BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Petition of Evergy Kansas Central, Inc., Evergy Kansas South, Inc., and Evergy Metro, Inc. for Determination of the Ratemaking Principles and Treatment that Will Apply to the Recovery in Rates of the Cost to be Incurred for Certain Electric Generation Facilities under K.S.A. 66-1239.	)))))))	Docket No. 25-EKCE-207-PRE

PETITION OF EVERGY KANSAS CENTRAL, INC., EVERGY KANSAS SOUTH, INC., AND EVERGY METRO, INC. FOR DETERMINATION OF RATEMAKING PRINCIPLES AND TREATMENT

COME NOW Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (together as "Evergy Kansas Central" or "EKC") and Evergy Metro, Inc., d/b/a Evergy Kansas Metro ("Evergy Kansas Metro" or "EKM") (EKC and EKM referred to together as "Evergy" or "Petitioners"), and pursuant to K.S.A. 66-1239, file this Petition with the State Corporation Commission of the State of Kansas ("Commission" or "KCC") requesting a determination of the ratemaking principles and treatment that will apply to the recovery in rates of the costs to be incurred in constructing and acquiring a stake in two new combined cycle gas-fired generating facilities and one solar facility (described below). In support hereof, Petitioners state as follows.

I. INTRODUCTION

1. Evergy Kansas Central and Evergy Kansas Metro are vertically integrated electric public utilities engaged in the production, transmission, delivery, and furnishing of power within the meaning of K.S.A. 66-104. Each holds a certificate of convenience and authority to engage in

such utility business in Kansas; each is subject to the regulatory jurisdiction of the Commission; and each is certified by the Commission as a retail electric supplier within designated areas of the state pursuant to K.S.A. 66-131 and K.S.A. 66-1,170 et seq.

2. Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., are corporations duly incorporated under the laws of the State of Kansas. Evergy Metro, Inc. is a corporation duly incorporated under the laws of the State of Missouri, authorized to do business in Kansas as a Foreign For-Profit Corporation.

3. EKC provides electric service to approximately 738,635 retail customers within designated areas of the state of Kansas, and EKM provides electric service to approximately 305,816 retail customers within designated areas of the state of Kansas. Both companies also provide wholesale service to various municipalities and cooperatives that serve retail customers in Kansas.

4. EKC operates generating capacity consisting of a combination of nuclear, coal, renewable, natural gas and oil-fired generation with a total rated capacity of approximately 8,674 MW. The utility owns, operates and controls approximately 73 percent of that generating capacity and takes power subject to performance of third-party entities under power purchase agreements ("PPAs") for the remaining 27 percent.

5. EKM operates generating capacity consisting of a combination of nuclear, coal, renewable, natural gas and oil-fired generation with a total rated capacity of approximately 5,800 MW. The utility owns, operates and controls approximately 80 percent of that generating capacity and takes power subject to performance of third-party entities under power purchase agreements ("PPAs") for the remaining 20 percent.

6. The subject matter of this Petition is EKC's planned construction and acquisition of 50% of a 710 MW combined cycle gas turbine ("CCGT") located in Kansas near its Viola Substation ("Viola Generating Station" or "Viola plant") and a 50% interest in a second 710 MW CCGT located near Hutchinson, Kansas ("McNew Generating Station" or "McNew plant"), with flexibility to acquire the second 50% of the McNew Generating Station as discussed in detail throughout the Petition and direct testimony filed in support of the Petition, and its construction and ownership of approximately 200 MW_{DC} (159 MW_{AC}) of solar generation, known as the Kansas Sky generating resource ("Kansas Sky"). Notice of Evergy's intent to file this petition was submitted to the Commission on October 2, 2024, updated October 8, 2024, and filed by Commission Staff in Docket 23-EKCE-775-RTS, pursuant to the requirements of K.S.A. 66-1239(d)(2).

II. STATUTORY AUTHORITY AND STANDARD OF REVIEW

7. K.S.A. 2023 Supp. 66-1239, as amended by House Bill 2527 (the "predetermination statute"),[1] authorizes a public utility, prior to acquiring a stake in a generating facility, to file with the Commission a petition for a determination of ratemaking principles and treatment to be applied to the recovery in rates of the cost to be incurred by the utility in acquiring such stake in the facility during its expected useful life.[2]

8. Both the executive and legislative branches of state government strongly supported House Bill 2527 to encourage active development of natural gas generation resources in Kansas. The new legislation reflects the understanding of Kansas policy leaders that the addition of high-efficiency modern natural gas plants to the generation mix will play an essential role in ensuring

[1] Kansas Laws 2024, ch. 60, § 4 (eff. July 1, 2024).
[2] K.S.A. 2023 Supp. 66-1239(c)(1), as amended.

the state can meet the needs of a growing economy for affordable, reliable and sustainable electricity. That shared understanding is expressed in the comments of Governor Laura Kelly, House Speaker Daniel Hawkins, and Senate President Ty Masterson in the announcement regarding construction of the Viola and McNew plants.[3] Governor Kelly noted that Kansas "is experiencing record economic growth" and explained that Evergy's multi-billion-dollar investment in the two plants "ensure[s] Kansas can continue to invite business growth that benefits the entire state." Speaker Hawkins expressed his satisfaction that "a legislative policy we championed is helping ensure a strong energy future for the state of Kansas." President Masterson stated that the plant investments "will make our state even more attractive to those wanting to live, work and grow a business in our great state."

