THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Andrew I French Chairnerson

Before Commissioners:	Andrew J. Frenc	h, Chairperson
	Dwight D. Keen	
	Annie Kuether	
In the Matter of the Petition of Evo	ergy Kansas)	
Central, Inc., Evergy Kansas South, Inc., and		
Evergy Metro, Inc. for Determination of the		
Ratemaking Principles and Treatment that will		Docket No. 25-EKCE-207-PRE
Apply to the Recovery in Rates of	f the Cost to	
be Incurred for Certain Electric	Generation)	
Facilities Under K.S.A. 66-1239.)	

ORDER APPROVING UNANIMOUS PARTIAL SETTLEMENT AGREEMENT REGARDING SOLAR FACILITY AND NON-UNANIMOUS PARTIAL SETTLEMENT AGREEMENT REGARDING NATURAL GAS FACILITIES (PUBLIC VERSION)1

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

EVERGY'S APPLICATION

1. On November 6, 2024, Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (EKC)² and Evergy Metro, Inc. d/b/a Evergy Kansas Metro (EKM) filed an Application requesting a determination of the ratemaking principles and treatment that will apply to the costs incurred relating to: (1) 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 Plant or Viola); (2) a 50% interest in a second 710 MW CCGT located near Hutchinson, Kansas (McNew Plant or McNew), with flexibility to acquire the second 50% of McNew, and (3) its construction and ownership of

¹ The only difference between the Public and Confidential Versions is the attached Solar Settlement Agreement. The Public Version contains a redacted Solar Settlement Agreement.

² This Order refers to Evergy or EKC interchangeably. When discussing another Evergy affiliate, this Order specifically references that affiliate.

approximately 200 MWDC (159 MWAC) of solar generation, known as the Kansas Sky generating resource (Kansas Sky).³

- 2. In its Application, Evergy explains the Viola Plant will be built on a greenfield site in Sumner County, and jointly owned by EKC and Evergy Missouri West, with a projected date of commercial operation on January 1, 2029.⁴ The McNew Plant will be built on a greenfield site in Reno County, and fully owned by EKC, before eventually transferring half of the plant to Evergy Missouri West or EKM, with a projected date of commercial operation of January 1, 2030.⁵ Evergy subsequently updated its filing to confirm Evergy Missouri West, rather than Evergy Kansas Metro would be allocated the remaining 50% stake in the McNew Plant. Kansas Sky is being developed by Savion, LLC, and is located in Douglas County, with a projected date of commercial operation in December of 2026.⁶ Evergy's Application was supported by testimony from eight witnesses.
- 3. Notice of the Application, public hearing, and evidentiary hearing was provided by an insert with the monthly billing statement for each customer in EKC's service territory. The Commission received comments at a virtual public hearing held March 5, 2025. The Commission also received 520 public comments through its Office of Public Affairs and Consumer Protection.⁷ The Commission issues this Order with due consideration of those comments.

³ Petition of Evergy Kansas Central, Inc., Evergy Kansas South, Inc., and Evergy Metro, Inc. for Determination of Ratemaking Principles and Treatment, Nov. 6, 2024, ₱ 6.

⁴ *Id*, ℙℙ 15 & 17.

⁵ *Id*, № 16-17.

⁶ *Id*, ℙ 28.

⁷ The public comments were entered into the record by the Prehearing Officer filing Notice of Filing of Public Comments on April 16, 2025.

PARTIES AND THEIR INITIAL POSITIONS

- 4. The following parties sought, and were granted, the right to intervene and formally participate in this proceeding. The Citizens' Utility Ratepayer Board (CURB); KPP Energy (KPP); National Resource Defense Council (NRDC); Midwest Energy, Inc. (Midwest); the Board of County Commissioners Johnson County (Johnson County); City of Lawrence (Lawrence); City of Overland Park (Overland Park); Atmos Energy Corporation (Atmos); HF Sinclair El Dorado Refining LLC (HF Sinclair); Kansas Municipal Energy Agency (KMEA); Kansas Gas Service (KGS); CCPS Transportation, LLC; Walmart, Inc.; Renew Missouri Advocates (Renew Missouri); Unified School District #259 Sedgwick County, Kansas (USD 259); Kansas Industrial Consumers (KIC); Wichita Regional Chamber of Commerce (Wichita Chamber); the Council for New Energy Economics (NEE); the US Department of Defense; and Climate & Energy Project (CEP).
- 5. As noted above, on February 14, 2025, Evergy filed supplemental testimony from Darrin Ives, Jason Humphrey, Kyle Olson, and Cody Vandevelde. The supplemental testimony advised the Commission of Evergy's decision to allocate a 50% ownership stake in the McNew CCGT facility to Evergy Missouri West, and updated the definitive cost estimates for the McNew Plant, the Viola Plant, and Kansas Sky.⁹
- 6. Kathy Richardson, Director of the Department of Sustainability for the City of Lawrence, filed testimony on behalf of Lawrence. Lawrence does not oppose Evergy's Application, but seeks commitments from Evergy to: (1) repurpose Lawrence Energy Center's

⁸ The Kansas Chamber of Commerce; Kansas Grain and Feed Association; the Kansas Agribusiness Retailers Association; Renew Kansas Biofuels Association; Blue Valley School District USD 229 (USD 229); Olathe School District USD 233 (USD 233); Shawnee Mission School District USD 512 (USD 512); Unified School District No. 232; Johnson County, Kansas (USD 232); Associated Purchasing Services; The Goodyear Tire and Rubber Company; Lawrence Paper Company; Occidental Chemical Corporation; Spirit AeroSystems, Inc.; and Cargill, Inc. participated though or are aligned with KIC. All of these entities shared counsel and none of them submitted independent or individual pleadings or briefs.

⁹ Supplemental Direct Testimony of Darrin R. Ives, Feb. 14, 2025, p. 1.

unused space and future decommissioned space as a battery storage site; (2) develop a full time, carbon-free tariff; (3) invest in distributed generation resources; and (4) invest in local emission reduction by sponsoring installation of EV fast-charging stations and municipal bike and pedestrian infrastructure upgrades in Lawrence, and investing in residential electrical upgrades. ¹⁰

- 7. Anna Sommer (NRDC) recommends requiring Evergy to: (1) include consideration of additional demand-side management, surplus interconnected resources, and other novel projects in its next IRP, and to consider the impact of higher capital costs on resource selection; (2) demonstrate that its large load tariff filing aligns with likely capital, operation, and transmission costs caused by those customers; (3) give the Commission quarterly updates on its large load pipeline including the load expected, status of studies of and negotiations with customers, and likely ramp and online dates; and (4) demonstrate its large load interconnection process accounts for the grid reliability risks.¹¹
- 8. Mike Kelly (Johnson County) advises that Johnson County supports Evergy's petition for predetermination, but wants Evergy to commit to: (1) a carbon-free electricity tariff; (2) community solar, energy storage, and energy efficiency investments (100MW of community solar + storage and 50 MW of energy efficiency); and (3) transmission infrastructure investments.¹²
- 9. Addi Lowell (USD 259) expresses USD 259's concern over escalating and noncompetitive utility rates, ¹³ and opposes any increase in the electric rates charged to schools. ¹⁴

¹⁰ Testimony of Kathy Richardson, March 13, 2025, pp. 2-4.

¹¹ Testimony of Anna Sommer, Mar. 14, 2025, pp. 13-14.

¹² Direct Testimony of Mike Kelly, Mar. 14, 2025, pp. 3-4.

¹³ Prefiled Testimony of Addi Lowell, Mar. 14, 2025, p. 1.

¹⁴ *Id.*, p. 9.

10. Michael Gorman (KIC) opposes Evergy's Application because he contends Evergy's preferred plan does not demonstrate the preferred resource portfolio is "reasonable, reliable, and efficient". ¹⁵ Since Evergy cannot show its preferred portfolio is reasonable, reliable, and efficient, Gorman argues the proposed CCGTs do not qualify for predetermination. ¹⁶ He claims Evergy's preferred resource portfolio is not reasonable, reliable, and efficient because it: (1) does not reflect the cost of gas interconnections or prove there are firm pipeline gas capacity delivery rights required to operate the proposed CCGTs; (2) includes uncertain additions of significantly large new customer loads; and (3) assumes the early retirement of coal-fired production resources that have not been proven to be uneconomical.¹⁷ Gorman testifies that Evergy's own IRP resource projections shows extending the life of the Jeffrey Energy Center from 2032 to 2039 results in a lower cost portfolio than Evergy's preferred portfolio. 18 Gorman faults Evergy for assuming a shorter remaining life estimated for the coal-fired units in its preferred plan resource portfolio compared to its Commission approved depreciation rates for these resources, which he contends inflates the estimated cost of keeping the coal plants operating, and creates a bias in favor of building new CCGTs. 19

11. Colin Fitzhenry (KIC) does not believe the cost estimates of the proposed new CCGTs are reasonable.²⁰ He concludes the cost estimates presented by Evergy are excessive relative to recent industry estimates.²¹ Fitzhenry cites to Vandevelde's direct testimony that the preferred portfolio was the third lowest Net Present Value Revenue Requirement (NPVRR)

¹⁵ Direct Testimony of Michael P. Gorman, Mar. 14, 2025, pp. 2-3.

¹⁶ *Id.*, p. 3.

¹⁷ *Id*.

¹⁸ *Id.*, p. 15.

¹⁹ *Id*.

²⁰ Direct Testimony and Exhibits of Colin T. Fitzhenry, Mar. 14, 2025, p. 4.

²¹ *Id.*, p. 5.

alternative resource portfolio.²² Fitzhenry states Evergy's IRP and recent modeling suggests that delaying the retirement of Jeffrey 2 is the least cost resource plan.²³ Lastly, because 50% of each CCGT is tied to new load from large customers, if these customers do not materialize, Fitzhenry voices concern over how Evergy will deal with the excess CCGT capacity.²⁴

12. Kathleen Ocanas (Atmos) recommends using the time before the proposed new gas plants open in 2029-2030 to establish statewide Natural Gas Priorities and Curtailment Standards to ensure both gas and electric utilities adequate natural gas supplies to meet the needs of their customers during extreme weather and other extraordinary/emergency events, like Winter Storm Uri. She also suggests opening a general investigation to consider input from all stakeholders and adopt statewide natural gas usage priorities and curtailment standards during emergency situations. Second control of the proposed new gas plants open in 2029-2030 to establish statewide Natural Gas Priorities and Curtailment Standards of their customers during extreme weather and other extraordinary/emergency events, like Winter Storm Uri. She also suggests opening a general investigation to consider input from all stakeholders and adopt statewide natural gas usage priorities and curtailment standards during emergency situations.

13. If the Commission approves a CWIP Rider for the CCGTs, Justin Bieber (HF Sinclair) recommends allocating the CWIP Rider costs to customers on the same basis as the underlying generation plant.²⁷

14. Lucy Metz (CURB) opposes Evergy's request for predetermination of the CCGT plants, in part because Evergy has not demonstrated that the CCGTs are the least expensive way to meet its capacity and energy needs.²⁸ She recommends Evergy: (1) procure alternative sources of firm capacity and energy, including battery storage and solar, to lower cost and risk for

²² *Id.*, p. 7.

²³ *Id.*, p. 9.

²⁴ *Id.*, p. 13.

²⁵ Direct Testimony of Kathleen R, Ocanas, Mar. 14, 2025, p. 3.

²⁶ *Id.*, p. 4.

²⁷ Direct Testimony of Justin Bieber, Mar. 14, 2025, p. 3.

