

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

SUPPLEMENTAL DIRECT TESTIMONY OF

J KYLE OLSON

**ON BEHALF OF EVERGY METRO, INC., EVERGY KANSAS
CENTRAL, INC. AND EVERGY KANSAS SOUTH, INC.**

**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. 66-117.**

Docket No. 25-EKCE-207-PRE

February 14, 2025

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

2 A. My name is J Kyle Olson. My business address is 1200 Main, Kansas City, Missouri 64105.

3 **Q. Did you file direct testimony in this docket on November 6, 2024?**

4 A. Yes.

5 **Q. Please describe the topics addressed in your initial direct testimony and explain the**
6 **purpose of your supplemental direct testimony?**

7 A. Topics addressed in my initial direct testimony included: (a) expected dates of operation for
8 the Viola and McNew generating stations – two advanced class 710 MW combined cycle gas
9 turbine (“CCGT”) generating facilities; (b) the process and cost of acquiring Power Island
10 Equipment (“PIE”) for the generating stations; (c) the rationale and process for selecting an
11 engineer, procure, and construct (“EPC”) contractor and the status of that process; (d) cost
12 components and then-current overall cost estimates for the two CCGT projects; and (e) the
13 reasonableness of those cost estimates. At the time my opening testimony was filed, potential
14 qualified EPC contractors had been identified, an RFP to select the EPC contractor had been
15 developed and released, and bids were due to be submitted on January 31, 2025. My
16 supplemental direct testimony confirms or updates this information and provides definitive
17 cost estimates for the two CCGT projects.

18 **Q. Please generally describe the EPC bids EKC received on or about January 31, 2025.**

19 A. As discussed in my initial direct testimony, EKC intends to negotiate, with limited
20 exceptions, a fixed-price, fixed-schedule EPC contract with the selected EPC contractor.
21 In order to accomplish this, the EPC bids were required to reflect a detailed and specific
22 scope of work for each project. The scope of work, and the specific detail utilized in the
23 course of soliciting and providing the EPC bids, was enhanced from the time of the original

1 cost estimates to enable EKC to utilize the EPC bids to formulate a definitive cost estimate
2 for each CCGT project. These EPC bids allowed EKC to provide cost estimates with
3 specificity and accuracy consistent with AACE Class-2 estimates and provided a solid basis
4 for EKC to establish its definitive cost estimates in this matter.

5 **Q. Please state and identify the definitive cost estimates for the Viola and McNew CCGT**
6 **facilities based on the EPC bids EKC recently received.**

7 A. The definitive cost estimates for the CCGT facilities are as follows:

- 8 ■ Viola: **** [REDACTED] **** total, **** [REDACTED] **** for EKC's 50% share (a
9 decrease of **** [REDACTED] **** from the original cost estimate). **Confidential Exhibit**
10 **JKO-10** provides a breakdown of the definitive cost estimates and the specific
11 categories of estimated costs included in the estimate for the Viola CCGT facility.
- 12 ■ McNew: **** [REDACTED] **** total, **** [REDACTED] **** for EKC's 50% share (a **** [REDACTED]**
13 **[REDACTED] **** increase from the original cost estimate). **Confidential Exhibit JKO-11**
14 provides a breakdown of the definitive cost estimates and the specific categories of
15 estimated costs included in the definitive cost estimate for the McNew CCGT facility.

16 The total definitive cost estimates were within 0.4% of the original cost estimates.

17 **Q. The initial cost estimates identify major capital investment items and the associated**
18 **estimated costs for each generating station, including Power Island Equipment, or**
19 **“PIE.” Have there been changes in the estimated PIE costs since your direct testimony**
20 **was filed?**

21 A. No, there have been no changes to the estimated PIE costs.

22 **Q. Apart from the EPC items have there been changes in the cost estimates for other**
23 **items shown on Exhibits JKO-8 and JKO-9?**

1 A. No. The only differences between the original cost estimates and the definitive cost
2 estimates are that the EPC cost estimate category for the Viola CCGT facility decreased by
3 **[REDACTED]**, and the EPC cost estimate category for the McNew CCGT facility
4 increased by **[REDACTED]**. All other cost components and categories have remained the
5 same.

6 **Q. Which invited EPC contractors provided bids to EKC on or about January 31, 2025?**

7 A. EKC received bids from two invited EPC contractors, Black & Veatch and Kiewit
8 Corporation. A third EPC contractor, Gemma Power Systems, declined to bid as they no
9 longer had capacity to execute these projects.

10 **Q. Has EKC evaluated the bids and selected the successful EPC contractor?**

11 A. EKC has reviewed the EPC bids in sufficient detail to be able to determine and assert the
12 definitive cost estimate described above based upon those EPC bids. The pricing and cost
13 estimates in both were very similar and also very close to EKC's original cost estimates in
14 this docket. EKC has not, however, decided upon an EPC contractor; nor has it executed a
15 contract with an EPC contractor yet. EKC is continuing to discuss matters related to the
16 final contracting terms with prospective EPC contractors, and expects to select an EPC
17 contractor and execute contract documents sometime in the second quarter of 2025.