9. The Kansas Legislature's enactment of Senate Bill 410, granting a 10-year property tax exemption for new construction of dispatchable generation facilities, provides further public policy support for natural gas generation development in this state.[4]

10. The predetermination statute authorizes special ratemaking principles and treatment for new gas-fired generating facilities and permits the petitioner to implement a rate adjustment mechanism to recover a return on 100% of construction work in progress ("CWIP") up to the definitive cost estimate found reasonable by the Commission in a proceeding conducted under the statute.[5]

11. As specified in the predetermination statute, a public utility must include as part of its filing a description of "how the public utility's stake in the generating facility is consistent with

[3] *See* Evergy Press Release, October 21, 2024, attached as Exhibit DRI-1 to the Direct Testimony of Darrin Ives.
[4] See 2024 Laws, Ch. 81 (S.B. 410), New Sec. 2.
[5] K.S.A. 2023 Supp. 66-1239(c)(6)(A), as amended by H.B. 2527.

the public utility's most recent preferred plan and resource acquisition strategy submitted to the commission."[6] In considering the utility's preferred plan and resource acquisition strategy "the commission may consider if the public utility issued a request for proposal from a wide audience of participants willing and able to meet the needs identified under the public utility's preferred plan, and if the plan selected by the public utility is reasonable, reliable and efficient."[7]

12. As public utility operating in Kansas, Evergy is required to furnish reasonably efficient and sufficient service and facilities at just and reasonable rates.[8] Just and reasonable rates are established through balanced consideration of the interests of all parties concerned, including present and future ratepayers and utility investors.[9] The Commission is charged with balancing "the public need for adequate, efficient, and reasonable service with the public utility's need for sufficient revenue to meet the cost of furnishing service and to earn a reasonable profit."[10] In determining whether a predetermination request is just and reasonable the Commission may consider matters of policy.[11]

III. RATIONALE FOR UTILIZING PREDETERMINATION PROCESS

13. In the interest of securing efficient and sufficient service and facilities at just and reasonable rates, Petitioners have elected to utilize the process set out in the predetermination statute for a variety of reasons:

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[6] K.S.A. 2023 Supp. 66-1239(c)(2), as amended by H.B. 2527.

[7] K.S.A. 2023 Supp. 66-1239(c)(3), as amended by H.B. 2527.

[8] K.S.A. 66-101b.

[9] *See Kansas Gas and Elec. Co. v. State Corp. Com 'n,* 239 Kan. 488 (1986).

[10] *Order Approving Stipulation and Agreement*, Docket No. 15-WSEE-115-RTS (September 24, 2015) (citing *Danisco Ingredients USA, Inc. v. Kansas City Power & Light Co*., 267 Kan. 760, 773 (1999).

[11] *Gas Service Co. v. State Corp. Com'n of Kansas*, 8 Kan. App. 2d 545, 548 (1983); *see also Midwest Gas Users Ass'n v. State Corp. Commission*, 5 Kan. App. 2d 653, 659 (1981).

- Predetermination will provide regulatory certainty and greater assurance that equity and fixed-income investors will earn a reasonable return, reducing investment risk and bolstering market sentiment. Regulatory risk as perceived by investors impacts the availability and the cost of capital, which is ultimately borne by customers.
- Predetermination will promote the efficient implementation of Petitioners' preferred plan and resource acquisition strategy by improving significantly Evergy's ability to attract capital on reasonable terms for these and future projects.
- Predetermination will allow for timely recovery of generation construction costs for Evergy's investment in natural gas generation. The predetermination statute explicitly contemplates utilization of the predetermination process for new gas-fired generation and permits utilities to implement a rate mechanism for CWIP recovery.[12] The CWIP provision lowers the cost of adding dispatchable generation in Kansas by reducing the financing and interest costs related to building a new gas-fired generating facility, both during construction and over the useful life of the facilities.
- Predetermination is consistent with Evergy's commitment to conducting its business openly, directly and transparently. The predetermination process provides a predictable, constructive, and transparent mechanism for evaluating electricity supply decisions from an integrated resource planning perspective before major long-term investments are made. Utilization of the predetermination process will better inform stakeholders of the cost and benefits associated with ensuring the availability of adequate and reliable generation as Evergy continues to implement its measured plan to transition

[12] K.S.A. 66-1239(c)(6), as amended by H.B. 2527.

away from coal to a mix of resources designed to secure affordable, reliable, and sustainable service to its customers.