²⁸ Direct Testimony of Lucy Metz, Mar. 14, 2025, p. 8.

ratepayers; and (2) develop a more robust process for incorporating large load growth into its resource planning process and establish practices to protect existing ratepayers.²⁹

15. William "Nick" Jones (NEE) claims Evergy has not demonstrated the proposed CCGTs are necessary under a resource plan optimized for efficiency, reasonableness, and reliability as required by the predetermination statute.³⁰ He believes Evergy understates the probable cost of natural gas, which calls into question the plants' cost efficiency, and will significantly increase the burden on Kansas ratepayers.³¹ As an alternative, Jones proposes having Evergy reduce its planned net-ownership in McNew and pursue concurrent deployment of battery energy storage.³²

16. John Rolfe (Wichita Chamber) is concerned with the potential rate impact of constructing two new gas-powered generation facilities and one solar facility.³³ He believes the resulting rate increases will be detrimental to the region's economic development and employment opportunities.³⁴

17. While KGS does not oppose Evergy's Application, Matt Robbins (KGS) expresses concerns that there may not be enough firm gas pipeline capacity to operate the proposed CCGTs and meet KGS' own service obligations.³⁵ Accordingly, Robbins proposes requiring Evergy to: (1) report to the Commission it has secured adequate firm capacity to operate the plants, and (2) to enter into a coordination agreement with KGS prior to placing the proposed CCGTs in service.³⁶

²⁹ *Id.*, pp. 5-6.

³⁰ Direct Testimony of William "Nick" Jones, Mar. 14, 2025, p. 2.

³¹ *Id*.

³² *Id.*, p. 3.

³³ Direct Testimony of John Rolfe, Mar. 14, 2025, p. 3.

³⁴ Id.

³⁵ Direct Testimony of Matt L. Robbins, Mar. 14, 2025, pp. 4-5.

³⁶ *Id.*, p. 16.

18. Paul Owings (Staff) recommends requiring ongoing construction tracking and monitoring reports from Evergy related to the projects.³⁷ Because ratepayers may be asked to compensate Evergy for any cost overruns and because Evergy is best positioned to manage that risk, Owings believes Evergy should be required to provide ongoing progress reports to promote transparency and continual review of the project implementation.³⁸ Rather than set specific reporting requirements, he recommends a compliance docket where Evergy would submit quarterly reports to Staff, and Staff would bring any significant events or issues to the Commission's attention.³⁹

19. Justin Grady (Staff) recommends finding it prudent for Evergy to acquire these resources, up to the Definitive Cost Estimates (DCEs) Staff recommends for each asset, subject to conditions and other Staff recommendations. ⁴⁰ He believes K.S.A. 66-1239 is satisfied because Evergy's plan to acquire 50% of the Viola Plant and 50% of the McNew Plant, and 100% of the Kansas Sky solar facility, is consistent with Evergy's most recent preferred plan and resource acquisition strategy in its 2024 IRP filing, and is reasonable, reliable and efficient, subject to the conditions and compliance filing recommendations. ⁴¹ He testifies the decision to build the CCGTs is reliable because the CCGTs: (1) will add highly flexible, dispatchable generation to the system, which offers critical reliability services for customers, including the ability to ramp up and down quickly when needed; (2) are being built to withstand winter temperatures as low as minus 15 Fahrenheit; and (3) are expected to have very low forced outage rates. ⁴²

³⁷ Direct Testimony of Paul Owings, Mar. 14, 2025, p. 2.

³⁸ *Id*.

³⁹ *Id.*, p. 16.

⁴⁰ Direct Testimony of Justin T. Grady, Mar. 14, 2025, pp. 8-9.

⁴¹ *Id*.

⁴² *Id.*, pp. 11-12.

20. Likewise, Grady explains the decision to acquire Kansas Sky is reasonable in part because it is both reliable and efficient.⁴³ While small compared to Evergy's overall generation portfolio, Kansas Sky will further diversify Evergy's generation mix and provide a hedge against higher natural gas and wholesale market prices.⁴⁴ While the decision to acquire Kansas Sky is reasonable, reliable, and efficient, there are still risks that should continue to be closely monitored, centered around the uncertainty of the renewable energy tax credits in the Inflation Reduction Act of 2022 (IRA).⁴⁵ Thus, Staff recommends conditioning approval of Evergy's Application to require Evergy to make a compliance filing to the Commission justifying the continued prudence and economic efficiency of the decision to construct Kansas Sky if those renewable energy tax credits are repealed prior to its construction.⁴⁶

21. While Evergy has not committed to any firm retirement dates for its coal plants,⁴⁷ Grady believes it reasonable and prudent for Evergy to plan for the eventual retirement of its coal fleet.⁴⁸

22. On March 21, 2025, cross-answering testimony was filed by Gorman, Jones, Dorothy Barnett (CEP), and Grady. Gorman faults Grady's conclusion that Evergy preferred plan is prudent and meets the predetermination standards of being reasonable, reliable, and efficient as it is not based on verifiable evidence, but rather projections that are not reasonably measured, including expected additions of new load and how much the new CCGTs can be relied upon to meet Southwest Power Pool (SPP) resource adequacy requirements. ⁴⁹ Jones alleges that Evergy's natural gas forecast fails to account for local market dynamics by focusing on prices at Henry

⁴³ *Id.*, p. 16.

⁴⁴ *Id*.

⁴⁵ *Id.*, p. 19.

⁴⁶ *Id.*, pp. 19-20.

⁴⁷ *Id.*, p. 33.

⁴⁸ *Id.*, p. 28.

⁴⁹ Cross-Answering Testimony of Michael P. Gorman, Mar. 21, 2025, p. 6.

Hub.⁵⁰ Jones believes the era of cheap production growth of natural gas is over⁵¹ and recommends protecting customers by requiring Evergy to purchase advanced supply contracts or hedges to meet the predictable portion of fuel needs for the proposed plants for the first several years of operations to lock in favorable prices.⁵² Barnett endorses Jones' position that Evergy has not adequately demonstrated the necessity of the new CCGTs under its IRP.⁵³ She believes Evergy only needs to construct one CCGT to accommodate its needs in 2029 and 2030.⁵⁴ Grady counters Jones' assertions that the natural gas price forecasts used in Evergy's capacity expansion modeling underestimate the fuel cost and risk associated with the decision to build and own a 50% share of both CCGTs by claiming Jones relies on outdated natural gas forecasts from Evergy's 2021 IRP.⁵⁵ Grady also disputes Gorman's claim that Evergy's IRP modeling incorrectly reduces the anticipated life of the coal facilities, and biases the resource plan selection towards CCGTs.⁵⁶.

- 23. On April 3, 2025, the Department of Defense adopted the positions and recommendations of KIC witnesses Gorman and Fitzhenry.⁵⁷
- 24. On April 4, 2025, Evergy filed rebuttal testimony from Cody Vandevelde, John Carlson, Jason Humphrey, Darrin Ives, Kyle Olson, and Ronald Klote.

PROPOSED SETTLEMENTS

25. On April 16, 2025, Evergy, Staff, KPP, NRDC, Midwest Energy, Johnson County, Lawrence, Atmos, HF Sinclair, KMEA, and Kansas Gas Service filed a Joint Motion for Approval of Non-Unanimous Partial Settlement Agreement Regarding Natural Gas Facilities (CCGT

⁵⁰ Cross-Answering Testimony of William "Nick" Jones, Mar. 21, 2025, p. 2.

⁵¹ *Id.*, p. 12.

⁵² *Id.*, p. 14.

⁵³ Cross-Answering Testimony of Dorothy Barnett, Mar. 21, 2025, p. 2.

⁵⁴ *Id.*, p. 6.

⁵⁵ Cross-Answering Testimony of Justin T. Grady, Mar. 21, 2025, p. 5.

⁵⁶ *Id.*, p. 16.

⁵⁷ DOD/FEA's Declaration of Support of the Testimony of KICG Witnesses, Apr. 3, 2025.

Settlement). The CCGT Settlement is attached as Attachment A. The key terms of the settlement include:

- EKC's proposal to construct and own 50% of the Viola plant and 50% of the McNew plant is prudent;
- EKC's construction and ownership of 50% of Viola and 50% of McNew is consistent with EKC's most recent preferred plan and resource acquisition strategy;
- The Signatories agree on the definitive cost estimates (DCEs) of \$788.75 million (excluding AFUDC) for 50% of the Viola Plant, and \$800.519 million (excluding AFUDC) for 50% of the McNew Plant, and that the DCEs are reasonable and will be recovered in rates as described in the settlement;
- Requiring EKC to collaborate with Staff and CURB during the development of a Gas Purchasing Plan, and to file the results of the plan in a compliance filing at the conclusion of this docket. Until the time the Viola and McNew plants are placed in service, EKC should be required to meet at least annually with Staff and CURB to discuss potential revisions to the Gas Purchasing Plan. After the plants are placed in service, EKC will meet annually with Staff and CURB to discuss the Gas Purchasing Plan as part of the RECA and ACA processes;
- If the addition of the CCGTs materially revise EKC's current Natural Gas Hedging Plan, EKC should be required to collaborate with Staff and CURB on the particulars of a revised Hedging Plan, if determined necessary, to be filed at the Commission prior to any procurement completed pursuant to the Gas Purchasing Plan;
- Once all natural gas transportation arrangements have been finalized, EKC should file a compliance filing with the KCC, which includes, at a minimum, the financial terms and conditions

under which firm natural gas transportation has been secured and the duration of the transportation arrangement;

- EKC can implement a CWIP Rider, and the amounts recovered through the CWIP Rider will be allocated to the customer classes on the same basis that the costs of the underlying generation plant are allocated to customer classes in EKC's currently pending rate case, Docket No. 25-EKCE-294-RTS;
- EKC will work with Staff to develop recurrent monthly project status reporting including impacts from legislative or executive actions including tariffs and any other cost and project milestone updates; and
- If EKC becomes aware of information that leads it to reasonably believe that actual project costs are projected to exceed 115% of the DCE, it is required to make a compliance filing justifying the economics and prudency of continuing forward with McNew and/or Viola or requesting Commission approval to abandon the project(s).

The Signatories also request specific findings from the Commission that:

- Other than Panasonic, EKC did not include any specific new large load customers in its 2024 Integrated Resource Plan (IRP) or prior IRPs;
- If EKC decides to retire coal generation and utilize securitization to recover energy transition costs as a result of a retired coal plant, it will file a request for predetermination; and
- EKC will evaluate the possibility of repurposing the unused space at Lawrence Energy Center and other generation sites as interconnection locations for battery storage units. Evergy also agrees to allow its IRP to model the option to add battery storage to the sites of existing thermal, wind, and solar projects.

- 26. Also on April 16, 2025, Evergy, CURB, KPP, Wichita Chamber, CEP, NRDC, the U.S. Department of Defense, KIC and its participating members and aligned interests, USD 259, Midwest Energy, Johnson County, Lawrence, Atmos, HF Sinclair, Renew Missouri, CCPS Transportation, Walmart, NEE, KMEA, and KGS filed a Joint Motion for Approval of Unanimous Partial Settlement Agreement Regarding Solar Facility (Solar Settlement). The Solar Settlement is attached as Attachment B. The key terms of the unanimous settlement include:
 - EKC's proposal to construct and own 159 MW of solar generation is prudent;
- EKC's construction and ownership of Kansas Sky is consistent with EKC's most recent preferred plan and resource acquisition strategy;
- The Signatories agree on the DEC of \$228.1 million (excluding AFUDC) for Kansas Sky. Amounts spent in excess of the DCE will be subject to prudence review, with EKC bearing the burden of proof to show that any amount incurred in excess of these DCEs is prudently incurred, and just and reasonable to recover from ratepayers;
- A levelized revenue requirement should be included in EKC's total revenue requirement in its next general rate case after Kansas Sky is placed in service. This levelized revenue requirement should be fixed for the first thirty years of facility;
- If provisions of the IRA applicable to Kansas Sky are substantially revised or repealed prior to the start of construction on Kansas Sky, EKC will be required to make a compliance filing with the Commission justifying the economics and prudency of continuing forward with Kansas Sky, or informing the Commission that it will abandon the project; and
- EKC will work with Staff to develop recurrent monthly project status reporting including impacts from legislative or executive actions including tariffs and any other cost and project milestone updates.

