before it expires in February 2029.³⁶

³¹ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3.

³² Id.; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 4; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 3.

³³ See Stipulation at 2.

³⁴ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 3.

³⁵ See Tr. 81:3-82-8 (K. Gunn).

³⁶ See Tr.66-67 (K. Gunn).

Therefore, based on the substantial evidence contained in the record, the Commission should determine that it is prudent for Evergy to renew its MISO firm point-to-point transmission service agreement which enables the Company to continue to offer the capacity and energy from the 300 MW Crossroads facility in Mississippi to EMW's customers in Missouri, pursuant to Issue 5.C of the Stipulation.

II. IT WOULD *NOT* BE AN ADVISORY OPINION FOR THE COMMISSION TO DETERMINE UNDER ISSUE 5.C THAT EVERGY SHOULD RENEW THE CROSSROADS TRANSMISSION PATH

Contrary to the position taken only by Public Counsel, a decision by the Commission on whether it is prudent for EMW to renew the Crossroads transmission path agreement does not seek an advisory opinion.

Evergy Missouri West will take action if the PSC decides Issue 5.C. If the Commission finds that it is prudent or reasonable for Evergy to renew the transmission path, the Company will take steps to obligate itself for a reasonable period of time to renew and maintain Crossroads as a capacity and energy resource for its customers. If the Commission decides that it is not prudent or reasonable to renew the TSA, Evergy will not renew the agreement and will, instead, take steps to procure alternative resources to supply the capacity and energy benefits now provided by Crossroads.

If the Commission takes the position that it would be issuing an advisory opinion in answering the substantive question, and declines to address the decisional prudence question, that is still a decision . Such an outcome would leave the findings of imprudence from Crossroads I and Crossroads II in place and provide no rational basis for the Company to continue the status quo with the Crossroads plant in rate base with no chance to recover its transmission costs. As Evergy witness Kevin Gunn testified, it would be “an absurd result” for the Company to renew the

firm point-to-point transmission services agreement without Commission guidance on whether renewing the Crossroads transmission path was a prudent decision.³⁷ Without such direction from the Commission, Evergy will have no alternative but to seek other resources to replace Crossroads so that the penalty of non-recovery for transmission costs will finally come to an end³⁸

Such a situation would be similar to when the Commission declined to consider the proposed recovery of a \$92 million acquisition premium when it approved the proposal of UtiliCorp United Inc. to acquire and St. Joseph Light & Power Company. The PSC argued that it would be prejudging a ratemaking factor outside of a rate case if it were to consider the premium. However, the Missouri Supreme Court held that the PSC failure to decide such “a relevant and critical issue when ruling on the proposed merger” was error, even if a subsequent rate case addressed the recoupment issue. State ex rel. Ag Processing, Inc. v. PSC, 120 S.W.3d 732, 736 (Mo. en banc 2003). Similar to the pending case, even though the recovery of Crossroads’ transmission costs will not be litigated now, Issue 5.C of the Stipulation presents a “relevant and critical” issue regarding the renewal of the transmission path which is set to expire in the near future. Furthermore, the pending case is a rate case, so the issue is appropriately before the Commission.

Advisory opinions are decisions that “have no practical effect and that are only advisory as to future, hypothetical situations.” See State ex rel. Mo. Parks Ass’n v. Missouri Dep’t of Nat. Res., 316 S.W.3d 375, 384 (Mo. App. W.D. 2010). The decision before the Commission regarding Issue 5.C is not based on a hypothetical situation. The Signatories expressly agreed to a means to

³⁷ Tr. 64-67 (K. Gunn)

³⁸ As Mr. Gunn responded to Chair Hahn’s inquiry: “But, the reason why we don’t ... think it’s an advisory opinion is it’s not like we can wait until February of 2029 and say, ‘Oh, it’s imprudent to enter into this contract so now we have to go out and replace 300 megawatts worth of capacity.’ We have to start taking actions today.” (Tr. 66).

resolve the Crossroads transmission issue in the Stipulation.³⁹ There is no question that the Crossroads TSA will expire in February 2029.⁴⁰ Whether the Commission determines renewal is prudent or imprudent, a decision will provide certainty and legal “relief” to EMW because such a decision will directly affect EMW’s resource planning decisions.⁴¹ Id. 316 S.W.3d at 385 (“There must be a ‘presently existing controversy’ for ‘specific relief,’ not an advisory or hypothetical situation”). As such, Issue 5.C is ripe for adjudication. Akin v. Director of Revenue, 934 S.W.2d 295, 298 (Mo. en banc 1996) (an issue “must present a real, substantial, presently existing controversy admitting of specific relief as distinguished from an advisory or hypothetical situation”).

Determining whether a particular issue is ripe for judicial resolution requires a two-fold inquiry: a court must evaluate (1) whether the issues tendered are appropriate for judicial resolution, and (2) the hardship to the parties if judicial relief is denied. See Abbott Laboratories v. Gardner, 387 U.S. 136, 148-149 (1967); Buechner v. Bond, 650 S.W.2d 611, 614 (Mo. en banc 1983) (“In order that a controversy be ripe for adjudication a ‘sufficient immediacy’ must be established. Ripeness does not exist when the question rests solely on a probability that an event will occur.”); Ports Petroleum Co. v. Nixon, 37 S.W.3d 237, 241 (Mo. en banc 2001).