IV. TESTIMONY SUPPORTING PREDETERMINATION REQUEST

14. Eight Evergy witnesses have filed written direct testimony in support of Petitioners' predetermination request, which testimony is incorporated herein by reference and made a part of this filing in its entirety. Witnesses providing supporting testimony include Darrin Ives, Vice President of Regulatory Affairs; Jason Humphrey, Vice President of Development; Cody VandeVelde, Senior Director of Strategy and Long-Term Planning; J Kyle Olson, Director of Conventional Generation Development and Construction; John Grace, Senior Director of Corporate Planning and Financial Performance; Katy Onnen, Director of Transmission and Distribution Planning; John Carlson, Director of Project Management and Controls; and Ronald Klote, Senior Director of Regulatory Affairs;.

- Mr. Ives' testimony provides an overview of the Petition from a regulatory policy perspective, including an analysis of the amended predetermination statute and Evergy's rational for utilizing the process provided under the statute. Mr. Ives' testimony also includes a discussion of project cost estimates, rate impacts, the overall system benefits of the projects to the State of Kansas, and the specific ratemaking treatment Evergy is requesting in this proceeding.
- Mr. Humphrey's testimony explains the relationship between Evergy's integrated resource planning and generation planning processes; identifies the elements of Petitioners' long-term generation plan; provides an overview of the new generation additions from a development perspective; and describes the process used by Evergy to select these new generation additions. Mr. Humphrey also explains why these new

resource additions meet the statutory test and KCC standard for providing reasonable, reliable, and efficient service to customers.

- Mr. VandeVelde's testimony provides a high-level overview of Evergy's integrated resource planning ("IRP") process, describes Petitioners' 2024 preferred plan and resource acquisition strategy, and explains how the plan supports Petitioners' predetermination request. Mr. Vandeveld also describes, from an IRP perspective, the system and customer impacts of the planned generation additions and discusses the close connection between the IRP process and the predetermination process. Finally, Mr. VandeVelde discusses the updated IRP analysis Evergy performed in order to evaluate the increase from the cost estimate included in the 2024 IRP and the cost estimate Evergy received for the CCGT projects from its Owners Engineer.
- Mr. Olson's testimony includes a detailed description of the CCGT projects, explains how the sites for these projects were selected, and describes the plan for supplying fuel gas to these projects. Mr. Olson also summarizes the CCGT project procurement process and provides project cost estimates.
- Mr. Grace's testimony describes the plan for financing the new generation assets in a manner that matches the needs identified in Joint Applicants' most recent IRP filing. Mr. Grace also provides an overview of Evergy's current investment grade credit ratings, available liquidity, and access to capital markets to finance the projects during construction. He also discusses the benefits derived from the new CWIP cost recovery mechanism and the recently enacted property tax exemption for new electric generation construction. With respect to the new solar addition, Mr. Grace discusses

the tax benefits available to the project and the calculation of the levelized revenue requirement proposed for that facility.

- Ms. Onnen's testimony describes the reliability and system upgrades likely to be required by Southwest Power Pool, Inc. ("SPP") related to the CCGT projects. She also discusses when those mandated upgrades are expected to cause Evergy to incur additional costs related to the project as well as the variables and unknowns surrounding the SPP process. In addition, Ms. Onnen explains how Evergy is managing those variables, accounting for risk, and quantifying related costs.
- Mr. Carlson's testimony provides an overview of the proposed solar addition, including identification of the project, project structure and status, an explanation of transmission interconnection and upgrade costs, and a description of the revenue requirement developed for the project.
- Mr. Klote's testimony contains a detailed description of the rate impacts of the new generation additions and a discussion of how construction costs will be included in rates, including a discussion of the new CWIP rider mechanism.

V. PROPOSED GENERATION ADDITIONS

A. The CCGT Additions

15. The first CCGT addition, the Viola plant, will be built on a greenfield site in Sumner County, Kansas, near 37°20'00.5" N and 97°40'28.3" W. The Viola plant will be jointly owned by EKC and Evergy Missouri West with each holding a 50% stake in the generating asset and EKC acting as the operator of the facility.

16. The second CCGT addition, the McNew plant, will be built on a greenfield site in Reno County, Kansas, near 38° 0'10.23" N and 97°55'11.10" W. EKC's current plan is to acquire

a 100% stake in the McNew facility. However, EKC is requesting approval from the Commission to transfer the second half of the McNew plant to Evergy Missouri West or to EKM pursuant to a decision framework laid out in the direct testimony of Darrin Ives. As established through Evergy's coordinated utility planning process, there is a manifest need for firm dispatchable generation resources across the entire Evergy service area. In fact, the need for firm dispatchable resources extends across the entire SPP footprint. The flexibility Evergy has requested, to allow the decision regarding the second half of the McNew plant to be made by February 2025 and reviewed by the Commission, will facilitate Evergy's efforts to make decisions that best support this growing need for dispatchable resources.