- 27. On April 17, 2025, Grady (Staff) and Humphrey and Ives (Evergy) each filed testimony in support of both settlements; Barnett (CEP) and Metz (CURB) each filed testimony in support of the Solar Settlement, but opposing the CCGT Settlement; and Jones (NEE) filed testimony opposing the CCGT Settlement.
- 28. An evidentiary hearing was held from April 21 through April 23, 2025. The Parties appeared by counsel. The Commission heard live testimony from a total of ten witnesses, including four from Evergy, two each from Staff and KIC, one each from CURB and NEE. At the April 17, 2025 prehearing conference, the Parties agreed to waive cross-examination of several witnesses. The Parties had the opportunity to cross-examine the remaining witnesses at the evidentiary hearing as well as the opportunity to redirect their own witnesses. Following the evidentiary hearing, the Parties had the opportunity to submit post-hearing briefs.
- 29. On May 5, 2025, NEE filed a recently published report from the Federal Reserve Bank of Kansas City that discussed the expected natural gas price forecast in the region as a late-filed exhibit NEE 3. Also on May 5, 2025, NEE, Staff, and Evergy jointly filed a comparison of the United States (US) Energy Information Administration (EIA) Annual Energy Outlook (AEO) 2025, released on April 15, 2025 to Evergy's natural gas price forecasts in the 2024 IRP, as a late-filed exhibit.
 - 30. On May 14, 2025, Evergy filed its Initial Post-Hearing Brief.
- 31. On May 15, 2025, the Commission issued two orders. The first order granted KIC's motion to file supplemental testimony and exhibits from Gorman.⁵⁸ The second order granted KIC and the Kansas Agriculture Association's motion to introduce EKC's 2025 IRP into the record,

⁵⁸ Order Denying Motion to Strike Proposed Supplemental Testimony and Exhibits, May 15, 2025, ₱ 8.

but made clear that EKC's 2024 IRP is the most recent preferred plan as defined by K.S.A. 66-1239(c)(2).⁵⁹

- 32. On May 28, 2025, CEP, USD 259, the Gas Utilities, KIC and Kansas Agriculture Association, NEE, the Wichita Chamber, CURB, and Staff each filed their post-hearing briefs.⁶⁰
 - 33. On June 6, 2025, Evergy filed its post-hearing reply brief.

UNANIMOUS SOLAR SETTLEMENT

- 34. The law generally favors compromise and settlement of disputes between parties when they enter into an agreement knowingly and in good faith to settle the dispute.⁶¹ When approving a settlement, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole, establishes just and reasonable rates, and is in the public interest.⁶²
- 35. The Solar Settlement is a unanimous settlement agreement as defined by K.A.R. 82-1-230a. When evaluating a unanimous settlement, the Commission applies a three-factor test, incorporating the legal concepts above: whether the settlement is supported by substantial competent evidence, establishes just and reasonable rates, and promotes the public interest. ⁶³
- 36. Substantial competent evidence possesses something of substance and relevant consequence, which furnishes a substantial basis of fact to reasonably resolve the issues.⁶⁴ Whether another trier of fact could have reached a different conclusion given the same facts is irrelevant; a court can only find that a Commission decision is not supported by substantial

⁵⁹ Order Granting KIC's Motion to File the 2025 Annual Update Integrated Resource Plan as an Exhibit, May 15, 2025, № 6.

⁶⁰ On May 29, 2025, Renew Missouri late filed its post-hearing brief, withdrew its filing the next day.

⁶¹ Krantz v. Univ. of Kansas, 271 Kan. 234, 241-42 (2001).

⁶² Citizens' Util. Ratepayer Bd. v. Kansas Corp. Comm'n, 28 Kan. App. 2d 313, 316 (2000), rev denied March 20, 2001

⁶³ See Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, May 12, 2008, № 9-10.

⁶⁴ Farmland Indus., Inc. v. Kansas Corp. Comm'n, 25 Kan.App.2d 849, 852 (1999).

competent evidence when the evidence shows "the [Commission's] determination is so wide of the mark as to be outside the realm of fair debate."65 Metz (CURB), Grady (Staff), and Ives and Humphrey (Evergy) filed testimony in support of the Solar Settlement. Here, the undisputed evidence is the Solar Settlement is supported by substantial and competent evidence.⁶⁶ Metz testifies the documentation and testimony submitted by the Parties demonstrates the Kansas Sky project satisfies the requirements of the predetermination statute and is a cost-effective resource addition for Evergy. 67 She cites her direct testimony, that acquiring Kansas Sky is consistent with Evergy's most recent IRP preferred plan and resource acquisition strategy, and with the updated modeling that Evergy completed for this Docket.⁶⁸ Ives testifies in addition to testimony from several Evergy witnesses that Kansas Sky is a reliable, efficient, and reasonable addition to its resource mix and is consistent with Evergy's most recent preferred plan and resource acquisition strategy, Staff and many intervenors support adding Kansas Sky.⁶⁹ Grady explains that before signing the Solar Settlement, Staff performed its own independent review of Evergy's predetermination Application. 70 Having reviewed the record as a whole, the Commission finds the Solar Settlement Agreement is supported by substantial competent evidence.

37. Every electric public utility in Kansas is required to provide reasonably efficient and sufficient service, and establish just and reasonable rates.⁷¹ Metz believes the Solar Settlement

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⁶⁵ *Id.* at 851.

⁶⁶ Testimony in Support of Natural Gas and Solar Settlement of Darrin Ives, Apr. 17, 2025 (Ives Settlement Testimony), pp. 27-28; Testimony in Support of Unanimous Partial Settlement on Solar Facility and Testimony in Opposition to Non-Unanimous Partial Settlement on Natural Gas Facilities of Lucy Metz (Metz Settlement Testimony, Apr. 17, 2025, p. 5; Redacted Testimony in Support of Natural Gas and Solar Settlement Agreements Prepared by Justin T. Grady (Grady Settlement Testimony), Apr. 17, 2025, p. 17.

⁶⁷ Metz Settlement Testimony, p. 5.

⁶⁸ *Id*.

⁶⁹ Ives Settlement Testimony, pp. 27-28.

⁷⁰ Grady Settlement Testimony, p. 18.

⁷¹ K.S.A. 66-101b.

will result in just and reasonable rates.⁷² Specifically, her direct testimony states that the cost of Kansas Sky compares favorably to the cost of other solar projects available to Evergy.⁷³ She notes the Solar Settlement includes additional provisions to revisit the project cost if the production tax credit is repealed.⁷⁴ Ives testifies Klote estimates adding Kansas Sky would result in an approximate all-in bill increase of 0.70% for EKC customers after the 2026 in-service date, and anticipated load growth would likely reduce the all-in bill impacts before 2026.⁷⁵ Staff has reviewed and verified Klote's estimates as reasonable and accurate.⁷⁶ Ives notes that all Parties are aware of the estimated rate impacts related to Kansas Sky, and no party has argued those estimated impacts would be unreasonable.⁷⁷ Thus, the Commission finds approval of the Solar Settlement Agreement will result in just and reasonable rates.

38. The Commission finds approval of the Settlement Agreement is in the public interest. Metz testifies that once constructed, Kansas Sky will provide Kansas ratepayers with low-cost energy that will not be subject to fuel price volatility and will be resilient to potential future environmental regulation, shielding ratepayers from future cost risks. We explains adding Kansas Sky will help ensure the public receives efficient and sufficient electric service at just and reasonable rates, which serves the public interest. He believes adding a new modern, utility-scale, efficient and low carbon generation asset to Evergy's generation fleet will allow Evergy to continue to modernize and diversify its generation assets and bolster reliable service to its customers. Similarly, Grady testifies adding Kansas Sky is in the public interest because it

⁷² Metz Settlement Testimony, p. 5.

⁷³ *Id*.

⁷⁴ Id

⁷⁵ Ives Settlement Testimony, p. 29.

⁷⁶ Grady Settlement Testimony, p. 20.

⁷⁷ Ives Settlement Testimony, p. 29.

⁷⁸ Metz Settlement Testimony, pp. 5-6.

⁷⁹ Ives Settlement Testimony, p. 29.

⁸⁰ *Id*.

will improve the diversification of Evergy's generation mix and provide a hedge against higher natural gas and wholesale market prices.⁸¹

39. After careful review and consideration of the evidence in the record, the Commission finds the attached Solar Settlement Agreement is supported by substantial, competent evidence in the record as a whole, will result in just and reasonable rates, and is in the public interest. In making this finding, the Commission found the arguments regarding resource diversification compelling. To date, very little solar generation has been successfully developed in Kansas, and the profile and attributes of solar energy, if developed, may be complimentary to existing generation in the region, including wind generation. The Commission approves the Solar Settlement Agreement in its entirety.

NON-UNANIMOUS CCGT SETTLEMENT

- 40. As discussed above, the law generally favors settlements entered into knowingly and in good faith. 82 When approving a settlement, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole, will establish just and reasonable rates, and is in the public interest. When a settlement is non-unanimous, the Commission applies a five-factor test to determine the reasonableness of proposed settlement agreement. These factors are:
 - a. Whether each party had an opportunity to be heard on reasons for opposing the settlement;
 - b. Whether the settlement is supported by substantial competent evidence in the record as a whole;
 - c. Whether the settlement conforms to applicable law;

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⁸¹ Grady Settlement Testimony, p. 28.

⁸² Krantz, 271 Kan. at 241-42.

- d. Whether the settlement will result in just and reasonable rates; and
- e. Whether the results of the settlement are in the public interest. 83

A. WHETHER EACH PARTY HAD AN OPPORTUNITY TO BE HEARD ON REASONS FOR OPPOSING THE SETTLEMENT

43. The CCGT Settlement is opposed by USD 259, the Wichita Chamber, CURB, KIC and its affiliates, CEP, and NEE. All of those parties had ample opportunity to be heard on their reasons for opposing the CCGT Settlement. On April 17, 2025, testimony in opposition to the CCGT Settlement was filed by Nick Jones on behalf of NEE, Lucy Metz on behalf of CURB, and Dorothy Barnett on behalf of CEP. USD 259, the Wichita Chamber, CURB, KIC and its affiliates, CEP, and NEE all appeared by counsel at the Evidentiary Hearing, where they were able to present witnesses and cross-examine signatories to the CCGT Settlement. Following the Evidentiary Hearing, on May 28, 2025, USD 259, the Wichita Chamber, CURB, KIC and its affiliates, CEP, and NEE filed post-hearing briefs, reiterating their reasons for opposing the CCGT Settlement. Accordingly, the Commission finds the parties opposing the CCGT Settlement had sufficient opportunity to have their reasons for opposing the Settlement to be heard by the Commission. Thus, the first factor is satisfied.

B. WHETHER THE SETTLEMENT IS SUPPORTED BY SUBSTANTIAL COMPETENT EVIDENCE IN THE RECORD AS A WHOLE

C. WHETHER THE SETTLEMENT CONFORMS TO APPLICABLE LAW;

44. Due to substantial overlap of the facts and analysis to evaluate whether the settlement is supported by substantial competent evidence and whether it conforms to applicable law, the Commission will address these factors together.

⁸³ See Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, № 9-10.