In Abbott Laboratories the United States Supreme Court found ripe for judicial review a pre-enforcement challenge to a Federal Drug Administration regulation requiring that labels and advertisements for prescription drugs include the corresponding generic name of a drug every time the trade name was used. The Court found the issues presented were appropriate for judicial

³⁹ See Tr. 74:13-75-14 (K. Gunn); Stipulation at 2.

⁴⁰ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3.

⁴¹ See Tr. 63:12-18 (“[T]his is a new agreement.”), 66:2-19, 67:2-13 (K. Gunn) (“If you choose not to decide, you’ve still made a choice.”).

resolution as the regulations were a final agency action, and that the impact of the regulations was “sufficiently direct and immediate” to render the issue appropriate for judicial review. Id. at 152. The regulations, which were effective immediately, would have a direct and significant effect on the day-to-day business of all prescription drug companies and forced the companies to choose between compliance at considerable cost and noncompliance risk. Id.

Similarly, the Stipulation contemplates that if a subsequent “stipulation cannot be reached, Issue 5.C and any other issues related to the relocation or sale of Crossroads will be heard at a separate hearing ... no later than November 3, 2025. See Stipulation, §5(f). The Signatories requested that the Commission issue its decision by December 31, 2025. Id. Issue 5.C, therefore, is ripe and appropriate decision, given the Signatories’ clear intent that “we might have to bring an unresolved issue to the Commission in this case at this proceeding. ... It’s all part of what these parties agreed to.”⁴²

Additionally, by agreeing to provide a response on Issue 5.C by December 31, the Signatories understood that the Commission’s order will have “sufficiently direct and immediate” impact on EMW’s resource planning. Following the Commission’s decision, the Company will “take affirmative action” on whether to renew the Crossroads transmission path or “start making preparations to replace those 300 megawatts.”⁴³ Given that the current transmission path agreement expires at the end of February 2029 and must be renewed at least twelve (12) months prior to expiration,⁴⁴ Evergy continues to engage in planning and analysis to decide whether to renew or extend the transmission path reservation and for how long, compared with other resource planning options, thus rendering a Commission on Issue 5.C to be an issue of “sufficient

⁴² See Tr. 117:11-18:1 (D. Ives).

⁴³ See Tr. 74:13-75:14 (K. Gunn).

⁴⁴ See Tr. 95-97, 99-100 (C. VandeVelde).

immediacy”⁴⁵ rather than hypothetical. And these efforts will continue to accelerate, as any replacement for Crossroads will require years of planning so that new resources can be in place before the current transmission service agreement expires in February 2029. Given the potential multi-million-dollar capacity deficiency payments discussed in Section III(D), which far exceed the Crossroads transmission costs, it is imperative that the Commission provide a substantive response to Issue 5.C at this time.

Because Issue 5.C is ripe for adjudication, a Commission decision on whether it is prudent for EMW to renew the TSA would not be an advisory opinion.⁴⁶

III. IT WOULD BE PRUDENT FOR EVERGY TO RENEW THE CROSSROADS TRANSMISSION PATH SERVICE AGREEMENT

Issue 5.C asks:

In this case should the Commission determine it is prudent for Evergy to renew its firm point-to-point transmission service agreement with Entergy Corp. before it expires in February 2029?

Based on the evidence provided by Evergy Missouri West, the answer is clearly “yes.”

After the Crossroads Relocation Study was conducted earlier this year, it became clear that three options exist regarding Crossroads: (1) Crossroads continues to operate in Mississippi with the transmission agreement and path being renewed effective March 1, 2029 and the Commission to decide cost recovery issues regarding transmission expense in a future rate case; (2) selling

⁴⁵ *Ports Petroleum Co. v. Nixon*, 37 S.W.3d 237, 241 (Mo. en banc 2001).

⁴⁶ Chair Hahn questioned Mr. Ives regarding what she understood was a request by Evergy Kansas Central (EKC) to the Kansas Corporation Commission (KCC) “to make a predetermination outside of a rate case on establishing Evergy’s capital structure.” See Tr. 105-06. However, the request by EKC was made in a rate case. Concurrent with its application requesting an increase in its revenue requirement, EKC moved for leave to file a legal analysis regarding the standards to determine capital structure and to modify the rate case’s procedural schedule to allow the issue of capital structure to be addressed in advance of the evidentiary hearing. See Order Denying Evergy’s Motion for Leave to File Legal Analysis Regarding Standards for Determining Capital Structure at 1-2, *In re Applic. of Evergy Kansas Central, Inc for Approval to Make Certain Changes in Charges for Elec. Service.*, No. 25-EKCE-294-RTA (Kans. Corp. Comm’n, Feb. 20, 2025). The KCC denied the motion. It found that “EKC has not provided sufficient justification for an expedited process that may limit debate over capital structure” and that “EKC’s proposed expedited process is not in the public interest.” *Id.* at 5.