17. The projected date of commercial operation for the Viola plant is January 1, 2029, and the projected date of commercial operation for the McNew plant is January 1, 2030. Both CCGT facilities will be used and useful and dedicated to providing service to customers as of the date of commercial operation.

18. In 2023, Power Engineers, Inc. conducted an extensive siting study for the purpose of assisting Evergy in locating, investigating and evaluating potential sites for large-scale electricity generation builds within Evergy's Kansas and Missouri service areas. Evergy used that study to inform its CCGT site selection decisions. Key factors influencing Evergy's siting selection decisions included the proximity of the two sites to natural gas pipelines and fuel supplies, the relative accessibility to and cost of transmission interconnections, the civil construction buildability of the site, and the current ownership or the ability to negotiate for and contract land.

Another important consideration was Kansas' recent enactment of a new 10-year property tax exemption for electric generation construction commencing on or after January 1, 2025.[13]

19. 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.

20. The OE contractor, Burns & McDonnell ("BMcD"), will support Evergy in supervising engineering, procurement and construction activities in connection with both CCGT projects. In addition to using the same OE and EPC contractors for both CCGT projects in Kansas, and a simple cycle natural gas project for Every Missouri West in Missouri, the projects will utilize common generation technology and the same original equipment manufacturers, leading to more efficient, reliable and cost-effective project delivery through economies of scale.

21. PIE includes the major equipment for the projects, including the advanced J-Class gas turbine, an electrical generator, a heat recovery steam generator, and a steam turbine. After conducting a competitive bid process, Evergy selected Mitsubishi Power America, Inc. ("MPA") to supply the PIE for both CCGT facilities. Evergy has executed Reservation Agreements in order to support the construction schedules for the proposed plants by reserving manufacturing capacity for the PIE before the PIE Supply Agreement with MPA is finalized. Under the Reservation Agreements, Evergy pays a reservation fee, which is a percentage of the total contract amount, and MPA is required to irrevocably reserve manufacturing slot space for the PIE being provided for Evergy's projects in order to ensure delivery on or before the scheduled dates.

[13] *See* 2024 Laws Ch. 81 (S.B. 410), New Sec. 2.

22. Evergy, with assistance from BMcD, developed an RFP seeking bids for an EPC contractor. This RFP was issued on October 15, 2024, and bids are due on January 31, 2025. Evergy invited bids from the three contractors in the market with experience on projects similar to Evergy's and that could support the labor requirements. All three of these contractors have indicated that they intend to provide bids in response to the RFP. Evergy expects to finalize the selection of the EPC contractor shortly after receipt of the final bids on January 31, 2025, and will be able to provide testimony regarding that selection in February, as discussed below.

23. In order to develop complete initial cost estimates for the proposed projects before final selection of the EPC contractor occurs, Evergy worked with its OE to develop a comprehensive cost estimate for the costs that will be charged by the EPC contractor. BMcD has extensive experience working as an EPC contractor on other similar projects and applied that expertise to develop very detailed cost estimates for the EPC component of these projects. The estimates were delivered at a summary level with breakdown of all direct labor hours, direct labor costs, material costs, equipment costs, and indirect costs. A cost-estimate basis also was provided, including major assumptions and information used. Mr. Olson identifies the cost estimate amounts from BMcD in his direct testimony. Evergy expects there will be no material variations between these cost estimates and the final estimate it will provide in February after selecting the EPC contractor.

24. Evergy already had cost information on the other components of the project (OE costs, PIE costs, and transmission upgrades) and was therefore able to develop complete cost estimates for the two CCGT plants by including the BMcD EPC estimates together with the known costs for the other items. Those complete cost estimates are provided in Mr. Olson's direct

testimony as Exhibits JKO-8 and JKO-9. The preconstruction cost estimates are reasonable and comparable to the expected costs for similar CCGT projects.

25. Interconnection Network Upgrade and System Network Upgrades costs related to the CCGT facilities will be recovered from retail customers as part of general base rates and those amounts are included in the cost estimates provided by Mr. Olson in his direct testimony. As Ms. Onnen explains, Evergy has requested approval of change in the treatment for System Network Upgrades that would result in base-plan funding of those upgrades and would spread the costs over the broader SPP zone based on load-ratio share, thus reducing the amount allocated to retail customers. However, this change has not yet been finalized by SPP or approved by the Federal Energy Regulatory Commission ("FERC").

26. As permitted by the predetermination statute, Petitioners are requesting authorization to implement a rider mechanism to recover a return on 100% of the costs recorded to CWIP up to the definitive cost estimate for the portion of each project assigned to EKC or EKM.[14] Evergy will request recovery of deferred depreciation (including a carrying charge) on plant balances not recovered through the CWIP rider. As Mr. Grace testifies, the use of the CWIP rider will benefit customers by reducing the overall cost of building these facilities to provide dispatchable natural gas generation by reducing the financing and interest costs on building the plants, both over the construction period, and over the useful life of the plant.