- 45. The Commission addressed the legal standards for determining whether there is substantial competent evidence to support a settlement in its evaluation of the unanimous solar settlement, therefore, there is no need to repeat those legal standards here.
- 46. K.S.A. 66-1239 outlines the legal standards for granting predetermination. Pursuant to K.S.A. 66-1239(c)(1), before acquiring a stake in a generating facility, a public utility may file an application for a determination of the rate-making principles and treatment, as proposed by the public utility. K.S.A. 66-1239(c)(2) requires any utility seeking a determination of rate-making principles and treatment under subsection (c)(1) to describe how its stake in the generating facility is consistent with its most recent preferred plan and resource acquisition strategy submitted to the Commission. K.S.A. 66-1239(c)(3) provides that when considering the public 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 preferred plan, and if the plan selected by the public utility is reasonable, reliable and efficient.
- 47. The first step in applying K.S.A. 66-1239(c)(2) is to identify Evergy's most recent preferred plan and resource acquisition strategy. On May 15, 2025, the Commission determined that Evergy's 2024 IRP is the most recent preferred plan as defined by K.S.A. 66-1239(c)(2), explaining it would be impossible to conduct a predetermination proceeding if the utility was required to continually update its Application with subsequent annual IRP filings.⁸⁴
- 48. On May 17, 2024, Evergy filed its 2024 IRP in Docket 24-EKCE-387-CPL. Integrated resource planning is designed to ensure there are sufficient resources available to meet forecasted customer needs in a cost-effective manner.⁸⁵ The IRP process relies on models that

⁸⁴ Order Granting KIC's Motion to File the 2025 Annual Update Integrated Resource Plan as an Exhibit, P 6.

⁸⁵ Direct Testimony of Cody VandeVelde (VandeVelde Direct), Nov. 6, 2024, p. 3.

incorporate forecasts of future electricity demand, new generating capacity, fuel prices, transmission improvements, renewable energy resource integration, among other factors. ⁸⁶ The IRP identifies the resource portfolio projected to meet customer needs at the lowest reasonable cost. ⁸⁷ Thirteen Alternative Resource Plans (ARPs) were developed in the EKC 2024 IRP. ⁸⁸ Evergy's preferred portfolio, which is part of its IRP, calls for adding 150 MW and 300 MW of solar generation in 2027 and 2028, respectively, 150 MW of solar generation in 2029 and 2030, and 325 MW of combined cycle natural gas resources in 2029 and 2030. ⁸⁹

49. The Commission finds the CCGT Settlement is consistent with Evergy's most recent preferred plan and resource acquisition strategy. The opponents of the CCGT Settlement raise concerns with the 2024 IRP, but most stop short of arguing the CCGT Settlement is inconsistent with the 2024 IRP. For example, CURB argues the 2024 IRP is biased towards natural gas resources, and thus fails to provide an objective and holistic look at available resource options. Similarly, NEE contends Evergy's IRP and its Application underestimate the cost of natural gas, resulting in a bias towards natural gas. Although NEE notes Evergy requests approval of 710 MW, and its 2024 IRP only calls for 650 additional MW, EE does not seem to argue this a significant departure from the 2024 IRP. While CEP believes Evergy can accommodate the gas needs identified by the preferred 2024 IRP by building just one CCGT, does not argue that the CCGT Settlement is inconsistent with the 2024 IRP, only that the CCGT is not the best option. Only KIC and its affiliates claim Evergy's proposed stake in Viola and

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⁸⁶ *Id*.

⁸⁷ *Id.*, p. 5.

⁸⁸ *Id.*, p. 8.

⁸⁹ *Id.*, pp. 11-12.

⁹⁰ Post-Hearing Brief of the Citizens' Utility Ratepayer Board (CURB Post-Hearing Brief), May 28, 2025, № 21.

⁹¹ Post-Hearing Brief of the Council for the New Energy Economics (NEE Post-Hearing Brief), May 28, 2025, p. 6.

 ⁹² *Id.*, p. 4.
 93 Post-Hearing Brief of Climate + Energy Project, May 28, 2025, ₱ 1.

McNew are not consistent with its 2024 IRP Update. Specifically, KIC explains the 2024 IRP Update provided for 325 MW of natural gas generation in 2029 and 2030 compared to the 355 MW each CCGT will add to Evergy's resource portfolio.⁹⁴

50. Evergy counters KIC by explaining the 2024 IRP called for the addition of 325 MW of thermal generation in both 2029 and 2030, which corresponds to its acquiring a 50% stake (355 MW) in Viola and McNew.⁹⁵ Staff believes Evergy's proposal to acquire a 50% share (355MW) of Viola corresponds to the 325 MW of need for thermal generation shown in Evergy's 2024 IRP for 2029; and, the proposal to acquire a 50% share (355 MW) of McNew corresponds to the need shown in Evergy's 2024 IRP for 325 MW of thermal generation in 2030.⁹⁶

51. Staff explains that inflation and increased demand for natural gas generation has significantly increased cost since Evergy filed its 2024 IRP.⁹⁷ As a result, Evergy performed the Capacity Expansion Model using the same inputs that were used in the 2024 IRP filing, but updated some of the factors related to the natural gas plants, including installed unit size and updated cost projections.⁹⁸ The updated modeling still selected the same resources through 2030, including 710 MW from CCGTs.⁹⁹ Accordingly, Staff believes the updated modeling demonstrates that Evergy's plan to acquire a 50% share of each of Viola and McNew by 2030 remains consistent with Evergy's 2024 IRP and conforms to K.S.A. 66-1239.¹⁰⁰

⁹⁴ Post Hearing Brief of the Kansas Industrial Consumers Group, Inc. and the Kansas Agriculture Associations (KIC Post Hearing Brief), May 28, 2025, p. 34.

⁹⁵ Post-Hearing Reply Brief of Evergy Kansas Central, Inc., and Evergy Kansas South, Inc., in Support of Joint Motion for Approval of Nonunanimous Partial Settlement Agreement Regarding Natural Gas Facilities and Joint Motion for Approval of Unanimous Partial Settlement Agreement Regarding Solar Facility (Evergy Post-Hearing Brief), June 6, 2025, p. 8.

⁹⁶ Staff's Post-Hearing Brief, May 28, 2025, p. 15.

⁹⁷ *Id*.

⁹⁸ *Id*.

⁹⁹ Id.

 $^{^{100}}$ *Id*.

- 52. KIC identifies a difference of 60 MW between what the 2024 IRP recommends and the amount of generation in the CCGT Settlement. Similarly, NEE argues the Commission could authorize the full 50% stake in Viola, but only a 41.5% stake in McNew, to reflect the precise 650 MW CCGT need identified in the 2024 IRP. ¹⁰¹ The Commission recognizes the capacity Evergy proposes to construct is higher than the CCGT need identified in the IRP. The Commission considered limiting predetermination to 650 MW, given the extraordinary nature of a predetermination finding. However, it would be impractical and imprudent to require Evergy to construct CCGTs with MW output identical to the IRP, as CCGT size is limited by the turbine manufacturer's suite of options. Turbines cannot be customized up and down by a few MWs. Evergy witness Jason Humphrey describes how the 2024 IRP evaluated a *generic* 650 MW CCGT generation unit (1/2 of a unit is 325 MW), while the updated IRP modeling evaluated in this proceeding considered the specific unit characteristics of the specific CCGT units that Evergy is requesting predetermination of -- a 710 MW CCGT (1/2 of a unit is 355MW). ¹⁰² Thus, Evergy accounts for a reasonable range of MW output.
- 53. More importantly, as J. Kyle Carlson, Evergy's Director of Conventional Generation Development and Construction, testified, Evergy solicited bids for the Power Island Equipment (PIE)¹⁰³ from General Electric Vernova (GE), Siemens Energy, and Mitsubishi Power Americas (MPA).¹⁰⁴ Only GE and MPA provided firm pricing as requested.¹⁰⁵ Evergy selected Mitsubishi's bid.¹⁰⁶ Both Mitsubishi CCGTs projects are designed with a nominal output of 710 MW each, but the actual maximum output of the unit will depend on ambient temperature, relative

¹⁰¹ NEE Post-Hearing Brief, p. 21.

¹⁰² Direct Testimont of Jason Humphrey (Humphrey Direct), Nov. 6, 2024, p. 16.

¹⁰³ The PIE includes the major plant components -i.e., the combustion turbines, generators, heat recovery steam generator, and steam turbines. Direct Testimony of J Kyle Olson (Olson Direct), Nov. 6, 2024, p. 15. ¹⁰⁴ *Id.*

¹⁰⁵ *Id.*, p. 17.

¹⁰⁶ *Id.*, p. 19.

humidity, Btu content of fuel delivered at the unit, and number of operating hours since the last maintenance interval. ¹⁰⁷ Carlson explained that in a new and clean condition, the CCGTs would each be expected to generate approximately 710 MW under ambient conditions of 58.3 degrees Fahrenheit and 63.4% relative humidity. ¹⁰⁸ But under summer conditions of 81.2 degrees Fahrenheit and 58.7% relative humidity, each CCGT's output would be expected to drop slightly and generate approximately 705 MW each. ¹⁰⁹

- 54. There is nothing in the evidentiary record to suggest the 60 MW difference is unreasonable or significant enough to be considered "inconsistent" under K.S.A. 66-1239(c)(2). Further, requiring exact matching of capacity to needs identified in the IRP eliminates the ability for Evergy to flexibly solicit a range of bids from competing manufacturers, offering slightly different equipment. Such a result would not result in prudent acquisition practices and would not be in customers' interests. Thus, the Commission finds Evergy described how its stake in the generating facility is consistent with the 2024 IRP.
- 55. The next factor for the Commission to consider is whether Evergy issued a request for proposal from a wide audience of participants willing and able to meet the needs identified under the preferred plan. K.S.A. 66-1239(c)(3) expressly allows the Commission to consider whether Evergy issued a request for proposal, but the statute does not mandate a finding that Evergy issued requests for proposals as a condition of granting predetermination.
- 56. Staff notes that Evergy issued multiple competitive bidding requests from a wide audience to meet the projected needs identified under the 2024 IRP at every stage of

¹⁰⁷ *Id.*, p. 20.

¹⁰⁸ Id

¹⁰⁹ *Id*.

development. Staff contends Evergy has demonstrated that it conducted a competitive process, soliciting a wide audience of participants to meet the needs identified under the 2024 IRP.

- 57. Evergy cites to testimony from its witnesses J. Kyle Olson, Darrin Ives, and Jason Humphrey discussing the competitive procurement process for materials, equipment and services utilized for the development of the CCGTs identified in the CCGT Settlement. Evergy claims there is no credible evidence in record to the contrary. The Commission agrees.
- 58. While K.S.A. 66-1239(c)(3) does not mandate a finding that Evergy issued requests for proposals as a condition of granting predetermination, nevertheless, the Commission finds the evidence demonstrates that Evergy submitted requests for proposals from a wide audience of participants willing and able to meet the needs identified under its 2024 IRP.
- 59. More importantly, K.S.A. 66-1239(c)(3) authorizes the Commission to consider whether the plan selected by the public utility is reasonable, reliable, and efficient. While the Legislature does not require the Commission to make any specific findings on these issues, the Commission believes it is of utmost importance for it to consider whether the plan selected by the public utility is reasonable, reliable, and efficient.
- 60. The concepts of reasonableness and efficiency overlap, so the Commission addresses them in tandem. The proponents of the CCGT Settlement believe it is reasonable because: (1) it is consistent with Evergy's 2024 IRP and the Capacity Expansion Model; (2) is necessary to serve a significantly increasing load profile; (3) EKC's coal units are aging; (4) it complements renewable resources; and (5) is responsive to SPP's resource adequacy initiatives.¹¹⁴

¹¹⁰ Staff's Post-Hearing Brief, p. 16.

¹¹¹ *Id*.

¹¹² Evergy Post-Hearing Brief, p. 24, *citing* Olson Direct, pp. 5-7, 9-11, 15-24; Direct Testimony of Darrin R. Ives, Nov. 6, 2024, pp. 11-16; Humphrey Direct, pp. 12-17.

¹¹³ Evergy Post-Hearing Brief, p. 24.

¹¹⁴ Staff's Post-Hearing Brief, pp. 16-18; Evergy Post-Hearing Reply Brief, p. 12.