18 **Q. Has there been additional progress on any other contracting and procurement steps
19 with respect to the CCGT facilities since you filed your opening direct testimony on
20 November 6, 2024?**

21 A. Yes. EKC now has a signed agreement with Mitsubishi for the PIE for the two CCGT
22 facilities. The PIE agreement for the two CCGT facilities is attached as **Confidential**
23 **Exhibit JKO-12**. Additionally, EKC has executed an agreement for the Generator Step-

1 Up (“GSU”) Transformer and 345kV breakers required for interconnection. The GSU
2 agreements for the two CCGT facilities are attached as **Confidential Exhibit JKO-13**. The
3 progress of the two CCGT facility construction projects is addressed in additional detail in
4 the supplemental direct testimony of Jason Humphrey, but in general, the projects are
5 progressing positively and in due course.

6 **Q. Your initial direct testimony indicated the expected commercial operation dates for the**
7 **Viola and McNew stations to be before summer 2029 and summer 2030, respectively.**
8 **Have there been any changes to those expected commercial operation dates?**

9 A. No. Both bids EKC received for these projects include guaranteed commercial operation
10 dates (“COD”) before indicated in-service dates.

11 **Q. What is your opinion of the reasonableness of those definitive cost estimates?**

12 A. Consistent with my initial Direct Testimony, in my opinion as a professional with extensive
13 experience in power plant construction, I believe the definitive cost estimates are reasonable.
14 As I stated in my initial testimony, the original cost estimate, although substantially higher
15 than the per unit cost figures used in EKC’s most recent Integrated Resource Plan (“IRP”),
16 are reasonable because of significant inflationary and other market factors in this industry.
17 This industry has witnessed significant inflation in recent years in numerous related sectors,
18 including labor, materials and components. In addition to general inflation, specific demand
19 for new generation in the industry as a whole not only exacerbated the impacts of inflation;
20 it also magnified the need to move quickly to contract and build these facilities to avoid
21 further scarcity and price increases. The definitive cost estimates are very close to the
22 original cost estimates, with the minimal changes described above. In my opinion, the costs
23 included in the definitive cost estimates are a result of a careful estimation and bidding

1 process, are reflective of the lowest reasonable costs available in the market, and, as such,
2 are reasonable.

3 **Q. Does that conclude your testimony?**

4 **A.** Yes, it does.

Viola CCGT Definitive Estimated Cost

Item	Price
Power Island Equipment	** [REDACTED] **
EPC	** [REDACTED] **
Generator Step Up Transformer	** [REDACTED] **
Water Supply	** [REDACTED] **
Interconnection costs	** [REDACTED] **
SPP Network Upgrades	** [REDACTED] **
Owner's Engineer	** [REDACTED] **
Owner's Costs	** [REDACTED] **
Total Capital Investment	** [REDACTED] **

Owner's Cost	
Owner's Contingency	** [REDACTED] **
Builders Risks	** [REDACTED] **
Salary (internal)	** [REDACTED] **
Mileage & Vehicles	** [REDACTED] **
Taxes	** [REDACTED] **
Land Purchases	** [REDACTED] **
Environmental	** [REDACTED] **
Plant Staff (2 years)	** [REDACTED] **
Furniture/Facilities	** [REDACTED] **
Tools & Lab	** [REDACTED] **
Security and IT	** [REDACTED] **
SPP Fees	** [REDACTED] **
Legal	** [REDACTED] **
PILOT/RMA	** [REDACTED] **
Development Expenses	** [REDACTED] **
Capital Spares	** [REDACTED] **
Total Owner's Costs	** [REDACTED] **

McNew CCGT Definitive Estimated Cost

Item	Price
Power Island Equipment	* [REDACTED] **
EPC	* [REDACTED] **
Generator Step Up Transformer	* [REDACTED] **
Water Supply	** [REDACTED] **
Interconnection costs	* [REDACTED] **
SPP Network Upgrades	* [REDACTED] **
Owner's Engineer	* [REDACTED] **
Owner's Costs	* [REDACTED] **
Total Capital Investment	* [REDACTED] **

Owner's Cost	
Owner's Contingency	* [REDACTED] **
Builders Risks	* [REDACTED] **
Salary (internal)	** [REDACTED] **
Mileage & Vehicles	* [REDACTED] **
Taxes	** [REDACTED] **
Land Purchases	* [REDACTED] **
Environmental	** [REDACTED] **
Plant Staff (2 years)	* [REDACTED] **
Furniture/Facilities	** [REDACTED] **
Tools & Lab	** [REDACTED] **
Security and IT	* [REDACTED] **
SPP Fees	** [REDACTED] **
Legal	* [REDACTED] **
PILOT/RMA	** [REDACTED] **
Development Expenses	* [REDACTED] **
Capital Spares	** [REDACTED] **
Total Owner's Costs	* [REDACTED] **

EPC Price Basis	
EPC Bid Base	* [REDACTED] **
Deep Foundations	** [REDACTED] **
Water Treatment	** [REDACTED] **
Total	** [REDACTED] **


This Exhibit is confidential in its entirety.

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STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

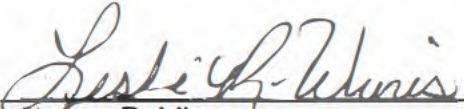
VERIFICATION

J Kyle Olson, being duly sworn upon his oath deposes and states that he is the Director Conventional Generation Projects, for Evergy, Inc., that he has read and is familiar with the foregoing Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



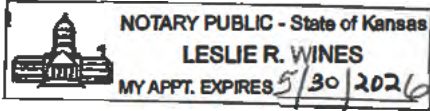
J Kyle Olson

Subscribed and sworn to before me this 14th day of February 2025.



Notary Public

My Appointment Expires: May 30, 2026



CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed, this 14th day of February 2025, to all parties of record as listed below:

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