

**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

PUBLIC DIRECT TESTIMONY

PREPARED BY

PAUL OWINGS

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

March 14, 2025

**** _ ** Denotes Confidential Information**

1 **Introduction and Qualifications**

2 **Q. Would you please state your name and business address?**

3 A. My name is Paul Owings. My business address is 1500 Southwest Arrowhead Road,
4 Topeka, Kansas, 66604.

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

6 A. I am employed by the Kansas Corporation Commission (Commission) as Chief Engineer of
7 the Operations and Pipeline Safety Section of the Utilities Division.

8 **Q. Please state your educational and employment background.**

9 A. I received Bachelor and Master of Science Degrees in Civil Engineering from Kansas State
10 University, Manhattan, Kansas. I have worked in various capacities as an engineer for the
11 past 12 years. I am licensed as a professional engineer in the state of Kansas and Missouri.
12 For the last year, I have assisted the Kansas Corporation Commission in matters dealing
13 with electric utility operations. I have also performed functions including managing the
14 pipeline safety program, working on open dockets relating to utility operations, and
15 managing the administration and enforcement of the underground utility damage prevention
16 program. Prior to working for the Commission, I worked as a Civil Engineering consultant
17 performing design and construction contract administration for a variety of utility and
18 development projects.

19 **Q. Have you previously testified before this Commission?**

20 A. Yes. I testified in the 24-GBEE-790-STG docket.

21 **Q. What is the overall purpose of your testimony?**

22 A. Evergy is requesting the Commission predetermine ratemaking principles for two
23 Combined Cycle Gas Turbine (CCGT) Projects and a solar project within its petition. The

1 purpose of my testimony is to summarize how Evergy proposes to implement the projects
2 and to discuss and support the need for project construction tracking and reporting.

3 **Testimony Overview**

4 **Q. How does your testimony relate to Evergy's petition?**

5 A. Evergy is requesting the Commission predetermine ratemaking principles and treatment for
6 two CCGT generating facilities and one solar facility. Evergy describes the CCGT projects
7 and solar addition project in Mr. Olson's and Mr. Carlson's Direct Testimony, respectively.
8 I provide Staff's perspective of Evergy's efforts to successfully manage and implement
9 these projects. I also recommend the Commission require ongoing construction tracking and
10 monitoring reports from Evergy related to the projects. My reporting recommendations are
11 contingent on the Commission predetermining the requested ratemaking principles and
12 Evergy choosing to proceed with the projects.

13 **Q. Why do you think construction tracking and monitoring reporting is necessary?**

14 A. Evergy's petition is requesting the Commission approve the ratemaking principles and
15 treatment for certain generation investments prior to them occurring. Implicit in that
16 decision, is the assurance from the Commission that the cost of the facilities is recoverable,
17 up to the Definitive Cost Estimate (DCE) determined to be reasonable by the Commission.
18 Projects of this nature are subject to risk and uncertainty and absent a DCE, Evergy
19 ratepayers may be exposed to financial risk associated with project cost overruns. Because
20 ratepayers may be asked to compensate Evergy for any cost overruns and because Evergy
21 is best positioned to manage that risk, Evergy should be required to provide ongoing
22 progress reports to promote transparency and continual review of the project
23 implementation.

1 **Q. Has Evergy proposed any requirements for filing progress reports with the**
2 **Commission related to this project?**

3 A. Evergy indicated they would provide quarterly project updates, however, there are no
4 specific reporting requirements proposed in Evergy testimony. The various contracts
5 between Evergy and its suppliers and contractors associated with these projects have
6 specific reporting requirements. I have included those requirements as Confidential Exhibits
7 PCO 2-5 to my testimony.

8 **Q. For purposes of filing progress reports with the Commission, what reporting**
9 **requirements are you recommending?**

10 A. I recommend that reporting requirements should establish a high-level summary of the
11 construction progress for the major components of each project but with enough detail to
12 allow Staff to investigate if there are slippages in the schedule or project cost. Rather than
13 set specific reporting requirements, however, I recommend the Commission establish a
14 compliance docket associated with this case.

15 **Q. Do you have any examples of reporting requirements from previous dockets?**

16 A. Yes. In the last predetermination docket related to a large electric generation facility, Staff
17 and the Applicant reached an agreement on reporting requirements that were filed in a
18 compliance docket, refer to attached exhibit PCO-1.¹ I propose a similar approach in this
19 docket where Staff and Evergy file a reporting template for Commission approval.