Crossroads and building a facility in Evergy's SPP service territory, or (3) relocating the current Crossroads facility to SPP.⁴⁷

The most compelling evidence that supports a decision that it would be prudent for the Company to renew the current transmission path arrangement is the conclusion of the cost estimates produced the Preferred Resource Plan in the Company's 2024 Triennial Integrated Resource Plan ("IRP") report which was confirmed by the 2025 Annual IRP Update.⁴⁸

Evergy witness Cody VandeVelde testified that the 20-year net present value revenue requirement ("NPVRR") for Crossroads to continue operations in Mississippi, with its MISO transmission expense included, is \$343.4 million. By comparison, the cost to relocate Crossroads to SPP is \$525.9 million, while the cost to sell Crossroads and build a replacement unit in EMW's service territory is \$620.6 million. See Ex. 160, VandeVelde Direct at 14 (Sept. 15, 2025).⁴⁹

The most prudent path forward based on information reasonably known today is for Crossroads to remain in Mississippi and for EMW to seek to recover the transmission expense in a future rate case.⁵⁰ No party in this proceeding has provided sufficient evidence to rebut Evergy's presumption of prudence by creating "a serious doubt as to the prudence of" renewing the transmission path agreement.⁵¹ Therefore, the Commission should determine that it would be prudent for Evergy Missouri West to renew Crossroads transmission path.

⁴⁷ See Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 12; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 10-11. Based on pre-filed testimony in this case, it appears no party is advocating for a relocation of Crossroads.

⁴⁸ Ex. 160 at 14-15, C. VandeVelde Direct (Sept. 15, 2025).

⁴⁹ The details of the IRP reports, discussed in Mr. VandeVelde's direct testimony, are discussed in more detail below in Section II(B).

⁵⁰ See J. Reed Direct at 8-9, EO-2023-0277; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11-17; Ex. 160, C. VandeVelde Direct (Sept. 25, 2025) at 4, 11-13.

⁵¹ See Report & Order at 12, In re EMW 11th FAC Prudence Review, No. EO-2023-0277; Tr. 66:2-19 (K. Gunn).

A. **The Commission has the Power to Determine that EMW's Renewal of the TSA is Prudent**

Just as the Commission may approve a proposed generation resource that it finds prudent, reasonable and in the public interest, while reserving for the future its review of the actual costs incurred and the management of the construction of the proposed project,⁵² it may find that a decision to renew a transmission service agreement is prudent and decide cost recovery issues in a future case. Although the precise language that the Commission has used in past orders to find decisional prudence has varied, the PSC has clearly provided assurances and guidance regarding capital projects and major transactions, with cost recovery issues to be decided in future rate cases.

When Missouri-American Water Company ("MAWC") sought a certificate of convenience and necessity ("CCN") to build a new treatment facility in St. Joseph and related supporting infrastructure, it proposed that the PSC find this alternative to be "the most appropriate and cost effective method" to address the need to replace the existing facilities. MAWC argued that the Commission "may make an informed decision regarding the prudence of the alternative selected by MAWC and its projected cost." *Id.* at 10. Staff supported what the PSC called "a limited decision of prudence" where it would "approve only the project alternative selected and not the actual costs incurred or management of the construction of the project." *Id.* at 11.

Although the Commission initially construed this request as asking for "a finding of prudence or project pre-approval." See *In re Missouri-American Water Co.*, 1997 Mo. PSC LEXIS 179 at 9-11, No. WA-97-46 (1997) and conceded it had been concerned that a finding of decisional

⁵² Report and Order at 10-11, *In re Missouri-American Water Co.*, No. WA-97-46 at 10-11 (1997) (position of utility and of Staff).

prudence might raise issues of “single-issue ratemaking, the pre-allocation of costs, and the granting of a presumption of prudent action by utility management,”⁵³ it ultimately concluded:

[B]ased on the extensive evidence presented, the Commission finds that the proposed project, consisting of the facilities for a new groundwater source of supply and treatment at a remote site, is a reasonable alternative.⁵⁴

Given the Commission’s assurance that MAWC had selected a “reasonable alternative,” it proceeded with the project. Three years later when the utility returned to the Commission in a general rate case that sought cost recovery for the St. Joseph plant, the PSC applied the prudence standard to review the utility’s request and concluded:

[...] that the management of MAWC did use due diligence to address all relevant factors and information known or available to it when it assessed the situation and reached the decision to build a new treatment plant and develop a new ground water source of supply in St. Joseph. Consequently, the Commission must conclude that the decision to build the new plant and related facilities was not imprudent. Therefore, the total project cost of \$70,097,840 shall be recognized in rate base.⁵⁵

In making this decision in 2000, the Commission relied on the prudence standard which asks whether the conduct was reasonable at the time, under all the circumstances, considering that the company had to solve its problem prospectively rather than in reliance on hindsight.⁵⁶ While the Commission found the decisions to build the plant and to recover its costs were prudent, its

⁵³ In re Mo.-American Water Co. Applic. for a Certif. of Conven. & Necessity, 1997 Mo. PSC LEXIS 179 at 14, No. WA-97-46 (1997), citing an earlier order of rulemaking. These three issues are not relevant to this proceeding. First, there is no single-issue ratemaking issue in the subject case because it is a general rate case presented by Evergy Missouri West where all relevant factors have been considered in setting rates. Second, there is no request in the pending case for an allocation of costs related to Crossroads. Thirdly, the “presumption of prudent action by utility management” relates only to the renewal of the transmission path agreement, not to a utility’s management of a project or its business, or the recovery of the costs of those decisions. See City of O’Fallon v. Union Elec. Co., 462 S.W.3d 438, 444 (Mo. App. W.D. 2015).

⁵⁴ In re Mo.-American Water Co., 1997 Mo. PSC LEXIS 179 at 15, No. WA-97-46 (1997) (emphasis added).