27. Mr. Klote discusses the rate impacts for customers that will result from implementation of the CWIP rider and from EKC's recovery of the costs for these projects through base rates.

[14] K.S.A. 2023 Supp. 66-1239(c)(6)(A), as amended by H.B. 2527.

B. Solar Addition

28. The proposed solar addition, Kansas Sky, is a 200 MW_{DC} (159 MW_{AC}) single-axis tracking photovoltaic solar facility located in Douglas County, Kansas. The project is being developed by Savion and is projected to go commercial in December of 2026. The project maintains a mature generation interconnection request ("GIR") queue position with the SPP and interconnects to the transmission grid at the 115kV Midland Junction substation, owned by Evergy Kansas Central.

29. Kansas Sky is structured as a development asset sale ("DAS") with negotiations that started in December 2021 and were completed with a signed Purchase and Sale Agreement ("PSA") on February 7, 2023. For Evergy to close on the Asset, Savion must achieve several conditions precedent, including the acquisition of a Conditional Use Permit ("CUP") from Douglas County, Kansas with conditions acceptable to Evergy. The Kansas Sky agreement is structured as a PSA for the development assets. In this arrangement, Savion has set up a project company, Free State Solar Project, LLC ("FSSP"), that is developing the Kansas Sky project. FSSP has secured land rights, permits, interconnection rights and developed a 30% design and EPC bid package, which has been approved by Evergy. The remaining design and engineering work will be done by the EPC contractor that Evergy will select and will be approved by Evergy.

30. After all conditions of closing are met, Evergy will then acquire the equity interests in FSSP and the associated development assets upon closing at Notice to Proceed ("NTP"). Immediately after closing, EKC plans to effect a short-form merger of FSSP with and into EKC, with EKC surviving the merger, to consolidate the assets of the project company with those of EKC.

31. After the closing occurs, Evergy will take responsibility for the construction, commissioning, and operation of the Kansas Sky project. For construction, EKC will hire an EPC contractor to manage the site design, procure necessary equipment, and either build or hire subcontractors to build the project.

32. EKC has executed the PSA, which will close once all conditions are met. EKC issued the RFP for the EPC bids on August 16, 2024, and bids were returned to EKC on October 16, 2024. Evergy plans to finalize the selection of the EPC contractor early in November 2024 and execute a final EPC contract prior to February so it can be provided to the Commission at that time.

33. EKC's planned investment in the Kansas Sky project will produce energy from a renewable resource for customer use. Accordingly, Evergy would be entitled to seek a return on this investment equal to an increment of between ½% and 2% plus an amount equal to the rate of return fixed for its other investments in property found to be used or required to be used in service to the public.[15] Nevertheless, after giving consideration to the continued regional rate comparisons of Evergy's retail rates and average customer bills, and despite the significant improvement in these rate comparisons in recent years, Evergy has elected not to pursue this additional rate of return for this solar generation.

34. The Kansas Sky project will qualify for either the investment tax credit ("ITC") or production tax credits ("PTC"), which will reduce the cost to customers once the investments are in retail rates. The project qualifies for either a 30% ITC or a 110% PTC because the project meets the requirements for the 10% Energy Community Bonus credit. Evergy Kansas Central has not

[15] *See* K.S.A. 66-117(e).

elected the preferred tax treatment – either PTC or ITC – for Kansas Sky; however, if the proposed ratemaking principles requested in this Petition are approved by the Commission, the PTC election will be the most economical choice for customers.

35. The energy produced by this resource will also generate renewable energy credits ("RECs"), which can be used to certify that the produced power is renewable or that the RECs may be sold with their proceeds going to reduce customer rates.

36. Evergy Kansas Central requests a levelized revenue requirement for Kansas Sky under which customers will pay a stable price over the initial thirty-year book life of the facility.[16] This approach would create a static annual cost, reduce the drastic swing in revenue requirements when the PTCs and the 10-year property tax exemption for the renewable resource expires, and thereby reduce intergenerational inequities. Mr. Grace explains the calculation of the levelized revenue requirement in his direct testimony and discusses the benefits associated with that approach in greater detail. Mr. Klote identifies the expected rate impact for customers associated with the inclusion of the levelized revenue requirement in rates, which will occur during the first general rate case following the date Kansas Sky is considered in-service.

37. The price per MWh and resulting levelized revenue requirement for Kansas Sky compares favorably with the bids Evergy received in response to a RFP it issued in 2023, both for projects to be owned by the utility and for power purchase agreements. Mr. Carlson provides the detail regarding the comparison of Kansas Sky to these other projects in his direct testimony,

[16] The levelized revenue requirement approach was approved for the Western Plains Wind Farm in Docket No. 18-WSEE-328-RTS and for the Persimmon Creek Wind Farm in Docket No. 23-EKCE-775-RTS.

establishing that the levelized revenue requirement for Kansas Sky is reasonable and that the project will be beneficial for customers.