20 **Q. Are you providing an opinion on the prudence of the generation investments?**

21 A. No. Staff witness Justin Grady is focusing on the prudence of the investments in terms of
22 the types of generator projects, their size, timing of construction, their associated financing,

¹ See Exhibit CBG 2011 5, Rebuttal Testimony of Chris B. Giles on Behalf of Kansas City Power & Light Company, Docket No. 11-KCPE-581-PRE (June 24, 2011).

1 and other factors. My testimony is intended to supplement Mr. Grady’s testimony and is
2 only relevant should the Commission elect to approve the requested ratemaking principles.

3 **Q. Please describe how the testimony that follows is organized.**

4 A. My testimony is organized in the following sections:

- 5 • CCGT Projects:
 - 6 ○ Project Overview.
 - 7 ○ Site Selection.
 - 8 ○ Owner’s Engineer (OE).
 - 9 ○ Power Island Equipment (PIE).
 - 10 ○ Engineering, Procurement, and Construction (EPC).
- 11 • Solar Project:
 - 12 ○ Project Overview.
 - 13 ○ Engineering, Procurement, and Construction (EPC).

14 **Project Overview (CCGT Projects)**

15 **Q. Please summarize the scope of the CCGT projects.**

16 A. Evergy proposes the construction of two advanced class 710 megawatt (MW) combined
17 cycle gas turbine (CCGT) generating facilities (collectively, CCGT Projects).² The facilities
18 are known as the Viola Generating Station and the McNew Generating Station within
19 Evergy’s petition.

20 **Q. Please summarize Evergy’s implementation approach for the CCGT Projects?**

² Petition of Evergy Kansas Central, Inc., Evergy Kansas South, Inc. and Evergy Metro, Inc. for Determination of Rate Making principles and Treatment; p. 9, ¶ 15 (Nov. 6, 2024) (Petition).

1 A. Evergy's proposes an integrated approach to project implementation within the Direct
2 Testimony of Kyle Olson. Evergy intends to furnish a majority of the equipment and hire
3 an EPC contractor. I plan to provide a broad overview of Evergy's implementation approach
4 within this section. I will then provide more detail relating to specific aspects of the project
5 implementation within the following sections.

6 **Q. Why do you describe Evergy's approach as integrated?**

7 A. I describe Evergy's approach as integrated because they are utilizing multiple project
8 delivery methods in conjunction. A majority of the work will be completed under an EPC
9 contract. Typically, equipment is procured under the umbrella of the EPC contract.
10 However, for the CCGT projects, Evergy procured major equipment under separate
11 agreements. Thus, the project does not exclusively rely on an EPC contract but also includes
12 other equipment procurement agreements.

13 **Q. Would you describe Evergy's approach as "turnkey"?**

14 A. No. In my opinion, a "turnkey" approach would create a single point of responsibility for
15 project delivery. The proposed implementation approach procures major equipment under
16 the PIE agreement. By removing the procurement of major equipment items from the EPC
17 scope, the project is no longer "turnkey" and single point of responsibility is lost.

18 **Q. Can you summarize the equipment being furnished by Evergy to the EPC contractor?**

19 A. Equipment being furnished by Evergy is referred to as Owner Furnished Equipment (OFE)
20 within the Direct Testimony of Kyle Olson. The OFE equipment includes long lead items
21 such as the Generator Step-Up Transformer (GSU) and the 345kV breakers.³ The OFE
22 equipment also includes equipment furnished under the Power Island Equipment (PIE).

³ Direct Testimony of J Kyle Olson, p. 6, lines 3-4 (Nov. 6, 2024) (Olson Direct).

1 **Q. Did Evergy explain why it procured the GSU and 345kV breakers ahead of time?**

2 A. Kyle Olson states within his Direct Testimony the GSU and 345kV breakers have extremely
3 long lead times and were procured ahead of time in an effort to reduce project risk.⁴

4 **Q. Do you feel procuring the equipment in advance reduces project risk?**

5 A. In my opinion, the primary advantage with procuring the equipment in advance relates to
6 an improved project schedule. Removing equipment from the EPC contractor's scope
7 generally increases project risk by degrading single point responsibility.

8 **Q. Why did Evergy procure the PIE equipment in a separate contract?**

9 A. It appears that the primary driver relates to project schedule. Evergy negotiated a
10 Reservation Agreement to irrevocably reserve a slot in the manufacturing line for the
11 equipment.⁵ I surmise mitigating schedule risks was a higher priority than having single-
12 point responsibility under one EPC contractor.