The opponents of the CCGT Settlement, led by KIC, USD 259, and CURB contend it is not reasonable because the forecasted increased demand is speculative. NEE criticizes Evergy for not selecting alternative plans that it believes would be more reasonable and more efficient, such as relying more on battery storage. 116

demand, including Panasonic, which has already agreed to receive service from Evergy. 117 But VandeVelde explains the new generation resources are not intended to serve any specific additional large-load customers, but instead are driven by reliability concerns, confirmed projections of load growth, and additional resource adequacy initiatives required by SPP. 118 Thus, Evergy's 2024 IRP only includes an additional 150 MW cushion to handle additional new load from economic development. 119 VandeVelde adds the IRP model selected the CCGT assets even without introduction of the substantial forecasted new large load additions and continues to select these assets when additional large load additions are included in the model. 120 Therefore, even if the forecasted new load does not develop, the 2024 IRP still supports the need for the proposed CCGTs. KIC does not effectively rebut this point. The Commission finds VandeVelde's testimony on the IRP modeling to be credible and compelling. Accordingly, the Commission believes the forecasted increased demand is well supported, rather than speculative.

62. NEE advocates for battery storage as a clear alternative to natural gas that would help meet capacity needs. 121 NEE criticizes Evergy for only modeling 50% or 100% ownership

¹¹⁵ CURB Post-Hearing Brief, ₱ 24; USD 259 Post-Hearing Brief, p. 5.

¹¹⁶ NEE Post-Hearing Brief, p. 17.

¹¹⁷ Rebuttal Testimony of Cody VandeVelde (VandeVelde Rebuttal), Apr. 4, 2025, p. 2.

¹¹⁸ *Id.*, p. 3.

¹¹⁹ *Id.*, p. 2.

¹²⁰ Id.

¹²¹ NEE Post-Hearing Brief, pp. 17-18.

blocks in CCGTs, rather than smaller shares. ¹²² By failing to model storage in combination with siting storage at sites with existing interconnection rights, NEE believes Evergy did not fully account for efficiencies associated with battery storage. ¹²³ Evergy counters by arguing NEE's proposals are not consistent with EKC's most recent IRP and are not based on a fully integrated and comprehensive study like the IRP process. ¹²⁴ Likewise, Evergy contends that since battery storage is not a firm dispatchable resource, it cannot provide the same dispatchable energy to the system as CCGTs provide. ¹²⁵ VandeVelde discusses the limitations of battery storage, noting that in the IRP process, Evergy rejected a plan that relied only on renewables and storage to meet its incremental capacity and energy needs because the plan performed considerably worse from a reliability perspective and exceeded the cost estimates in EKC's preferred portfolio by over \$5 billion dollars. ¹²⁶

63. The Commission shares VandeVelde's concerns that battery storage is not a one-to-one replacement for the proposed CCGTs and does not possess the same reliability attributes. Staff explains that CCGTs are capable of starting up quickly and ramping up and down as intermittent and weather dependent resources ebb and flow with weather patterns. Battery storage may possess many desirable attributes to support reliability, but there is no evidence in the record that battery storage is dispatchable for more than a few hours at a time. The Commission agrees with Staff that natural gas can serve as a back-up to renewable resources, and bolster reliability even as renewables may gain a greater share of the generation mix. The Commission realizes that battery storage may become an important part of the resource mix. However, based

¹²² *Id.*, p. 18.

¹²³ *Id*.

¹²⁴ Evergy Post-Hearing Brief, p. 25.

¹²⁵ Id

¹²⁶ VandeVelde Rebuttal, p. 15.

¹²⁷ Staff's Post-Hearing Brief, p. 17.

¹²⁸ See id.

on current technology, battery storage cannot offer the long-duration reliability attributes that CCGTs offer. Further, while the Commission finds some merit in NEE's suggestions surrounding battery additions, such a plan is not consistent with a rigorous IRP analysis, as is the case with the CCGT additions. While the Commission agrees that battery storage may be considered as a part of the overall generation strategy, such additions need to be considered through a comprehensive IRP process. The Commission anticipates future Evergy IRPs, as proposed in the CCGT Settlement, will consider the ramifications of storage additions.

64. Staff believes the CCGTs are efficient resource additions from both an emissions and fuel cost perspective. Specifically, Staff explains the CCGTs will emit 61% less CO2 than the average coal unit in Evergy's fleet and 53% less CO2 than the average gas unit, and due to their projected low heat rate should be able to need only 40% of the amount of fuel needed to generate the same amount of electricity as the average natural gas plant currently in EKC's fleet. Since the new CCGTs use less fuel overall, Staff believes they should better insulate customers from fuel price spikes. The opponents of the CCGT Settlement, specifically CURB, KIC, and NEE allege the CCGTs are inefficient because Evergy's preferred plan: (1) was not the lowest cost plan it considered; and (2) underestimates the probable future cost of natural gas, which will subject ratepayers to price volatility.

65. Evergy acknowledges its preferred plan was not the lowest cost plan it considered. As VandeVelde testified, Evergy selected the third lowest cost plan. One of the

¹²⁹ Staff Post-Hearing Brief, p. 23.

¹³⁰ *Id.*, p.

¹³¹ See Direct Testimony of Michael P. Gorman, Mar. 14, 2025, pp. 11, 15; Metz Settlement Testimony, p. 9.

¹³² See Direct Testimony of William "Nick" Jones (Jones Direct), Mar. 14, 2025, pp. 2, 4-10; Direct Testimony of Lucy Metz (Metz Direct), Mar. 14, 2025, p. 30.

¹³³ VandeVelde Direct, p. 14.

 $^{^{134}}$ *Id*.

lower cost plans would delay retirement of Jeffrey 2 from 2032 to 2039. 135 It is worth noting the predetermination statute does not require Evergy to select the lowest cost plan; however, the Commission believes Evergy should justify its decision, and explain why its preferred plan is reasonable, reliable, and efficient.. VandeVelde explained cost is one of the factors Evergy considered in selecting its preferred plan, and the preferred plan Evergy selected is consistent with its long-term strategy of transitioning away from aging coal units and maintaining a diverse asset mix. 136 In the selection process, Evergy performed a risk analysis that analyzed factors, including natural gas prices, CO2 restrictions, construction costs, and load growth. ¹³⁷ VandeVelde explained that although the IRP process did not select the absolute lowest cost portfolio, it selected the portfolio that performed best under all the risk factors. 138 Similarly, Justin Grady, Director of the Utilities Division of the Commission, testified, "Staff considers it reasonable and prudent to plan for the eventual retirement of Evergy's coal fleet because the future of these units is highly uncertain." ¹³⁹ The oldest of the Jeffrey units was commissioned in 1978, and will be over 50 years old when Viola comes online. 140 Grady explains it is impossible to know the exact age the coal units will retire. 141 Load growth may require their lifespan to be extended or environmental policy changes or technology advances may shorten their lives. 142 Staff supported Evergy planning ahead to avoid being forced to respond to a sudden, unplanned coal retirement. 143 Staff notes that in October 2022, a fire at Jeffrey's Unit 3 caused the Unit to be out of service for over a year. 144 As

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¹³⁵ Id.

¹³⁶ VandeVelde Rebuttal Testimony, p. 5.

 $^{^{137}}$ *Id*.

¹³⁸ *Id*

¹³⁹ Direct Testimony of Justin T. Grady (Grady Direct), Mar. 14, 2025, p. 28.

¹⁴⁰ Id.

¹⁴¹ *Id.*, p. 29.

 $^{^{142}}$ *Id*.

¹⁴³ *Id*.

¹⁴⁴ *Id.*, p. 32.

a result, Jeffrey 3 was unavailable to meet winter peak requirements for two years, and summer peak requirements for one year, forcing Evergy to buy paper capacity to meet its summer capacity reserve requirements for 2023. 145 The loss of Jeffrey 3 serves as a reminder that aging plants sometimes experience unanticipated mechanical failures. 146 Staff cites the Jeffrey 3 outage as a prime example of why a diversified generation mix is reasonable and prudent and why Evergy is wise to modernize its dispatchable generation fleet.¹⁴⁷ The Commission understands KIC's frustration with flexible and indefinite coal retirement dates, and agrees early retirement may not be in customers' best interests. In fact, this appears to be supported by Evergy's 2025 IRP. However, the Commission ultimately agrees it is prudent to commence planning for the modernization and diversification of the thermal fleet. As noted by Grady, regional resource adequacy requirements are now placing a premium on actual unit performance and availability. 148 A large portfolio of aging resources potentially exposes customers to costly penalties or expensive, short-term capacity purchases. Furthermore, the Commission notes that Evergy's 2025 IRP calls for EKC to add the Viola and McNew CCGT units to its generation portfolio, despite a further delay in the planned retirement dates of many of Evergy's coal units, thus highlighting the multifaceted support for the decision to build the CCGTs.

66. Staff explains that the lowest-cost plan, which would double near term solar additions (1500 MW through 2032), delay the retirement of Jeffrey 3 to 2039, and delay the construction of any new thermal generation until 2032, is inefficient. Specifically, solar investments are projected to receive a capacity credit as high as 70% in the summer, and 20% in

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¹⁴⁵ *Id*.

¹⁴⁶ *Id.*, p. 33.

¹⁴⁷ Id.

¹⁴⁸ *Id.*, p. 42.

¹⁴⁹ Staff Post-Hearing Brief, p. 24.

the winter; but drop to 17% in the summer and just 5% in the winter by 2042. ¹⁵⁰ Therefore, Evergy would need six times as much solar at nameplate capacity to replace the capacity of a thermal generation unit in the summer, and twenty times as much solar to replace the capacity of a thermal generation unit in the winter. ¹⁵¹ Staff's testimony is uncontroverted. The evidence suggests CCGTs are far more efficient than the lowest-cost plan to meet capacity requirements. The Commission emphasizes that it believes renewables will continue to play an essential role as energy resources in the future. Furthermore, storage may assist wind and solar resources in playing a larger part in meeting capacity needs. However, the evidence is abundantly clear these resources alone will not allow Evergy to efficiently meet its capacity requirements.

67. Several of the opponents of the CCGT Settlement fault Evergy for underestimating the probable future cost of natural gas. For example, NEE argues Evergy has not adequately represented the probable cost of natural gas, thereby calling into question the plants' cost efficiency. NEE criticizes Evergy's use of: (1) the Henry Hub national price benchmark, which it alleges discounts the regional market dynamics and often inflates the price of delivered fuel; and (2) monthly price forecasts, which ignores short-term fluctuations during periods of peak demand. Staff disputes both of these criticisms. First, Staff explains Evergy adjusted the Henry Hub benchmark price by the Panhandle Eastern basis differential in both its natural gas forecasts in its 2024 IRP and the capacity expansion modeling performed in this Docket. Thus, regional market dynamics were factored into both the IRP and the capacity expansion modeling. Second, Staff points to Evergy's historical realized gas purchases to demonstrate the reasonableness of

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¹⁵⁰ *Id.*, p. 25.

¹⁵¹ Id

¹⁵² Jones Direct, p. 2.

¹⁵³ *Id.*, p. 6

¹⁵⁴ Cross-Answering Testimony of Justin T. Grady, Mar. 21, 2025, p. 4.