38. As Mr. Ives and Mr. Klote explain in detail, EKC is requesting that the Commission approve construction accounting treatment, under which EKC would be permitted to defer and recover as a regulatory asset over the remaining life of the Kansas Sky generating plant the pretax rate of return, depreciation expense, and actual operating and maintenance expense, offset by the value of the production tax credits, incurred between the time the Kansas Sky plant is placed in service and the effective date of rates that include the levelized revenue requirement. Recovery of the regulatory asset will begin in the next general rate case after inclusion of the levelized revenue requirement in rates and recovered over the life of the plant.

39. This requested construction accounting treatment will help support Evergy's significant investment in generation construction over the next six years, as proposed in this Petition. It is also consistent with treatment approved by the Commission previously in Docket Nos. 15-GIME-025-MIS and 09-KCPE-246-RTS.

VI. IRP PROCESS AND CONSISTENCY WITH PREFERRED PLAN

40. The Commission first approved Evergy's IRP process in a compliance docket arising out of the 2018 merger between Westar Energy, Inc. and Kansas Gas and Electric Company ("Westar") and Great Plains Energy Incorporated ("Great Plains") and Kansas City Power & Light Company ("KCP&L"), which culminated in the formation of Evergy. As a stipulation to the merger transaction, the Commission required Evergy to develop an IRP framework, to file an IRP report every three years, and to file updated IRPs on an annual basis.[17]

[17] *Order Approving IRP and Capital Plan Framework*, Docket No. 19-KCPE-096-CPL (Feb. 6, 2020).

41. The purpose of the IRP process is to produce an integrated plan for meeting forecasted peak and energy demand, plus a necessary reserve margin, through a combination of supply-side and demand-side resources. The process utilizes stakeholder input and multi-scenario analysis to arrive at a plan for the provision of safe, reliable and efficient electric service at just and reasonable rates in a manner that advances the public interest while complying with state and federal energy and environmental policy mandates. The ultimate planning objective is to present a preferred plan that meets customer requirements at the lowest reasonable cost, given an uncertain future, using sensitivity and scenario analysis to ensure the plan is flexible and robust.

42. Petitioners' most recent preferred plan is included in their May 17, 2024, triennial IRP filing.[18] The preferred plan advances Evergy's long-term strategy for responsibly transitioning its generation fleet away from coal over time while maintaining a diverse fuel mix and sufficient flexibility to make appropriate planning adjustments. The flexibility of the plan allows Evergy to focus on reliability and affordability while adapting to environmental, technological, and market opportunities and challenges. As reflected in the 2024 IRP filing, Evergy's transition strategy includes the measured retirement of coal plants over time and replacement of that generation capacity and energy with a mix of highly efficient dispatchable thermal resources, renewable resources, and demand-side management programs.

43. Integrated resource planning is a proactive, data-driven process. In selecting a preferred portfolio of resources, utilities must evaluate whether near-term actions are sufficiently robust to maintain flexibility for adjustments that may be warranted because of changing

[18] See Evergy Kansas Central and Evergy Metro, *Preferred Portfolio Selection and Resource Acquisition Strategy*, Vol. 6, Integrated Resource Plan (May 2024), Docket No. 24-EKCE-387-CPL.

conditions within the medium-term and long-term horizons. The current planning environment continues to evolve and is becoming increasingly dynamic, which means the value of maintaining planning flexibility is now at a premium. Flexibility allows Evergy to focus on reliability and affordability while adapting to fast-changing environmental, technological, and market opportunities and challenges.

44. Evergy continues to see robust economic development activity, with new large load customers exploring locations within the Evergy service area. Given the magnitude of potential new loads and the uncertainty surrounding that potentiality, Evergy is continuously monitoring its IRP analysis and making planning adjustments where appropriate.

45. Petitioners' most recent preferred plans are in keeping with the prescribed IRP framework and incorporate a full range of supply technologies and DSM programs. The plans are well-documented and articulate why selected investments are reasonable, reliable and efficient relative to a wide array of competing alternatives.

46. The resources in this predetermination case are vital to meeting EKC's capacity and energy requirements as identified in the 2024 IRP Preferred Plans. First, the Kansas Sky solar facility (159 MW_{AC}) corresponds with the 150 MW of solar in 2027 identified for EKC in the 2024 IRP. Additionally, the natural gas additions in this predetermination Petition are vital to maintaining dispatchable baseload energy to meet future growth, particularly as end-of-life coal plants are retired. The Viola plant corresponds to the 325 MW (half of a combined cycle) of thermal generation addition that is identified in year 2029 in EKC's Preferred Portfolio. The other half of this facility will be allocated to Evergy's Missouri West utility. The McNew plant corresponds to the 325 MW (half of a combined cycle) of thermal generation addition that is identified in year 2030 in EKC's Preferred Portfolio. Additionally, as is discussed in the direct

testimony of Mr. Ives and Mr. VandeVelde, Evergy is requesting predetermination of the full McNew generating station (all 710 MW) for EKC with the flexibility to decide by February 2025 whether to allocate the second half of the McNew plant to an affiliate.