13 **Q. Is the proposed integrated approach reasonable?**

14 A. In my opinion, the proposed integrated approach is reasonable. Evergy elected to procure
15 equipment outside of the EPC contractor's scope. This will improve the project schedule.
16 However, by doing this Evergy no longer has a single point responsibility within the EPC
17 contract. Utilizing an integrated project approach is not problematic in itself, but it requires
18 careful management to control the scope, schedule, and cost of the project.

19 **Site Selection (CCGT Projects)**

20 **Q. Please summarize the location of the Viola and McNew construction sites.**

⁴ Olson Direct, p. 6, lines 3-6.

⁵ *Id.*, p. 20, lines 2-4.

1 A. The proposed location of the Viola facility is in Sumner County, Kansas approximately 24
2 miles southwest of Wichita, Kansas. The proposed location of the McNew facility is in Reno
3 County, Kansas less than one mile south of the City of Hutchinson, Kansas.

4 **Q. Did Evergy perform a study to assess potential locations for electric generation plants?**

5 A. Evergy engaged Power Engineers to complete siting study titled *2023 Studies Conventional*
6 *Generation Siting Study* dated September 29, 2023 (Siting Study).^{6,7} The Siting Study
7 assessed multiple potential sites located in 52 Kansas Counties and 35 Missouri Counties.⁸

8 **Q. Was the Siting Study specifically prepared for the Viola and McNew facilities?**

9 A. No. It appears that the study was more general in nature. The Siting Study was performed
10 “to locate, investigate, and evaluate potential sites for Evergy to construct potential large
11 scale electricity generations facilities...for two approximately 520-800 megawatt (MW)
12 generating facilities with the goal of ** [REDACTED]
13 [REDACTED] **”⁹ While the siting study was not specifically prepared for the proposed
14 facilities, it appears that Evergy used the results of the study in part to determine the location
15 of the proposed CCGT Projects.

16 **Q. What were the preferred site recommendations within the Siting Study?**

17 A. Power Engineers recommended ** [REDACTED]
18 [REDACTED] ¹⁰ [REDACTED]
19 [REDACTED] ¹¹

⁶ Olson Direct, p. 11, lines 5-9.

⁷ See Confidential Response to KIC Data Request No. 1-24, contained in Staff Exhibit PCO-6, Power Engineers *2023 Studies Conventional Generation Siting Study* (Siting Study). All Confidential Data Requests referenced are attached as Exhibit PCO-6. Due to the voluminous nature of the document referenced within the response, the document is not attached to my testimony but can be made available upon request.

⁸ Olson Direct, p. 11, Figure 1.

⁹ See Confidential Response to KIC Data Request No. 1-24.

¹⁰ *Id.*, p. 2.

¹¹ *Id.*

1 **Q. Did Evergy explain why the ** [REDACTED] [REDACTED] ** site was not used?**

2 **A.** [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED] **

6 **Q. Was the McNew site considered in the Siting Study?**

7 **A.** No. The McNew site was not specifically considered within the siting study.¹³ ** [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] **¹⁴

11 **Q. What factors lead to the inclusion of the McNew Site?**

12 **A.** Evergy engaged the Hutchinson/Reno County Chamber of Commerce (Chamber) to find a
13 similar site near Hutchison with better availability to gas and similar water and electric
14 transmission resources.¹⁵

15 **Q. Did Evergy analyze the McNew site?**

16 **A.** Not formally. Staff requested Evergy’s analysis of the site, and Evergy produced a four-
17 page document which consisted of a few emails from Burns & McDonnell (BMcD).¹⁶
18 ** [REDACTED]
19 [REDACTED]

¹² See Confidential Response to Staff Data Request No. 30, contained in Staff Exhibit PCO-6.
¹³ Olson Direct, p. 13, line 6.
¹⁴ *Id.*, p. 13, line 8.
¹⁵ *Id.*, p. 13, line 8-10.
¹⁶ See Confidential Response to Staff Data Request No. 29, contained in Staff Exhibit PCO-6.

1 [REDACTED]

2 [REDACTED]**

3 **Q. Are there risks associated with the McNew site?**

4 A. As the project develops, unknown site conditions may emerge. The site conditions could
5 add cost to develop the project. Evergy has considered the primary infrastructure needs for
6 the CCGT Projects such as gas supply, transmission supply, and other utilities; however,
7 additional site-specific conditions may emerge.