⁵⁵ Id. at 72-73.

⁵⁶ Id. at 63-66. See State ex rel. Assoc. Nat. Gas Co. v. PSC, 954 S.W.2d 520, 528-29 (Mo. App. W.D. 1997), citing In re Union Elec. Co., 1985 WL 1205410 at 6-7, 27 Mo. PSC (N.S.) 183, 193 (Mo. P.S.C. 1985) (“reasonableness should be judged using the standard of prudence”).

decision three years before in the CCN case laid the critical foundation for that conclusion when it determined that MAWC's proposal to build the plant was "a reasonable alternative."

The reasonableness test is at the heart of the prudence standard, as this Commission recently found when it adopted the "succinct description of the regulatory prudence standard" provided by John J. Reed in the recent securitization case of Empire District Electric Company.⁵⁷

Mr. Reed, who has also testified on behalf of Evergy, stated:

This standard recognizes that reasonable people can differ and that there is a range of reasonable actions that is consistent with prudence. Simply put, a decision can only be labelled as imprudent if it can be shown that such a decision was outside the bounds of what a reasonable person would have done under those circumstances.⁵⁸

Given this apt description of regulatory prudence, the Commission should find that a decision by EMW to renew the Crossroads transmission path agreement before it expires in February 2029 is a reasonable alternative.

In a similar situation the Commission approved a non-unanimous stipulation and agreement regarding the resource plans of Kansas City Power & Light Company (KCPL) in 2005. See Report & Order at 5, 9-20, In re Proposed Regul. Plan of Kansas City Power & Light Co., No. EO-2005-0329 (July 28, 2005). The KCPL Experimental Regulatory Plan that called for a variety of new resources, including the Iatan 2 coal plant, wind generation, new environmental controls, and other programs which the signatories agreed was "a reasonable and adequate resource plan." They "agreed not to argue" that the proposed investments "were not necessary or timely" or that different technologies or fuel "should have been used" as long as the utility complied with a continuous monitoring program. Id. at 37-38. The PSC concluded that the "Stipulation contains

⁵⁷ Amended Report & Order at 28-29, In re Petition of Empire Dist. Elec. Co. to Authorize Issuance of Securitized Util. Tariff Bonds, No. EO-20222-0040 (Sept. 22, 2022).

⁵⁸ Id. at 29.

nothing which commits the Commission ... to a preapproval of rates. Indeed, the Signatory Parties retain the right to monitor the prudence of KCPL's action in carrying out the investments ... and to challenge any conduct they believe is imprudent.” Id. at 37.

Given the “wide discretion”⁵⁹ that the Commission is given in carrying out its “broad grant of authority”⁶⁰ from the General Assembly, the finding of decisional prudence on whether the Company should renew a transmission path as requested by the Company is clearly within regulatory authority.

Just as the parties in the KCPL Regulatory Plan case agreed that the proposed resource plan was “reasonable and adequate” while reserving the right to challenge its costs, the Signatories in this pending case have agreed that the Crossroads transmission path should be renewed.

- “Staff recommends the Commission find that it is prudent for EMW to renew its firm point-to-point transmission service agreement with Entergy Corp. before it expires in February 2029.” See K. Major Direct at 4 (Sept. 15, 2025).
- MECG witness Greg Meyer was asked: “To be clear, if you are advocating for Crossroads to remain in Mississippi, then are you advocating for EMW to negotiate a new point-to-point transmission contract?” He responded: “Yes, I am. I believe EMW should negotiate a new 20-year point-to-point transmission contract.” See G. Meyer Direct at 11 (Sept. 15, 2025).
- Public Counsel witness Lena Mantle responded: “Yes” to the question: “Do you agree with [MECG witness] Mr. Meyer that Evergy West should

⁵⁹ State ex rel. Laclede Gas Co. v. PSC, 535 S.W.2d 561, 568 (Mo. App. K.C. 1976).

⁶⁰ Kansas City Power & Light Co. v. PSC, 618 S.W.3d 520, 525 (Mo. en banc 2021).

negotiate a new 20-year contract?” Her lengthy answer, which discussed related issues, concluded: “Therefore, Evergy West should provide transmission so that it [Crossroads] can continue to be a capacity and energy resource for its customers.” See L. Mantle Supp. Rebuttal at 3-4 (Oct. 15, 2025).

As general support for the Commission providing an affirmative response to Issues 5.C, as discussed by Evergy’s witnesses, the PSC has regularly issued policy guidance to Evergy in its decisions which did not affect or modify existing rates or tariffs.⁶¹ See Report & Order at 14, In re Evergy Mo. West Eleventh Prudence Review Fuel Adjustment Clause, No. EO-2023-0277 (Aug. 7, 2024) (“Commission would encourage EMW and EMM to consider merging these two companies to greater take advantage of economies of scale. This would give EMW customers greater access to EMM’s generation capacity, and should thereby reduce FAC costs for EMW customers [emphasis added].”); Report & Order at 24, In re Evergy CCN App. for Natural Gas Facilities, No. EA-2025-0075 (July 31, 2025) (“Adding these Projects to Evergy Missouri West’s generation portfolio is consistent with positions taken by the Staff and OPC, and other parties that have encouraged Evergy Missouri West and its predecessors to invest in its own generation, especially dispatchable resources, instead of relying on power purchase agreements and the wholesale electricity markets [emphasis added].”)⁶²

In this pending case Commission should provide EMW with “a path forward as guidance” and find that it would be prudent for the Company to renew the agreement that provides the transmission path so Crossroads can continue to serve its customers.⁶³ Both the 2024 Triennial

⁶¹ See Tr. 81:3-82:8, 86:9-87:15 (K. Gunn), 118:2-119:4 (D. Ives).