47. As Mr. VandeVelde explains in his direct testimony, the initial cost estimate for the two CCGTs is higher than the cost estimate included in the 2024 IRP. As a result, Evergy conducted an updated IRP analysis, using all the same inputs that were used in the 2024 IRP triennial filing, but changing only the cost, heat rate, and installed size characteristics of new natural gas generation to be consistent with the cost estimates discussed in Mr. Olson's direct testimony. The updated IRP analysis demonstrates that EKC's investment in 50% of the Viola plant and 50% of the McNew plant is still the selected plan through 2030. EKC must add generation that provides capacity and energy in order to meet needs related to load growth, increasing SPP reserve margin requirements, expiring capacity contracts, and retirements of coal resources and ensure the continued reliability of its system. Even with the changed assumption related to cost, the addition of the two CCGTs is the most reasonable and efficient approach for EKC to meet those needs and maintain reliability for its customers.

48. A detailed summary of the IRP process and Petitioners' preferred plan, along with an explanation of why the proposed CCGT and solar investments are consistent with the preferred plan and the updated IRP analysis, are included in the testimonies of company witnesses Cody VandeVelde and Jason Humphrey.

VII. REQUEST FOR APPROVAL OF PETITION

49. Based on the foregoing, Petitioners request that the Commission enter an order approving their Petition with the following determinations of ratemaking principles and treatment.

- EKC seeks the determination of the following ratemaking principles and treatment to be applied to its proposal to add 355 MW from a combined cycle natural gas plant (50% interest in the Viola plant) and 355MW from a combined cycle natural gas plant (50% interest in the McNew plant) to its generating fleet:
    a. That EKC's proposal to construct and own 50% of the Viola plant and 50% of the McNew plant, as described in this Petition, is prudent;
    b. That EKC's construction and ownership of 50% of the Viola plant and 50% of the McNew plant proposed in this Petition is consistent with EKC's most recent preferred plan and resource acquisition strategy;
    c. That the initial definitive cost estimate for 50% of the Viola plant and 50% of the McNew plant, that will be subsequently updated and provided to the Commission in supplemental testimony in February 2025, is reasonable and will be recovered in rates as follows:
        i. Pursuant to K.S.A. 66-1239(c)(6)(A), EKC will be permitted to implement a CWIP rider not sooner that 365 days after construction of the generation facility begins, which EKC intends to implement as part of its upcoming general rate case, and EKC will recover through the CWIP rider the return on up to 100% of amounts recorded to construction work in progress on EKC's books for its stake in the two natural gas plants, not exceeding the definitive cost estimates for each plant approved by the Commission. In addition, this rider will be allowed to have periodic increases not more than every six months;

ii. EKC will be permitted to accrue costs in CWIP to be recovered from customers up until the time that the natural gas plants are placed in service and EKC will be permitted to recover a return on those costs through the CWIP rider until new base rates reflecting EKC's investment in the natural gas plants take effect;

iii. When new base rates reflecting EKC's investment in the natural gas plants take effect, those base rates shall include a deferral for depreciation expense incurred and carrying costs on any unrecovered portion of EKC's investment in the natural gas plants at EKC's weighted average cost of capital determined in the rate case to include such costs in rates, incurred between the time the natural gas plants are placed in service and the time the investment in the natural gas plants is included in base rates;

iv. Investment amounts up to the definitive cost estimates approved by the Commission for the two natural gas plants will be included in rate base in the first rate case following the in-service date(s) for the two facilities;

v. Amounts spent in excess of the definitive cost estimate(s) will be subject to prudence review, based on a comparison to the costs of plants of similar vintage and design.

d. That, unless the application of the decision framework discussed above results in the allocation of the second half of the McNew plant to EMW or EKM, the Commission provide predetermination allowing EKC to construct and recover in rates the entire second half of the McNew plant consistent with the ratemaking treatment described above in sections (a)-(c) for the first half of the McNew plant.