8 **Owner’s Engineer (CCGT Projects)**

9 **Q. Did Evergy hire a consultant to assist with project management and implementation?**

10 A. Yes. Evergy has selected BMcD to provide Owner’s Engineer (OE) services throughout the
11 entirety of the project.

12 **Q. What is the role of the OE?**

13 A. Among other items, the services include: ** [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]**¹⁷

18 **Q. Does BMcD have experience with these types of projects?**

19 A. Yes. They have provided advisory and review engineer services for over 2500 MW of new
20 generation. As an engineering firm located in the Kansas City area, they also have extensive

¹⁷ See Statement of Work Number EV17302 between Evergy Services, Inc. and Burns and McDonnell Engineering Co. Inc., provided in response to NRDC Data Request No. 10.

1 experience working on Evergy projects. BMcD also has direct experience as a standalone
2 EPC contractor.¹⁸

3 **Q. Are there reporting requirements included in the BMcD statement of work?**

4 A. Yes. Exhibit PCO-2 provides a list of the OE duties with respect to administering the
5 equipment and EPC contracts.¹⁹

6 **Power Island Equipment (CCGT Projects)**

7 **Q. Please describe the PIE.**

8 A. As described in Mr. Olson's testimony, the PIE agreement provisions the major equipment
9 that is included in the CCGT. It consists of the gas turbine, the generator, the heat recovery
10 generator, and a steam turbine. PIE equipment is being purchased as a package from one
11 manufacturer.

12 **Q. Has Evergy selected the PIE for the proposed projects?**

13 A. Yes. After preparing an RFP with the assistance of BMcD, Evergy selected Mitsubishi
14 Power Americas (MPA) as the provider.

15 **Q. Was MPA a reasonable choice as the PIE supplier?**

16 A. In my opinion, yes. Evergy received bids from General Electric Vernova (GEV), Siemens
17 Energy (Siemens), and MPA. An evaluation matrix is presented within Kyle Olson's Direct
18 testimony on page 18. The matrix compared plant output, price, price per kW, heat rate,
19 reliability guarantee, long term service agreement cost, and commercial exceptions. In my
20 opinion, MPA's proposal was most competitive and therefore is a reasonable choice.

¹⁸ Olson Direct p. 10, line 10-11.

¹⁹ See Phase IV- Project Execution requirements. Exhibit D to Statement of Work provided in response to NRDC-10.

1 **Q. Have you reviewed the contract between MPA and Evergy for the delivery of the**
2 **equipment?**

3 A. Yes.

4 **Q. Does the contract provide sufficient reporting and oversight for Evergy to monitor the**
5 **progress of the contract deliverables?**

6 A. Yes. Exhibit C of the contract between MPA and Evergy requires MPA to ** [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED] **²⁰ I have attached the project control agreement and the reporting format as

10 Exhibit PCO-3 to my testimony.

11 **Engineering, Procurement, and Construction (CCGT Projects)**

12 **Q. Please define an EPC contract approach.**

13 A. As described in Mr. Olson’s testimony,²¹ the EPC contract methodology is often described
14 as a “turnkey” style of contract. It typically uses one contractor to provide all aspects of the
15 engineering design, procurement of equipment, and construction of the project. Engineering
16 design often includes development of detailed drawings and specifications for civil,
17 structural, mechanical, and electrical work. Procurement typically refers to the acquisition
18 of equipment associated with the project. Construction is the act of building the project in
19 accordance with the detailed design and any manufacturer requirements associated with
20 procured equipment.

21 **Q. Did Evergy self-procure major equipment items?**

²⁰ Supplemental Testimony of John Olson Exhibit JKO-12.

²¹ Olson Direct, p. 6.

1 A. As I discussed earlier in my testimony, Evergy procured major equipment items separately
2 from the EPC contract. Evergy is utilizing a hybrid approach which integrates multiple
3 project delivery methods.

4 **Q. Is EPC an acceptable approach for construction of the CCGT Projects?**

5 A. Yes. EPC is commonly utilized in the power industry and has been successfully used in past
6 power plant projects. While Evergy procured major equipment outside of the EPC scope,
7 the EPC framework still limits Evergy's exposure to increases in cost and delays in
8 schedule.