⁶² See Tr. 120:23-122:9 (D. Ives).

⁶³ See Tr. 118:2-119:4 (D. Ives).

IRP report and its 2025 Annual IRP Update concluded that the inclusion of Crossroads and its transmission expense in EMW's generation portfolio is the most reasonable alternative resource plan with the lowest NPVRR that enables the Company to provide safe and adequate service.⁶⁴

Renewing the transmission path would also be consistent with the treatment the Commission has afforded the Plum Point Energy Station, a 680 MW coal-fired unit located in eastern Arkansas near the Mississippi River within the MISO footprint which is co-owned by Empire District Electric Company ("Empire"). Although that facility is 90 miles from the SPP interconnection point, it serves Empire's customers in SPP, just as Crossroads serve's EMW's customers in SPP.⁶⁵ However, Empire has been recovering its MISO transmission costs for many years.⁶⁶

As the substantive testimony of the witnesses in this case shows, the Signatories agree that the Crossroads transmission path agreement should be renewed.

B. Crossroads Remaining in Mississippi Is The Most Reasonable Path Forward

Based on EMW's 2024 Triennial IRP, 2025 Annual IRP Update,⁶⁷ Crossroads Relocation Study, and other considerations, the Company determined that the most prudent option with the lowest NPVRR for EMW and its customers is for Crossroads to remain in Mississippi as of 2029, and for "customers to pay for the current recoverable costs, plus the MISO transmission expense

⁶⁴ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 14; EMW's 2024 Triennial IRP, Volume 6: Integrated Resource Plan and Risk Analysis at 57-59, In re EMW's 2024 Triennial IRP Filing, No. EO-2024-0154 (Apr. 1, 2024); EMW's 2025 Annual IRP Update at 104-105, In re EMW's 2025 IRP Annual Update Filing, No. EO-2025-0251 (Mar. 13, 2025).

⁶⁵ See Ex. 326, C. VandeVelde Rebuttal (Aug. 6, 2024) at 8-9.

⁶⁶ Id.

⁶⁷ "The IRP does not apply SPP transmission costs to the individual assets, rather the SPP Network Transmission Service is charged directly to load-serving entities based on demand, not resources. The SPP transmission cost associated with Crossroads is treated the same as all other resources, but because Crossroads is uniquely located outside of SPP, the IRP model includes the MISO transmission expense in order for the model to appropriately evaluate its all-in cost of service." Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 10.

at a 4.2% Compound Annual Growth Rate (“CAGR”) (equivalent to 2014-2024 CAGR).”⁶⁸ The Company’s determination reaffirms EMW’s 2007 request for proposal (“RFP”) and the Commission’s Crossroads I Report and Order, which concluded the inclusion of Crossroads and the current transmission path expense in EMW’s generation asset portfolio results in the lowest 20-year NPVRR to satisfy the capacity and energy needs of EMW.⁶⁹

As Mr. VandeVelde testified, the NPVRR for Crossroads to remain in Mississippi and include the future transmission expense in rate base, as modeled in the Company’s analyses, is \$343,401,000, which equates to a levelized cost of capacity (“LCOC”) of \$11.16/kW-mo.⁷⁰ Selling Crossroads and building a new replacement generation facility in the SPP service territory has a 20-year NPVRR equal to \$620,559,000 and a LCOC of \$19.11/kW-mo.⁷¹ The \$620,559,000 NPVRR “assumes an asset sale price of \$400/kW for Crossroads and the cost of a new, comparable combustion turbine gas plant at an estimated cost of \$2,115/kW.”⁷² Relocating the current Crossroads facility to SPP has a 20-year NPVRR equal to \$525,893,000 and a LCOC \$15.26/kW-mo., but no party advocates for this alternative.⁷³

Regarding rate impacts to customers, allowing Crossroads to remain in Mississippi while including the transmission expense in future rates would only increase rates by an estimated \$0.002/kWh, an approximate 2% increase to EMW’s existing revenue requirement, when compared to \$0.006-\$0.008/kWh for the sell-and-build-new or the relocation options, “or a 7% to

⁶⁸ See Ex 160, C. VandeVelde Direct (Sept. 15, 2025) at 14.

⁶⁹ Id. at 4; Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 14-15.

⁷⁰ See Ex 160, C. VandeVelde Direct (Sept. 15, 2025) at 14; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 5-6; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11-12.

⁷¹ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 14; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 12.

⁷² See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 13.

⁷³ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 14.

9% increase to existing revenue requirement.”⁷⁴ Evergy is the only party that has provided detailed and credible evidence regarding NPVRR and potential rate impacts in this case.