Evergy's mid-case natural gas forecast. Staff does not believe that Evergy's monthly forecast discounts the potential for short-term fluctuations, nor that Evergy's monthly forecast understated the historical realized cost of natural gas at Evergy facilities. ¹⁵⁵

68. At the hearing, the Commission focused several questions on the issue of future natural gas pricing. As noted in NEE's testimony, natural gas demand is expected to increase substantially in the coming years as many electric utilities try to supply skyrocketing demand and also compete with the fast-growing liquefied natural gas (LNG) export industry. These factors raise concern about the stability and affordability of natural gas costs in the coming decades. The CCGT Settlement contains provisions regarding the development of future fuel supply and hedging plans; however, those actual plans are undeveloped and unknown. The record evidence only consists of forecasted prices in Evergy's IRP and two supplemental exhibits: A Federal Reserve Bank of Kansas City survey and the Energy Information Administration's Annual Energy Outlook for 2025 (2025 AEO). NEE submitted the survey to indicate that in five years, natural gas prices could range from \$5 (per MMBtu) to \$8, deviating strongly upward from the extended low market prices of recent years 156 However, Staff advises that the survey focuses on what natural gas prices needed to be to entice more drilling, rather than opining on expectations for actual market prices. 157 The parties have varying interpretations of the 2025 AEO; however, its natural gas price forecasts are not dramatically different from those used in Evergy's IRP, which obviously supported the economics of the two CCGTs. After careful consideration of the evidence, the Commission does not believe acquiring stakes in the Viola and McNew Plants will place customers at undue risk in the future. The best available evidence indicates natural gas will

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¹⁵⁵ *Id.*, p. 5

¹⁵⁶ See Evidentiary Hearing Transcript, Apr. 23, 2025, Vol. III, pp. 645-646.

¹⁵⁷ Staff's Post-Hearing Brief, pp. 26-27.

remain an affordable fuel source in the coming years. However, given the uncertainty surrounding future natural gas prices and recent volatility in the natural gas markets, the Commission believes new, robust purchasing and hedging practices are needed to ensure customers the prudence of CCGT investments. The Commission directs that it be updated as these practices are developed.

69. The final factor listed in K.S.A. 66-1239(c)(3) is reliability. KIC is the only party that questions the reliability of the proposed CCGTs. KIC witness, Colin Fitzhenry, claims CCGTs could potentially lead to reliability issues during peak demand periods particularly during extreme winter storms, citing the need for a firm fuel supply to operate. ¹⁵⁸

70. Staff believes the natural gas plants will be highly reliable additions to Evergy's generation fleet. Sequence of Grady testified that the CCGTs are expected to have low forced outage rates compared to other generation types, except for nuclear and hydroelectric. Specifically, the CCGTs offer reliability benefits, including as a quick start-up time, a low minimum run rate, and the ability to ramp up quickly. Staff notes Evergy's IRP modeling determined its preferred plan would allow Evergy to exceed the industry reliability standard of a loss of load expectation of one day in ten years, unlike a renewable heavy portfolio, which produced a loss of load expectation estimation was three times higher than the industry standard. Fitzhenry expressed concerns with the reliability of CCGTs during extreme winter weather. However, during Winter Storm Uri, all forms of generation, including coal-fired generating units struggled to maintain reliability. For instance, many coal piles on site at coal generating plants froze, rendering it unusable. The CCGTs are being built to withstand winter temperatures as low as -15° Fahrenheit, demonstrating their

¹⁵⁸ Direct Testimony of Colin T. Fitzhenry, Mar. 14, 2025, p. 9.

¹⁵⁹ Staff's Post-Hearing Brief, p. 20.

¹⁶⁰ *Id.*, Grady Direct, pp. 61-62.

¹⁶¹ Staff's Post-Hearing Brief, p. 21, Grady Direct, p. 47.

¹⁶² Staff's Post-Hearing Brief, p. 21.

reliability value during winter weather events. ¹⁶³ Further, the evidence indicates Evergy is working with pipeline companies to secure firm gas supplies for the Viola and McNew Plants. ¹⁶⁴

71. The overwhelming weight of the evidence suggests the CCGTs will be extremely reliable, compared to other generation resource options. While the Commission understands and shares concerns about the capital costs of new CCGTs, they will undoubtably improve the reliability of Evergy's generation fleet.

72. The Commission finds that the CCGT Settlement is reasonable, efficient, and reliable. Accordingly, the Commission finds the CCGT Settlement satisfies K.S.A. 66-1239.

73. Under the unanimous Solar Settlement, the Parties ask the Commission to find the DCE for the Kansas Sky Solar facility of \$228.1 million (excluding AFUDC) is prudent. The signatories of the non-unanimous CCGT Settlement ask the Commission to find the DCE for 50% of Viola of \$788.75 million (excluding AFUDC), and the DCE for 50% of McNew of \$800.519 million (excluding AFUDC) are prudent.

74. After reviewing the evidence, Commission finds Evergy's decision to add Kansas Sky, Viola, and McNew, up to the amount of the defined DCEs, is prudent. The Commission will review the costs incurred to construct or acquire these plants once Evergy seeks to add them into rates. In the 11-581 Docket, the Commission rejected KCP&L's argument that in the subsequent rate case, completed project costs will be presumed prudent under K.S.A. 66-128g unless they exceed 200% of the DCE. The Commission found while costs exceeding a DCE by 200% or more are deemed imprudent, cost within 200% of the DCE are not presumed prudent. The Interview of the DCE are not presumed prudent.

¹⁶³ *Id.*, Grady Direct, p. 102.

¹⁶⁴ Olson Direct, pp. 30-31; Grady Direct, p. 58.

¹⁶⁵ See id., ₱ 66.

¹⁶⁶ *Id.*, ₽ 72.

¹⁶⁷ *Id*.

This Commission affirms the 11-581 Docket's understanding of K.S.A. 66-128g. Thus, if project costs exceed the DCEs, there will be a full prudence review for any amounts incurred above the DCEs, with Evergy bearing the burden to demonstrate those costs are appropriate to recover from ratepayers. Further, even if project costs come in under the DCEs, Commission Staff will still audit all project construction costs for accuracy, necessity, and adherence to the contract terms, which may result in disallowances of cost recovery.

D. WHETHER THE SETTLEMENT WILL RESULT IN JUST AND REASONABLE RATES

75. The CCGT Settlement will not immediately impact rates. Other than the CWIP Rider, authorized by K.S.A. 66-1239(c)(6)(A), which Evergy can begin utilizing no earlier than 365 days after construction begins on each plant, no other costs will be added to rates until Evergy files a subsequent rate case. Evergy estimates that the rate impact of CWIP surcharge will range from approximately 0.58% to approximately 3.82%. Staff believes this estimate is reasonable and accurate. The CWIP surcharge should reduce the overall project costs charged to customers by minimizing the amount of allowance for funds used during construction (AFUDC) included in rates. Reducing AFUDC will reduce the overall revenue requirements (return on the investment and recovery of depreciation) customers pay over the life of the CCGTs. 171

76. Evergy estimates each CCGT will ultimately result in an approximate all-in bill impact of 4.3% for Evergy Kansas Central customers. Together the CWIP Rider and CCGT

¹⁶⁸ Direct Testimony of Ronald A. Klote (Klote Direct), Nov. 6, 2025, p. 6.

¹⁶⁹ Grady Direct, p. 19.

¹⁷⁰ Klote Direct, p. 6.

¹⁷¹ *Id.*, Direct Testimony of John M. Grace, Nov. 6, 2024, p. 8.

¹⁷² Klote Direct, p. 8.

additions are expected to result in an 8.6% increase in rates.¹⁷³ Staff believes this estimate is reasonable and accurate.¹⁷⁴

CURB believes the CCGT will not result in just and reasonable rates because it will create increasing reliance on natural gas. Additionally, CURB faults the predetermination process for locking in ratemaking treatment for the expected useful life of the CCGTs, and effectively preventing parties from reviewing the costs associated with the resources due to changed circumstances, such as extreme price volatility, lack of significant load growth, and environmental restrictions. To the extent that CURB is questioning the predetermination process itself, predetermination is governed by K.S.A. 66-1239. If CURB wishes to change the predetermination process, the Legislature, rather than this Docket, is the proper forum. The Commission has already addressed CURB's concerns about reliance on natural gas, however, the Commission does not believe the risks are unreasonable. In short, the CCGTs are needed from a reliability perspective and offer the best combination of flexibility, affordability, and efficiency as Evergy continues its anticipated transition to newer and cleaner technologies.

78. The Wichita Chamber argues the Kansas City Metropolitan area is the beneficiary of large customers, like Panasonic or data centers, but the Wichita area will bear all of the costs to serve those new large customers. This argument is incorrect. Evergy Kansas Central (formerly Westar) and Evergy Kansas Metro (formerly KCP&L) have two separate systems and two separate rate bases. The portion of the CCGTs owned by Evergy Kansas Central will be dedicated to serve

¹⁷³ Grady Settlement Testimony, p. 19.

¹⁷⁴ Grady Direct, p. 19.

¹⁷⁵ CURB Post-Hearing Brief, ₱ 30.

¹⁷⁶ *Id*.. ℙ 32.

Post Hearing Brief of Wichita Regional Chamber in Opposition to the Non-Unanimous Partial Settlement Agreement Regarding the Construction of Natural Gas Generation Facilities, May 28, 2025, p. 16.

Evergy Kansas Central customers. Under well-established cost causation principles, those costs must be borne by Evergy Kansas Central customers.

- 79. Several parties, including CURB, the Wichita Chamber and KIC urge the Commission to consider the rate impact of recent Evergy rate increases and pending Evergy rate cases in its evaluation of whether the CCGT Settlement will result in just and reasonable rates. But that is not the legal standard. Each Docket must be judged on its own merits. CURB, the Wichita Chamber, and KIC do not offer any legal authority to the contrary. When Evergy ultimately files a rate case to recover its costs of the CCGTs, it will bear the burden of showing the resulting rates are just and reasonable. CURB, the Wichita Chamber, and KIC will have the opportunity to participate in that rate case.
- 80. While the Commission is tasked with deciding whether the CCGT Settlement will result in just and reasonable rates independent of other recent, pending, or anticipated future rate cases, the Commission is keenly aware of the impact rate increases have on customers. As Staff notes, reliability comes with higher costs, and the new CCGTs will produce rate increases that will be unwelcome by many customers. Despite the higher costs that accompany reliability, the CCGTs are in the interest of current and future ratepayers. 179
- 81. While the Commission finds the CCGT Settlement is reasonable, reliable, and efficient as required by K.S.A. 66-1239, it still has concerns over the costs and rate impacts. The Commission acknowledges EKC has improved its regional rate competitiveness, but much of that progress is attributable to the 5-year rate moratorium following the merger of KCP&L and Westar, and the cost savings attributable to that merger. Since the rate moratorium ended, Evergy, specifically EKC, has filed rate cases on average every other year. The Commission is troubled

¹⁷⁸ Staff's Post-Hearing Brief, p. 34.

¹⁷⁹ *Id.*, p. 32.

by the frequency and magnitude of rate cases and strongly encourages Evergy to focus on pacing investment to better align with load growth and mitigate large rate increases. The Commission understands new investment is needed to support reliability and economic development in Kansas. However, affordability must be a major priority and proactively pursued as Evergy addresses a seemingly endless list of "justifiable" projects and initiatives. To meet future capacity needs, for example, the Commission will expect Evergy to demonstrate its serious consideration of less capital intensive options like demand response, utilization of surplus interconnection sites, and grid-enhancing technologies.

82. The Commission gave great weight to reliability in evaluating the CCGT Settlement. Evergy's 2024 IRP indicates Evergy plans to build even more generation in the next two decades. Specifically, the 2024 IRP identifies 300 MW of solar in 2032, 2033, 2035 and 2042, and 150 MW of wind in 2034, 2041, and 2043; and natural gas generation additions including 650 MW combined cycle in 2031, 2039, and 2040, and 415 MW of combustion turbine in 2036 and 2038. The Commission's finding that the Viola and McNew Plants are reasonable, efficient, and reliable should not be construed to assume the Commission will automatically find the additional planned generation, including any other natural gas generation identified in the 2024 or 2025 IRP to be reasonable, efficient, and reliable. As noted above, the Commission values diversification. The Commission is concerned about the uncertainty and potential volatility of natural gas prices as determined by market forces in the commodities and futures markets. Natural gas generation offers immense value, as evidenced by the Commission's approval of the CCGT Settlement. But it does not come without tradeoffs and should not be considered the default option

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¹⁸⁰ Evergy Kansas Central and Evergy Metro 2024 Integrated Resource Plan, Docket No. 24-EKCE-387-CPL, Vol. 1, Executive Summary, May 17, 2024, p. 9.

to meet future capacity expansion needs. The Commission will evaluate future predetermination filings to ensure all viable supply-side and demand-side alternatives are thoroughly considered.