9 **Q. What are some of the advantages associated with utilizing an EPC contractor?**

10 A. Evergy negotiated a fixed price (with certain exceptions), fixed schedule form of EPC
11 contract.²² A fixed-price, fixed schedule EPC contract decreases risk associated with
12 changes in contract value and changes in project schedule.

13 **Q. Could you summarize the exceptions to the fixed price?**

14 A. The exceptions to the fixed price contract include ** [REDACTED]

15 [REDACTED]

16 [REDACTED] **23

17 **Q. What are the disadvantages to an EPC contract?**

18 A. EPC contracts are less flexible and require negotiation of price increases and schedule
19 modifications if a change in scope is desired by the owner.

20 **Q. How was the Request for Proposal (RFP) developed for the EPC contractor?**

21 A. In this case, Evergy developed the RFP with the assistance of their OE, BMcD.

22 **Q. How many companies bid on the EPC contract for the CCGT Project?**

²² Olson Direct, p. 24, line 7-8.

²³ See Confidential Response to Staff Data Request No. 48, contained in Staff Exhibit PCO-6.

1 A. Two companies provided detailed bid proposals, Black & Veatch (B&V) and Kiewit Power
2 Constructors Co. (Kiewit). Gemma Power Systems was also invited to bid but declined due
3 to a lack of capacity to execute the project.²⁴

4 **Q. Has Evergy selected an EPC contractor?**

5 A. Not at this time. Evergy has reviewed the bids and utilized them to develop the DCE. Evergy
6 expects to select an EPC contractor sometime in the second quarter of 2025.²⁵

7 **Q. How will Evergy monitor the progress of the EPC contract?**

8 A. Based on the RFP for the EPC contractor, the successful bidder will be required to comply
9 with specific reporting requirements. I have attached the RFP reporting requirements for the
10 EPC as Exhibit PCO-4 to my testimony.²⁶ While Evergy has not entered into a contract with
11 the EPC contractor, Staff anticipates the requirements will be substantially similar to those
12 presented in this exhibit.

13 **Project Overview (Solar Project)**

14 **Q. Please summarize the scope of the CCGT projects.**

15 A. The Kansas Sky Solar project is a 200 MW_{DC} / 159 MW_{AC} solar field. The proposed location
16 of the project is in Douglas County, Kansas near the Lawrence Energy Center.²⁷

17 **Q. Who originally developed the project?**

18 A. The project was originally developed by Savion.²⁸

19 **Q. What portions of the project development were completed by Savion?**

²⁴ Supplemental Direct Testimony of J Kyle Olson; p. 3, lines 7-9 (Feb. 14, 2025).

²⁵ *Id.*, p. 3, line 17.

²⁶ *See* Confidential Response to Staff Data Request No. 36, as contained in Staff Exhibit PCO-6, Sections 12.4 through 12.6 of proposed contract between the parties, and Exhibit G without attachments. Due to the voluminous nature of the documents referenced within the response, the documents are not attached to my testimony but can be made available upon request.

²⁷ Direct Testimony of John R Carlson; p. 6, lines 3-4 (Nov. 6, 2024).

²⁸ *Id.*, line 4.

1 A. Savion is responsible for securing land rights, permits, interconnection rights, and
2 development of a 30% design for use in an EPC bid package.²⁹

3 **Q. After Evergy acquires Savion’s development assets, how will the project continue?**

4 A. Evergy will be responsible for project implementation following the acquisition of Savion’s
5 development assets including remaining development, construction, and commissioning of
6 the project. Evergy has hired an EPC contractor to complete engineering, procurement, and
7 construction of the project, similar to the CCGT projects.³⁰ Like the CCGT projects, Evergy
8 has procured the long-lead items.

9 **Q. Did Evergy acquire the services of an OE for this project?**

10 A. With respect to project management of the solar installation, it appears that Evergy ** [REDACTED]

11 [REDACTED] **³¹

12 **Q. What portions of the project did Evergy self-procure?**

13 A. Evergy self-procured the solar panels and the generator step up transformer.

14 **Q. Has Evergy secured agreements for the solar panel supply and generator step up
15 transformer supply?**

16 A. Yes. Evergy has secured agreements for the solar panel supply and generator step up
17 transformer supply.³²

18 **Q. Is Evergy’s project implementation approach reasonable?**

19 A. In my opinion, Evergy’s project implementation approach to the solar project is reasonable.

20 **Engineering, Procurement, and Construction (Solar Project)**

21 **Q. Will the EPC contract be similar in form to the CCGT EPC Contract?**

²⁹ *Id.*, p. 9, lines 17-19.