C. Crossroads’ Geographic Diversity

Crossroads provides distinct, quantifiable benefits to EMW’s customers because it is located in Mississippi. As discussed by Mr. Ives and Mr. VandeVelde,⁷⁵ and recently in the Commission’s Report and Order at 35-36, In re Evergy Mo. West CCN App. for Nat. Gas Facilities, No. EA-2025-0075 (July 31, 2025), SPP needs dispatchable natural gas facilities like Crossroads. “Changes in supply, demand, and extreme weather conditions are stressing the limits of energy reliability,”⁷⁶ and “SPP will need dispatchable units like Crossroads to maintain a diverse generation portfolio to meet increasing economic development activities and support grid reliability as more intermittent renewable resources are interconnected to the system over time.”⁷⁷

As noted by Standard & Poor’s (“S&P”), “unprecedented natural conditions, including weather events have negatively influenced” EMW’s credit rating because of the Company’s location.⁷⁸ S&P specifically observed: “Its operations are limited to northwestern Missouri, leaving cash flow susceptible to local weather and economic conditions.”⁷⁹ Being in Mississippi, Crossroads mitigates this risk by providing Evergy Missouri West with a valuable hedge against weather disruptions in Missouri and their economic consequences.⁸⁰

Crossroads’ natural gas fuel is supplied by the Texas Gas Transmission (“TGT”) pipeline.⁸¹ This pipeline is closer to natural gas production zones and experiences less congestion and lower

⁷⁴ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 15

⁷⁵ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 19; Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 17-18.

⁷⁶ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 5.

⁷⁷ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 19.

⁷⁸ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 10-11.

⁷⁹ Id. at 11 & Sched. DRI-8 at 4 (S&P Report, Dec. 10, 2024).

⁸⁰ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 16-17.

⁸¹ Id.

reservation fees compared to facilities and prices in the Company's Missouri service territory. This difference has usually resulted in cheaper all-in natural gas costs in the range of \$0.05 to \$0.34/Dth.⁸² Less congestion permits EMW to use delivered gas call options rather than year-round firm transport for Crossroads, incurring transport costs only when gas flows and achieving a more cost-effective supply arrangement.⁸³ Thus, EMW's continued reliance on Crossroads will act as a hedge against market energy prices which the Commission values. See Report & Order at 11, No. EA-2025-0075.

Contrary to Staff's position regarding Crossroads' operational frequency, the facility has adequately demonstrated it is a reliable generation asset in helping to offset high wholesale market energy costs, particularly during extreme weather events.⁸⁴ Crossroads was dispatched 730 times over the past five summers with a 100% start reliability and operated 5,474 hours.⁸⁵

During Winter Storm Uri in February 2021, Crossroads was less affected by the constraints and price spikes, so the facility was able to generate over \$25 million in day-ahead market revenue which *offset* extremely high wholesale market energy costs that EMW customers faced.⁸⁶ The total natural gas costs were only \$2.9 million to produce approximately 26,000 MWh, reflecting average revenue of \$974/MWh against gas costs of \$111/MWh.⁸⁷ Crossroads again was critical in satisfying peak SPP demand while helping offset high wholesale energy costs by generating market revenues during Winter Storm Elliot in December 2022.⁸⁸

⁸² Id.

⁸³ Id.

⁸⁴ Id.; Ex. 280, K. Majors Direct (Sept. 15, 2025) at 75-76.

⁸⁵ See Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 16-17; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 6; Tr. 109:1-21 (D. Ives).

⁸⁶ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 6.

⁸⁷ Id.

⁸⁸ Id.

Crossroads' locational marginal prices ("LMP") have exceeded the Company's load LMPs by an average of approximately \$3.05/MWh in the day-ahead market and \$3.63/MWh in real time.⁸⁹ The resulting incremental margin is returned to EMW customers through the fuel adjustment clause ("FAC") for each megawatt hour ("MWh") Crossroads generates and sells at its locational price. This dynamic is especially advantageous when market LMPs are above the locational price EMW pays SPP for serving its load.⁹⁰

D. Crossroads is Essential to Satisfying SPP Capacity Requirements

As Mr. Ives testified, beyond the electricity it produces, Crossroads is "also a capacity resource" and its "300 MW of capacity is a really important asset for us" to satisfy SPP's planning reserve margin ("PRM") requirements.⁹¹ The SPP Board of Directors and the SPP Regional State Committee recently increased the PRM requirements of SPP's load-serving members like Evergy Missouri West while tightening the accredited capacity values of supply resources.⁹² The summer 2026 PMR and winter 2026-2027 PMR will be 16% and 35%, respectively.⁹³ "If the transmission contract is not renewed, Crossroads will not be available to meet the capacity requirements of SPP"⁹⁴ in 2029, the same year the PRM requirements will increase to 17% and 38% for summer 2029 and winter 2029-2030, respectively.⁹⁵

As a result, EMW would be obligated to procure capacity to supplement Crossroads' 300 MWs either through "incremental investment to build new generation sources, the procurement of wholesale capacity contracts, or a combination of the two."⁹⁶ However, as recently noted by the

⁸⁹ Id. at 17-18.

⁹⁰ Id.

⁹¹ See Tr. 109:1-21 (D. Ives); Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 4, 19.

⁹² See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3.

⁹³ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 19.

⁹⁴ See Ex. 323, L. Mantle Direct (Sept. 15, 2025) at 4.

⁹⁵ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 19.

⁹⁶ Id. at 5.