83. The Commission finds the CCGT Settlement will result in just and reasonable rates based on estimates that the combined CWIP Rider and CCGT additions will lead to an 8.6% increase in rates. However, as discussed above, the Commission will review the prudency of the costs of the CCGTs once Evergy seeks to add them into rates, as well as whether the resulting proposed rates are just and reasonable.

E. WHETHER THE SETTLEMENT IS IN PUBLIC INTEREST

84. It is in the public interest for Kansans to be served by a reliable and affordable electric grid. A reliable grid includes a diverse portfolio of generation with certain attributes, including flexibility, availability, and dispatchability. Even the opponents of the CCGT Settlement agree that more generation capacity is needed in coming years. Without more generation, Evergy customers face reliability concerns resulting from an aging generation fleet, increasing load, and potentially more extreme weather.

85. During Winter Strom Uri, electric utilities throughout the SPP region, utilities were required to shed load to maintain the integrity of the grid. ¹⁸¹ In just a 12-day span, EKC incurred \$33.7 million in fuel costs and \$113.1 million of purchased power costs in excess of its three-year average, and Kansas utilities incurred over \$700 million in economic damages. ¹⁸² Those costs were passed through to customers. SPP is experiencing an increased number of energy alerts in both summer and winter months. ¹⁸³ These weather events are happening while demand for electricity is increasing. Staff explains that in August 2023, SPP reported an all-time high peak

¹⁸¹ Staff's Post Hearing Brief, p. 2.

¹⁸² *Id*

¹⁸³ *Id.*, pp. 2-3.

demand, which was 10% higher than the peak from 2021. 184 To protect against future outages or load shedding, effective 2023, SPP has increased the reserve margins for its utilities from 12% to 15%. 185 SPP has a pending request at the Federal Energy Regulatory Commission (FERC) to increase those margins to 16% beginning in the summer of 2026. 186 Similarly, SPP has a pending request at FERC to implement new capacity accreditation methodologies for both thermal and renewable resources, which if approved, are expected to be reduce the capacity credit that wind energy currently receives.¹⁸⁷ These accreditation rules will also emphasize actual, historical performance and availability of thermal resources, as opposed to prior accreditation at nearnameplate values. Electric utilities will need to meet higher reserve margins while their existing resources are subject to more stringent accreditation rules. 188 As a result, utilities like Evergy will need to maintain a diverse, reliable, and efficient fleet of generators to consistently meet customer demand.

The question facing the Commission is not whether additional generation is needed 86. in the future, but whether the Solar and CCGT Settlements represent the best approach, including both timeline and generation types, for adding that generation. CEP, NEE, and CURB believe a better approach would be to reduce the scale of the new CCGTs. CEP relies on a discovery response from Jason Humphrey, Evergy's Vice President of Development, where he states, "one full CCGT would meet customer needs very similarly to two half CCGTs" to advocate for building a single CCGT. 189 NEE offers three suggested alternatives: (1) grant predetermination for a smaller share of McNew, more aligned with the need identified in EKC's 2024 IRP, and allow

¹⁸⁴ *Id.*, p. 4. ¹⁸⁵ *Id.*, p. 18.

¹⁸⁷ *Id.*, pp. 18-19.

¹⁸⁸ *Id.*, p. 19.

¹⁸⁹ CEP Post-Hearing Brief, p. 1.

Evergy to propose to supplement the reduced capacity through an alternative resource; (2) reject predetermination for McNew; or (3) approve McNew, but with a more meaningful opportunity to review its reasonableness prior to groundbreaking. NEE explains that Evergy arbitrarily decided to limit its modeling to 50% or 100% ownership blocks, even though lower ownership shares are not uncommon. Pro For example, last year, the Missouri Public Service Commission approved Evergy's request to acquire a 22.2% share in the Dogwood CCGT plant. NEE witness Nick Jones suggests Evergy could acquire a 32% share in McNew, representing 227 MW, and concurrently invest in a 150 MW battery storage resource. Suggests building a less expensive combustion turbine, rather than combined cycle combustion turbines, supported by additional renewable and battery storage. KIC suggests delaying the retirement of coal plants, such as Jeffrey Energy Center, and waiting to build new CCGTs. KIC notes the Jeffrey Units 2 and 3 total 1,337 MWs, and that the Commission has already approved the remaining life of these coal production resources until 2045.

87. CEP's suggestion is flawed as it does not significantly reduce costs and diminishes other benefits. It also ignores the generation needs of other Evergy affiliates. Under CEP's alternative, Evergy would own 100% of one new CCGT, rather than 50% of two new CCGTs. CEP fails to demonstrate why its alternative is more cost efficient. The record demonstrates that EKC ratepayers will only pay for the 50% share of each CCGT, with the remaining costs being allocated to Evergy's Missouri affiliate. Additionally, the Commission is convinced there are operational diversification benefits associated with having two 50% ownership shares of two

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¹⁹⁰ NEE Post-Hearing Brief, p. 2.

¹⁹¹ *Id*, p. 18.

¹⁹² *Id*.

¹⁹³ *Id.*, p. 19.

¹⁹⁴ Metz Direct, pp. 19-20, 35; See also Evidentiary Hearing Transcript, Vol. III, pp. 658-659, 662.

¹⁹⁵ KIC Post Hearing Brief, p. 31.

¹⁹⁶ *Id.*, p. 30.

different plants, instead of one 100% ownership share of a single plant. For example, this presents a substantial hedge for EKC customers against the risk of an unplanned outage at an individual plant. Lastly, this ownership arrangement allows for gradualism in the rate impact to customers when these plants come online, spreading the impact of depreciation expense from the plants over two years, instead of all at once.

88. The evidence in the record suggests NEE's preferred approach likely would not economically produce enough accredited generating capacity for Evergy over a long-term planning horizon. As Grady explains, currently there is not an economically and commercially viable alternative technology that can provide long-duration firm dispatchable power when intermittent resources are not available. 197 Likewise, NEE's reliance on battery storage is problematic because of SPP's pending request at FERC to implement new capacity accreditation methodologies. Because battery storage's accreditation will decline over time with the new ELCC methodology, the Commission finds the only way to comprehensively evaluate this option is through long-term economic modeling like that performed in the IRP. The reality is that Evergy's IRP did not select battery storage; it selected two 50% ownership shares in CCGTs.

89. Solar and battery storage are worthy of consideration in resource plans, but do not appear to be technologically and economically viable, under current conditions, to replace the attributes of a CCGT. The Commission expects these conditions will be constantly reevaluated in future Evergy IRPs. As Staff explains, our region is increasingly integrating renewable resources, which require other available sources of electricity to meet demand and quickly ramp up when renewable output is low.¹⁹⁸ The flexibility of CCGTs, due to their quick start and ramping

¹⁹⁷ Grady Direct, p. 39.

¹⁹⁸ Staff Post-Hearing Brief, p. 21.

capabilities, will keep them valuable assets even if the future is dominated by carbon restrictions and more renewable energy resources. 199

90. CURB's recommendation that Evergy pursue a Combustion Turbine (CT) instead of CCGTs faces similar limitations to those of NEE. While CTs are potentially a less expensive option from an initial capital investment perspective, they do not offer the efficiency or ability to produce less expensive generation at higher capacity factors as the CCGTs. CTs may have a place in the Evergy fleet, but they do not offer a similar generation profile to CCGTs. In December 2024, SPP reported that CCGTs within SPP's territory have better Demand Equivalent Forced Outage Rate and Equivalent Forced Outage Factor reliability values, both in summer and winter, than CTs.²⁰⁰ The proposed advanced-class turbines are the most efficient and flexible available on the market today. ²⁰¹ The estimated capacity factors indicate that the CCGTs will be frequently dispatched into the SPP Integrated Marketplace, and the estimated a Levelized Cost of Energy (LCOE) figures calculated by the Power Evaluator software compare favorably to the average LCOE of \$76/MWh reported for a new CCGT by Lazard. 202 The planned CCGTs are state of the art and will emit 61% less CO2 than the average coal unit in Evergy's fleet and 53% less CO2 than the average gas unit. 203 By emitting substantially less carbon emissions that an average gas unit, the CCGTs should alleviate some of the environmental concerns advanced by CEP and NEE. In addition, CURB's recommendations are not the result of extensive resource planning modeling.²⁰⁴ The Commission finds CURB's alternative is not supported by the 2024 IRP or any other comprehensive resource planning model and is not a viable option.

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¹⁹⁹ *Id.*, p. 17.

²⁰⁰ Grady Direct, p. 12.

²⁰¹ VandeVelde Direct, p. 19.

²⁰² Grady Direct, p. 15.

²⁰³ Staff's Post-Hearing Brief, p. 23.

²⁰⁴ *Id.*, p. 12.

91. In contrast to many of the opponents of the CCGT Settlement who want to supplant some CCGT investment with some combination of renewables, battery storage, or a CT, KIC prefers delaying the retirement of Evergy's coal plants, which would delay the need for additional generation. Staff witness Justin Grady opines that it is reasonable and prudent to plan for the eventual retirement of Evergy's coal fleet because the future of these units is highly uncertain. ²⁰⁵ Grady also describes how the IRP process accounts for this uncertainty in evaluating and selecting a portfolio of resources that exhibits lower costs overtime, across a host of different scenarios and highly uncertain futures.²⁰⁶ CURB's expert, Lucy Metz, best articulates how continued reliance of coal to serve new load will drive up total system costs. 207 She notes the dramatic price volatility in the coal market in some parts of the United States over the past few years, driven in part by labor disputes in the mines and the railroad companies that transport the coal.²⁰⁸ Continued reliance on coal also poses substantial risk of future environmental compliance costs.²⁰⁹ Specifically, Metz explains to continue operating Jeffrey Units 2 and 3 beyond the early- to mid-2030s, Evergy will need to install "high-cost" selective catalytic reduction equipment. 210 The Commission does not believe KIC presents a reasonable alternative to the CCGT Settlement. While approval of the CCGT Settlement does not require or precipitate the retirement of any particular coal unit, the Commission believes it is reasonable and prudent to plan for this eventuality by starting to invest in generation types that can replace the reliability attributes of existing coal-fired units.

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²⁰⁵ Grady Direct, p. 28.

²⁰⁶ *Id.*, pp. 29-30.

²⁰⁷ Metz Direct, p. 46.

²⁰⁸ Id.

²⁰⁹ *Id.*, p. 47.

²¹⁰ *Id*.

92. KIC also claims Evergy fails to submit definitive cost estimates. The Commission disagrees. In the CCGT Settlement, the Signatories agree on the definitive cost estimate for definitive cost estimate (DCE) for 50% of Viola of \$788.75 million (excluding AFUDC), and for 50% of McNew of \$800.519 million (excluding AFUDC).²¹¹ By definition, a definitive cost estimate is still an estimate. The DCEs contained in the CCGT Settlement are sufficient under K.S.A. 66-1239, and subject to compliance filings and periodic reporting filings.