³⁰ *Id.*, p. 13, lines 8.

³¹ See Confidential Response to Staff Data Request No. 47, contained in Staff Exhibit PCO-6.

³² Supplemental Direct Testimony of Jason Humphrey; p. 5, lines 6-22 (Feb. 14, 2025).

1 A. Generally speaking, the EPC contract will be similar in form to the CCGT EPC Contract.
2 While the scope of the project is different, the EPC contractor will be responsible for
3 engineering, procurement (except long lead time items), and construction. The proposed
4 contracting methodology is similar in form but different in scope.

5 **Q. Has Evergy selected an EPC contractor for the solar project?**

6 A. Yes. Evergy selected ** [REDACTED] ** as the EPC contractor for the solar project.³³

7 **Q. How will Evergy monitor the progress of the EPC contract?**

8 A. Based on the Scope of Work and Technical Requirements, ** [REDACTED] ** will be required
9 to comply with reporting requirements. I have attached the reporting requirements for the
10 EPC as Exhibit PCO-5 to my testimony.³⁴

11 **Progress and Performance Reporting**

12 **Q. Does Evergy plan on providing the Commission with periodic reports?**

13 A. Within the Direct Testimony of Mr. Olson, Evergy proposed to submit quarterly project
14 status updates.³⁵

15 **Q. Did Evergy describe the report contents?**

16 A. No. Evergy did not describe the specific report contents. It appears that Evergy plans to
17 establish ** [REDACTED]

18 [REDACTED] .³⁶

³³ See Confidential Response to Staff Data Request No. 9, contained in Staff Exhibit PCO-6. Due to the voluminous nature of the documents referenced within the response, the documents are not attached to my testimony but can be made available upon request.

³⁴ See Confidential Response to Staff Data Request No. 55, contained in Staff Exhibit PCO-6, Exhibit A – Attachment 2 Section 11, Attachment 11, and Attachment 12. Due to the voluminous nature of the document referenced within the response, the document is not attached to my testimony but can be made available upon request.

³⁵ Olson Direct, p. 32, line 19.

³⁶ See Confidential Response to Staff Data Request No. 47, contained in Staff Exhibit PCO-6.

1 **Q. Has the Commission required reporting as a condition of predetermined ratemaking**
2 **principles in the past?**

3 A. Yes. Within Docket No. 11-KCPE-581-PRE (11-581 Docket) the Commission approved an
4 agreement between Kansas City Power & Light Company (KCP&L) and Staff regarding
5 the filing of reporting metrics.³⁷ The reporting requirements from that docket can be found
6 within my testimony as Exhibit PCO-1.

7 **Q. How frequently were reports required?**

8 A. The Commission required KCP&L to submit monthly reports to Staff.

9 **Q. Did the Staff report to the Commission?**

10 A. The Commission required Staff to bring to their attention any information reflecting a
11 significant event or problem regarding implementation of the project.

12 **Q. What type of metrics were included in the reporting requirements within 11-581**
13 **Docket?**

14 A. The reporting metric used to track cost and schedule was an Earned Value Management
15 (EVM) report. EVM reporting takes a snapshot of the project at a specific moment in time
16 and gathers data that includes the actual cost incurred as of that date, the planned value as
17 of that date, and input from the construction management team regarding percentage of
18 completeness of the project.

19 **Q. Do you think similar reporting requirements would be appropriate for these projects?**

20 A. Yes. A progress report of this nature allows for high level tracking of the project's schedule
21 and cost.

³⁷ Order Granting KCP&L Petition for Predetermination of Rate-making Principles and Treatment, 11-581 Docket (Aug. 19, 2011).

1 **Conclusion**

2 **Q. Please summarize your testimony.**

3 A. Evergy's petition is requesting the Commission to approve ratemaking principles and
4 treatment for certain investments prior to them occurring. Projects of this nature are subject
5 to risk and uncertainty, and if the Commission predetermines rate making principles, Evergy
6 rate payers may be exposed to financial risk associated with project uncertainty, assuming
7 those project cost overruns are determined prudent. Because rate payers may be exposed to
8 financial risk and Evergy is best positioned to manage that risk, Evergy should be required
9 to provide ongoing progress reports to promote transparency and continual review of the
10 project implementation.