- EKM seeks the determination of the following ratemaking principles and treatment to be applied to its request related to the second half of the second CCGT:
  a. That, if application of the decision framework discussed above results in the allocation of the second half of the McNew plant to Evergy Metro, the Commission provide predetermination establishing ratemaking treatment, consistent with the ratemaking treatment requested for EKC above, that would be applied to EKM's investment in that half of the McNew plant.
- EKC seeks the determination of the following ratemaking principles and treatment to be applied to its proposal to add the 159 MW Kansas Sky solar generating facility to its generating fleet:
  a. That EKC's proposal to construct and own 159 MW of solar generation, as described in the Petition, is prudent;
  b. That EKC is authorized to take all steps necessary to effectuate the transfer of the generating assets to EKC;
  c. That EKC's construction and ownership of the Kansas Sky solar facility proposed in this Petition is consistent with EKC's most recent preferred plan and resource acquisition strategy;
  d. That, in lieu of including the solar generating facility in rate base, a levelized revenue requirement of the solar facility with an amount of $15.8 million be included in EKC's total revenue requirement in the Company's next general rate case following the date the solar generating facility is placed in service. This levelized revenue requirement for the Kansas Sky generating plant to be fixed for

the first thirty years of the life of the generation site, at the end of which, the levelized revenue requirement will be reevaluated;

e. That EKC be permitted to defer and recover as a regulatory asset over the remaining life of the Kansas Sky generating plant the pretax rate of return, depreciation expense, and actual operating and maintenance expense, offset by the value of the production tax credits, incurred between the time the Kansas Sky plant is placed in service and the effective date of rates that include the levelized revenue requirement. Recovery of the regulatory asset to begin in the next general rate case after inclusion of the levelized revenue requirement in rates and recovered over the life of the plant; and

f. That, in the event of changes in law or regulations, or the occurrence of events outside the control of EKC that result in a material adverse impact to EKC with respect to recovery of the Kansas Sky revenue requirement, EKC, as applicable, be permitted to file an application with the Commission proposing methods to address the impact of the events.

VIII. PROCEDURAL SCHEDULE

50. Evergy has prepared a proposed procedural schedule for this docket and requests approval of that schedule. The proposed schedule is attached hereto as **Exhibit A**. In advance of filing this Petition, Evergy proposed this schedule to Staff and the other intervenors from the last general rate case. Evergy has heard from Staff and counsel for the Kansas Industrial Consumers Group, Inc. that the proposed schedule is acceptable. Evergy hasn't received objections from any other party. The schedule incorporates the 240-day deadline for a Commission order specified in K.S.A. 66-1239.

51. The proposed schedule includes a date for Evergy to provide supplemental testimony in February in order to provide the Commission with three specific pieces of information: (1) an update to the initial estimate for the EPC cost for the projects in order to identify the final definitive cost estimate for the natural gas plants; (2) the signed EPC contract for the solar project; and (3) the Company's decision regarding allocation of the second half of the McNew plant, including any necessary updates to the testimony discussing rate impacts for the projects. The proposed schedule includes a date for Staff and intervenors to file testimony after Evergy makes its supplemental filing in February.

IX. CONFIDENTIALITY

52. Certain information contained within Evergy's Petition and direct testimony has been designated as Confidential. Evergy requests that the Commission maintain the confidential status of such designated materials in accordance with K.S.A. 66-1220a and K.A.R. 82-1-221a and that the Commission enter a Protective Order establishing terms for disclosure and handling of confidential commercial information and trade secrets in accordance with that statute and regulation.

53. The information marked as Confidential in this filing is primarily considered confidential because either (1) the final terms, conditions, and prices for a specific agreement are still being negotiated or (2) disclosure of the details of the terms, conditions, and prices contained in an agreement could negatively impact Evergy's ability to negotiate favorable terms in future agreements for similar products. Evergy's IRP contemplates the construction of additional natural gas and solar projects after those proposed in this filing and Evergy does not want to disadvantage itself in those negotiations by disclosing competitively sensitive terms in this filing.

WHEREFORE, Evergy Kansas Central and Evergy Kansas Metro request that the Commission approve the ratemaking treatment discussed above in its entirety, approve the Procedural Schedule attached as **Exhibit A**, enter a Protective Order as requested above, and for any such other and further relief the Commission deems appropriate.

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ATTORNEYS FOR EVERGY

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Cathy Dinges, being duly sworn upon his oath deposes and states that she is the Sr Director and Regulatory Affairs Counsel for Evergy Inc., that she has read and is familiar with the foregoing Application and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Cathryn Dinges

Cathryn J. Dinges

Subscribed and sworn to before me this 6th day of November, 2024.

Leslie R. Wines

Notary Public

My Appointment Expires: May 30, 2026

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
MY APPT. EXPIRES 5/30/2026

Exhibit A

Proposed Procedural Schedule

Predetermination filing submitted	Wednesday, November 6, 2024
Evergy Provides Supplemental Information (specifically identified in Petition and Supporting Testimony)	Friday, February 14, 2025
Staff and Intervenors Testimony	Friday, March 14, 2025
Cross Answering Testimony	Friday, March 21, 2025
Rebuttal Testimony	Friday, April 4, 2025
Settlement Conference	Wednesday, April 9, 2025
Settlement Agreement due	Wednesday, April 16, 2025
Hearings Start (three days reserved)	Monday, April 21, 2025
Evergy Initial Brief	Wednesday, May 14, 2025
Staff and Intervenors Briefs	Wednesday, May 28, 2025
Evergy Reply Brief	Friday, June 6, 2025
Commission Order	Friday, July 4, 2025