Commission, “Evergy Missouri West has been able to leverage available market capacity to meet its capacity needs and has relied on the wholesale market to provide sufficient physical energy. However, due to the SPP’s increase in resource adequacy requirements and unprecedented growth in demand, the bi-lateral capacity market is no longer a viable long-term option.”⁹⁷ Consequently, if the transmission service path agreement is not renewed prior to 2029, the Company will be required to secure and place “on the electric grid an equal or greater amount of reliable electric generation as accredited power resources based on” SPP’s PRMs, pursuant to Section 393.401.2⁹⁸ of newly enacted Senate Bill 4. The replacement reliable electric generation for Crossroads’ dispatchable generation would have to comprise of at least 80% dispatchable power. See Section 393.401.2.,5.

As discussed by Mr. VandeVelde, EMW’s 2025 Triennial IRP modeled an alternative resource plan whereby the Company retires Crossroads at the end of 2028.⁹⁹ Without the capacity and energy from Crossroads, the alternative plan found that EMW would need to obtain 450 MW of new solar in 2029 and 440 MW of simple-cycle gas turbines in 2031.¹⁰⁰ This equates to an increase of \$362 million to EMW’s 20-year NPVRR compared to EMW’s Preferred Plan that includes Crossroads and the transmission expense.¹⁰¹

Moreover, a replacement for Crossroads would necessarily take years for the generator to be “secured and placed on the electric grid” to be considered “reliable electric generation” under Section 393.401.1-.2. SPP’s “Our Generational Challenge” report cautions that “members can’t

⁹⁷ See Report & Order at 11, 34-35, In re Evergy Mo. West Applic. for CCNs for Nat. Gas Facilities, No. EA-2025-0075 (July 31, 2025).

⁹⁸ All statutory citations are to the Missouri Revised Statutes (2016), as amended, unless otherwise noted.

⁹⁹ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 12-13.

¹⁰⁰ Id.

¹⁰¹ Id.

just add new generation anywhere” and that “any new power plants or new areas of high electricity supply and demand need to be carefully studied,” because excessive flows “can overload the system,” and the interconnection process “can take years for the generator to go into service.”¹⁰²

Against that backdrop, EMW faces “significant risks related to the construction of a new plant,” including site confirmation, permitting, gas infrastructure, “transmission upgrades and interconnection,” and securing a CCN.¹⁰³ By comparison, EMW’s most recent CCNs for the Viola, McNew, and Mullin Creek #1 natural gas units in Case No. EA-2025-0075 took almost nine months, and their estimated commercial operation dates are in 2029–2030.¹⁰⁴ There is simply not enough time for a Crossroads replacement to be operating on the grid before February 2029.

Given this, the Company would be subject to capacity deficiency payments for Crossroads’ 300 MWs. These deficiency charges are determined using a range of 125% to 200% of SPP’s Cost of New Entry (“CONE”) which reflects the approximate cost to construct new generation.¹⁰⁵ Using SPP’s current CONE of \$85.61 per kW-year, the retirement of Crossroads would translate into annual deficiency payments of roughly \$32 million to more than \$50 million for EMW to replace the 300 MW of capacity formerly supplied by Crossroads.¹⁰⁶ As Mr. VandeVelde testified, these charges far exceed Crossroads’ annual all-in cost, including rate base, operating expenses, and the cost of obtaining firm point-to-point transmission service from Crossroads to EMW’s service territory under the MISO transmission service agreement.¹⁰⁷

¹⁰² See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 20.

¹⁰³ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 13-14.

¹⁰⁴ Id.

¹⁰⁵ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 5.

¹⁰⁶ Id.

¹⁰⁷ See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 5.

For all these reasons, the Commission should find that it would be prudent for Evergy Missouri West to renew the Crossroads transmission path agreement beyond February 2029.

IV. MOVING BEYOND THE STATUS QUO

For nearly 20 years, Evergy’s shareholders have absorbed the consequences of historical decisions related to Crossroads.¹⁰⁸ What began as a \$4.7 million transmission cost disallowance has escalated to approximately \$18.1 million annually and accumulated to roughly \$155 million since the Commission’s 2011 decision.¹⁰⁹ That burden has been carried by shareholders rather than the Company’s customers, notwithstanding that these costs are necessary to provide Crossroads’ capacity and energy benefits to them.

With the current TSA expiring in February 2029 and any renewal of the transmission path required to be made by February 2028, as well as the time that would be needed to find a replacement for Crossroads, it is critical that the Commission provide a substantive response to Issue 5.C. The Commission must determine that it would be prudent for EMW to renew the transmission path agreement before the current TSA expires in February 2029.

Contrary to other parties’ recommendations, EMW cannot be expected to renew a contract “that the Commission has repeatedly stated as ‘imprudent’” without assurances that cost recovery of the transmission expense will be subject to a future proper prudence determination.¹¹⁰ For Staff, OPC, and MECG to “assume that EMW, and its shareholders, will execute another round of transmission service agreements that the Commission has determined to be imprudent ... is incomprehensible” and inconsistent with Missouri’s regulatory public utility compact.¹¹¹

¹⁰⁸ See Ex. 161, D. Ives Direct (Sept. 15, 2025) at 3.

¹⁰⁹ Id. at 6.

¹¹⁰ See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11.

¹¹¹ See Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 8.