11 **Q. Has Evergy proposed a progress reporting protocol to keep the Commission informed**
12 **of its progress?**

13 A. While Evergy has committed to providing quarterly reports, there are no specific reporting
14 requirements proposed in Evergy testimony. However, the various contracts between
15 Evergy and its suppliers and contractors associated with these projects have specific
16 reporting requirements.

17 **Q. Would you expect Evergy to file reports with the same detail as is provided by their**
18 **contractors?**

19 A. Not necessarily. I believe any reporting requirements should establish a high level summary
20 of the construction progress for the major components of each project but with enough detail
21 to allow Staff to investigate if there are slippages in the schedule or cost of the projects.

1 **Recommendations**

2 **Q. Do you have any recommendations for the Commission's consideration regarding**
3 **reporting requirements?**

4 A. I recommend the Commission establish a compliance docket associated with this case and
5 require Evergy to file quarterly progress reports for each of the projects. Regarding the
6 content of the reports, I recommend Evergy work with Staff to develop a reporting template
7 that will be filed for Commission approval prior to initiating the compliance reports

8 **Q. Does this conclude your testimony?**

9 Yes.

EXHIBITS


1		
2	<u>Exhibit No.</u>	<u>Descriptions</u>
3	PCO-1	Project Reporting Requirements for Docket 11-KCPE-581-PRE
4	PCO-2	CCGT Owner's Engineer Project Reporting Requirements CONFIDENTIAL
5	PCO-3	CCGT Power Island Equipment Contract Reporting Requirements
6		CONFIDENTIAL
7	PCO-4	CCGT RFP EPC Reporting Requirements CONFIDENTIAL
8	PCO-5	Solar Kansas Sky Project Proposed EPC Reporting Requirements
9		CONFIDENTIAL
10	PCO-6	Referenced Discovery Responses CONFIDENTIAL

Kansas City Power & Light Company's
Project Controls Reporting to KCC Staff
for La Cygne Environmental Retrofit Project

- On a quarterly basis, KCP&L will provide Staff with a project status update, including both Cost and Schedule status. In the interim, Staff will have monthly access to both Cost and Schedule metrics once they are generated and have completed the required approval process. The Cost Report, including the ancillary reports, will be generated after KCP&L's monthly closing process.
- KCP&L will report Earned Value metrics by scheduled area as defined within the EPC contractor's (LEP's) schedule. The areas will transition into systems during the start-up phase. The following Earned Value metrics will be reported for scheduled man-hours only:
 - Schedule Performance Index (SPI) / Schedule Variance (SV)
 - Measure of Schedule Performance
 - Formula = Earned Man-hours divided by Planned Man-hours
 - Cost Performance Index (CPI) / Cost Variance (CV)
 - Measure of Contractor's Cost Performance - This is an INDICATOR ONLY for whether or not the contractor is spending more or less man-hours than originally planned. This is not directly related to budget variances in an EPC contract, however, it is an indicator for the owner to be more cognizant of possible contractor initiated change orders/ safety/ owner caused delay claims.
 - Formula = Earned Man-hours/ Actual Man-hours
 - Payments to EPC Vendor
 - KCP&L will use Schedule of Values (SOV) for payment of the base contract.
 - KCP&L will convert the dollars associated with each SOV milestone to a unit price rate for each schedule man-hour associated with that SOV milestone. The unit price will encompass both labor and material and be inclusive of the contractor's indirects (i.e., superintendents, management personnel, overheads, etc). The vendor will be paid based on percent complete of the SOV milestones. The percent complete will be reported weekly and validated by the KCP&L's construction team and agreed to by both KCP&L and LEP prior to execution of monthly payments.
- KCP&L will report project costs using a format similar to what was produced for the Iatan Project. The package will consist of the following:
 - Monthly Cost Report;
 - Contingency Log; and
 - Budget Transfer Log.

UNSWORN DECLARATION UNDER PENALTY OF PERJURY

Under penalties of perjury, I declare that I am Chief Engineer of the Utilities Division of the Kansas Corporation Commission, that I have read and am familiar with the foregoing Direct Testimony, and that the statements contained herein are true and correct to the best of my knowledge, information and belief. Executed on 3/11/25.



Paul Owings
Chief Engineer
State Corporation Commission of the
State of Kansas

CERTIFICATE OF SERVICE

25-EKCE-207-PRE

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony of Paul Owings was served via electronic service this 14th day of March, 2025, to the following:

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