Now is the time for the Commission to recognize the measurable benefits that Crossroads provides to Evergy Missouri West customers. The only option that is the lowest cost to the Company and its customers is for the Commission to determine it is prudent for EMW to renew the transmission service agreement and its transmission path so that Crossroads' capacity and energy can continue.¹¹²

In this regard, Evergy Missouri West respectfully requests that the Commission's order contain two related findings that would be consistent with a finding that a decision by the Company to renew the Crossroads transmission path is prudent.

A. The Commission Should Confirm that its Prudence Standard will be applied in any Future Rate Case which considers EMW requests to recover Crossroads Transmission Costs

The Commission should confirm that it will apply its established prudence standard when considering any future request by Evergy Missouri West to recover the cost of Crossroads transmission service in a future rate proceeding.

Pursuant to that standard, any future EMW requests for recovery of the Crossroads transmission costs would carry the presumption that they were prudently incurred.¹¹³ This presumption would be upheld unless a party challenging EMW's actions regarding Crossroads provides a sufficient "showing of inefficiency or improvidence."¹¹⁴ Under this standard the Commission would evaluate EMW's request to recover costs that are subsequently incurred after the renewal of the transmission path in 2029 by analyzing whether they were reasonable at the time its decisions were made under all circumstances, "considering that the company had to solve

¹¹² Id. at 22-23, 25-26; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 21-22; Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 17.

¹¹³ See Report & Order at 12, In re Evergy Mo. West 11th FAC Prudence Review, No. EO-2023-0277 (Aug. 7, 2024).

¹¹⁴ Id.

its problem prospectively rather than in reliance on hindsight.”¹¹⁵ See Office of Public Counsel v. PSC, 409 S.W.3d 371, 376 (Mo. en banc 2013); State ex rel. Assoc. Nat. Gas Co. v. PSC, 954 S.W.2d 520, 528 (Mo. App. W.D. 1997)

B. The Commission Should state that it will not Prospectively Impose a Penalty, Disallowance, or Asset Replacement Value Cap in a Future Rate Case

The Commission’s order should also state that it will not automatically impose any prospective penalties, disallowances, or asset replacement value caps in any future rate case regarding Crossroads or any resources that replace it.¹¹⁶

Evergy Missouri West’s costs would be presumed to be prudently incurred unless a serious doubt is raised. At that time, the burden would shift to the Company to show that its decisions were reasonable under the circumstances known at the time and not on the basis of hindsight. The Commission would judge the utility’s conduct based on whether reasonable people would have performed the tasks that confronted the Company prospectively.¹¹⁷

Such a finding by the Commission would be consistent with the prudence standard which does not pre-judge a request for cost recovery based on automatic penalties, categorical disallowances, or mechanical caps that operate independently of the facts known and the options available at the time a decision is made. Prudence asks whether a utility’s choice was reasonable given the contemporaneous information, risks, and alternatives.

Moreover, imposing an asset replacement value cap in a future rate case would arbitrarily limit cost recovery based on a hypothetical alternative asset value, rather than a prudence analysis of actual choices and market conditions at the time of renewal. Imposing such an asset replacement

¹¹⁵ Id.

¹¹⁶ See Ex. 162, D. Ives Rebuttal at 9-14; Ex. 281, K. Majors (22-25).

¹¹⁷ Id.

value cap invites hindsight, substitutes a mechanical proxy for a contemporaneous management judgment, and undermines regulatory principles that require the Commission to review cost recovery requests by determining how reasonable people would have performed the tasks before them.

Finally, the Commission should also confirm that it will not rely on the Crossroads I or Crossroads II orders to predetermine an automatic disallowance of EMW's transmission costs after the renewal of the Crossroads transmission path agreement. Those orders should not dictate the prudence of future costs because prudence is assessed prospectively, based on the facts, risks, and comparable options available at the time of the decision. To apply Crossroads I or Crossroads II as a categorical bar or as a predetermined disallowance would be to import hindsight and fact-bound determinations from different circumstances, violating the Commission's own prudence framework.

The Commission is not bound by its own precedents or the principle of *stare decisis*. It may depart from decisions and approaches that have been taken in prior cases, based on new facts, and changed conditions. Applying past Commission orders is neither required nor appropriate despite the insistence of Staff, OPC, and MCEG. See Spire Missouri, Inc. v. PSC, 618 S.W.3d 225, 235 (Mo. 2021) ("an administrative agency is not bound by *stare decisis*, nor are PSC decisions binding precedent on" Missouri appellate courts).¹¹⁸

Therefore, it is appropriate for the Commission to affirm that future transmission costs which are incurred after a renewal of the Crossroads transmission path will be assessed under the Commission's prudence standard, and to assure Evergy Missouri West that no prospective

¹¹⁸ See Ex. 162, D. Ives Rebuttal (Oct. 15, 2025) at n.6.

penalties, automatic disallowances, or asset replacement value caps related to Crossroads will be imposed in any future rate case.

CONCLUSION

The Commission should determine under Issue 5.C of the Stipulation that it is prudent for Evergy Missouri West to renew the firm point-to-point transmission service agreement before it expires in February 2029 to ensure that the Company's customers are able to continue to receive benefit the capacity and energy of the Crossroads Energy Center.

WHEREFORE, Evergy Missouri West respectfully submits this Initial Post-Hearing Brief to the Commission.

Respectfully submitted,

/s/ Roger W. Steiner

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon counsel for all parties on this 25th day of November 2025, by EFIS filing and notification, and/or e-mail.

/s/ Roger W. Steiner _____

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