93. One of the major concerns that opponents to the CCGT Settlement express is Evergy's failure to put forward detailed evidence of its proposed fuel supply plan or the ultimate impact projected fuel costs will have on customer rates. 212 KIC takes issue with the lack of a firm gas delivery and supply agreement to operate the CCGTs. 213 KIC cites the direct testimony of Matt L. Robbins of KGS that currently there is no available capacity on the Southern Star pipeline, and any new capacity to serve the CCGTs will need to be constructed.²¹⁴ The Commission does not believe the need to construct new pipeline capacity to deliver gas to the CCGTs is an unsurmountable obstacle. The Commission expects that gas pipelines will be more than willing to construct pipelines to serve the new CCGTs, the costs of which the Commission anticipates will likely be recovered via long-term service contracts with the pipelines. The CCGT Settlement provision that requires Evergy to collaborate with Staff and CURB during the development of a Gas Purchasing Plan, and to file the results of the plan in a compliance filing is an important requirement. However, to alleviate any remaining concerns, the Commission directs Evergy to file its initial detailed fuel supply plan and an analysis of the impact fuel costs will have on customer rates in a compliance docket within 120 days of a final order being issued in this Docket.

²¹¹ Non-Unanimous Partial Settlement Agreement Regarding Natural Gas Facilities, Apr. 16, 2025, PP 5(c) and (d).

²¹² See NEE Post-Hearing Brief, p. 6.

²¹³ KIC Post-Hearing Brief, p. 40.

 $^{^{214}}$ *Id*.

Revisions to this plan are expected as the plants near in-service, so the Commission directs Evergy to file these updates in the compliance docket. The Commission finds firm natural gas transportation and supply arrangements to be absolutely paramount to the reliability of the CCGTs to serve EKC customers. Prior to beginning construction, Evergy is required to submit assurances that it has obtained firm gas transportation and supply arrangements. The Commission also wishes to be appraised of Evergy's gas purchasing strategies, including hedging practices. The Commission declines to implement a fuel cost-sharing mechanism as proposed by NEE at this time, but may revisit the issue in the future if that appears necessary to realign company and customer interests around gas purchasing strategy.

- 94. The Commission gives great weight to Section 5k of the CCGT Settlement, which provides if Evergy becomes aware of information that leads it to reasonably believe that actual project costs are projected to exceed 115% of the DCE, it is required to make a compliance filing justifying the economics and prudency of continuing forward with McNew and/or Viola or requesting Commission approval to abandon the project(s). The Commission believes this provision will provide significant safeguards against cost overruns. Furthermore, the Commission will have the opportunity to review the prudence of any expenses before they are put into rates and billed to customers.
- 95. The Commission finds approving the CCGT Settlement is in the public interest. The Commission believes the CCGT Settlement is an efficient and reliable plan to add generation capacity to Evergy's fleet. Furthermore, the Commission believes the CCGT Settlement contains sufficient safeguards and guardrails to protect customers in the event of cost overruns.
- 96. The Signatories to the Non-Unanimous Settlement also request specific findings from the Commission that: (1) other than Panasonic, EKC did not include any specific new large

load customers in its 2024 Integrated Resource Plan (IRP) or prior IRPs; (2) if EKC decides to retire coal generation and utilize securitization to recover energy transition costs as a result of a retired coal plant, it will file a request for predetermination; and (3) EKC will evaluate the possibility of repurposing the unused space at Lawrence Energy Center and other generation sites as interconnection locations for battery storage units.

- 97. In paragraph 61, the Commission found the forecasted increased demand is well supported, rather than speculative. Thus, any concerns from opponents of the CCGT Settlement that the CCGTs are only being built to serve speculative load have been addressed and rejected. The Commission specifically finds that other than Panasonic, Evergy's IRPs did not include any specific large load customers.
- 98. KIC claims Evergy should have requested explicit approval to retire its coal plants under K.S.A. 66-1239(c)(4) in this Docket.²¹⁵ This argument is not supported by the law. K.S.A. 66-1239(c)(4)(B) does not apply until "after such time as the generating facility is retired or abandoned." KIC acknowledges that Evergy has not committed to firm retirement dates for its coal facilities. Evergy is not asking the Commission to approve retiring any coal generation plants in this Docket, therefore, there is no reason to seek predetermination for retirements that are not definitive. Thus, the Commission specifically finds that if EKC decides to retire coal generation and utilize securitization to recover energy transition costs as a result of a retired coal plant, Evergy shall file a request for predetermination.
- 99. Lastly, in response to suggestions regarding how to improve future IRPs to include more consideration of battery storage options, the Commission specifically directs EKC to evaluate the possibility of repurposing the unused space at Lawrence Energy Center and other

²¹⁵ See KIC Post Hearing Brief, p. 28.

generation sites as interconnection locations for battery storage units. The Commission finds this to be an important term in the CCGT Settlement, and, as noted above, encourages Evergy to broaden its IRP to evaluate a wide range of diverse solutions that may delay or obviate the need for costly, longer-term investments. At a time when generation capacity investment decisions are not easy or obvious, the Commission values resource diversity and risk mitigation to customers.

THEREFORE, THE COMMISSION ORDERS:

A. The Unanimous Partial Settlement Agreement Regarding Solar Facility is approved.

B. The Non-Unanimous Partial Settlement Agreement Regarding Natural Gas Facilities, as supplemented and conditioned by this Order, is approved.

C. The parties have 15 days from the date of electronic service of this Order to petition for reconsideration. ²¹⁶

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 07/07/2025

Celeste Chaney-Tucker
Executive Director

(mset)

BGF

²¹⁶ K.S.A. 66-118b; K.S.A. 77-529(a)(1).

ATTACHMENT A CCGT SETTLEMENT AGREEMENT

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)	Docket No. 25-EKCE-207-PRE
Apply to the Recovery in Rates of the Cost to)	
be Incurred for Certain Electric Generation)	
Facilities under K.S.A. 66-1239.)	

NON-UNANIMOUS PARTIAL SETTLEMENT AGREEMENT REGARDING NATURAL GAS FACILITIES

As a result of discussions among all parties to this docket, the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively); Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (collectively referred to as "Evergy Kansas Central" or "EKC") and Evergy Metro, Inc. ("Evergy Kansas Metro" or "EKM") (together with Evergy Kansas Central referred to as "Evergy"); KPP Energy, a Municipal Energy Agency ("KPP Energy"), Natural Resources Defense Council ("NRDC"); Midwest Energy, Inc. ("Midwest Energy"); The Board of County Commissioners of Johnson County, Kansas ("Johnson County")¹; City of Lawrence, Kansas ("Lawrence"); Atmos Energy Corporation ("Atmos Energy"); HF Sinclair El Dorado Refining LLC ("HF Sinclair"); Kansas Municipal Energy Agency (KMEA); and Kansas Gas Service, a division of ONE Gas, Inc. ("Kansas Gas Service"), referred to collectively herein as "Signatory Parties," hereby submit to the Commission for its consideration

¹ The Board of County Commissioners of Johnson County signs subject to approval by its Board. Counsel for the County will file a letter with the Commission confirming approval by its Board when received

and approval the following Non-Unanimous Partial Settlement Agreement ("Non-Unanimous Settlement", "Agreement" or "Non-Unanimous Settlement Agreement").²

I. <u>EVERGY'S PETITION</u>

- 1. On November 6, 2024, Evergy filed a 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.
- 2. On November 14, 2024, the Commission issued an *Order Setting Procedural Schedule* ("Procedural Order") setting forth, *inter alia*, the dates for responsive testimonies, settlement discussions, a prehearing conference, and an evidentiary hearing.
- 3. Consistent with the Procedural Order, on March 14, 2025, Commission Staff, Lawrence, Johnson County, Kansas Industrial Consumers Group, Inc., USD 259, Citizens Utility Ratepayer Board, Wichita Regional Chamber of Commerce, HF Sinclair, Atmos, KGS, NRDC and NEE filed Direct Testimony. On March 21, 2025, Commission Staff, CEP, NEE, and KIC filed Cross-Answering Testimony. EKC filed its Rebuttal Testimony on April 4, 2025.
- 4. Consistent with that Procedural Order, the parties met at the Commission's offices on April 9, 2025 to discuss possible resolution of the issues, with negotiations carrying over for several days. As a result of this extensive collaboration, a large number of parties were able to reach agreement on the issues related to EKC's proposal to construct the McNew and Viola combined cycle natural gas plants and its request for ratemaking determinations related to those

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² City of Overland Park, Kansas, CCPS Transportation, LLC, and Walmart, Inc. are not a signatories to the Non-Unanimous Agreement but do not oppose the Agreement.

projects. If accepted by the Commission, the terms below would represent a full and complete resolution of the issues in this docket related to EKC's proposal to construct these two natural gas plants.

II. TERMS OF NON-UNANIMOUS PARTIAL SETTLEMENT AGREEMENT

- 5. With respect to EKC's 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, the Commission should find:
 - a. That EKC's proposal to construct and own 50% of the Viola plant and 50% of the McNew plant is prudent;
 - 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 definitive cost estimate ("DCE") for 50% of the Viola plant should be established as \$788.75 million (excluding AFUDC);
 - d. That the DCE for 50% of the McNew plant should be established as \$800.519
 million (excluding AFUDC);
 - e. That these DCEs for 50% of the Viola plant and 50% of the McNew plant are 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 Construction Work in Progress ("CWIP") rider not sooner that 365 days after construction of the generation facility begins, 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, unless otherwise ordered by the commission in a subsequent proceeding. 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. Once the CWIP rider becomes effective and is being included in customer rates, investment amounts included in the rider will no longer be eligible to accumulate Allowance for Funds Used During Construction (AFUDC), consistent with the provisions of K.S.A. 66-1239;
- iv. The amounts recovered through the CWIP rider will be allocated to the customer classes on the same basis that the costs of the underlying generation plant are allocated to customer classes in EKC's currently pending rate case, Docket No. 25-EKCE-294-RTS, as adjusted by future rate cases or other Commission orders establishing allocation of costs among classes for generation plant;
- v. 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;
- vi. Investment amounts up to the DCEs 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;
- vii. Amounts spent in excess of the DCE(s) will be subject to prudence review.

 EKC should bear the burden of proof to show that any amount it incurs in excess of these DCEs, for instance, impacts from legislative or executive actions including tariffs on project costs, is prudently incurred and is just and reasonable to recover from ratepayers.
- f. That EKC should be required to collaborate with Staff and CURB during the development of a Gas Purchasing Plan, and to file the results of the plan in a compliance filing at the KCC in the compliance docket established at the conclusion of this docket. Thereafter, until the time the Viola and McNew plants are placed in service, EKC should be required to meet at least annually with Staff and CURB to discuss potential revisions to the Gas Purchasing Plan. After the plants are placed in service, EKC will meet with Staff and CURB annually to discuss the Gas Purchasing Plan as part of the RECA and ACA processes.
- g. That, should the addition of the CCGTs materially revise EKC's current Natural Gas Hedging Plan, EKC should be required to collaborate with Staff and CURB on the particulars of a revised Hedging Plan, if determined necessary, to be filed at the

- Commission prior to any procurement completed pursuant to the Gas Purchasing Plan;
- h. That EKC should file a compliance filing with the KCC, in the compliance docket established at the conclusion of this docket, once all natural gas transportation arrangements have been finalized. This filing should include, at a minimum, the financial terms and conditions under which firm natural gas transportation has been secured and the duration of the transportation arrangement;
- i. That the Commission establish a compliance docket associated with this case and require EKC to file quarterly progress reports for each of the projects. EKC shall collaborate with Staff to develop a reporting template and submit to the Commission prior to initiating the compliance reports.
- j. EKC will work with Staff to provide the reporting information required under K.S.A. 66-128f and to develop recurrent monthly project status reporting including impacts from legislative or executive actions including tariffs and any other cost and project milestone updates. Such reports will be filed in the compliance docket referenced above.
- k. That EKC should be required to make a compliance filing with the Commission justifying the economics and prudency of continuing forward with the McNew and/or Viola natural gas projects or requesting Commission approval to abandon the project(s) if EKC becomes aware of information that leads it to reasonably believe that actual project costs are projected to exceed 115% of the DCE for the project approved by the Commission under 66-1239.

- i. In the event that EKC submits a filing pursuant to (k), within 30 days of the filing, the Commission will issue an order determining whether to grant EKC's request or whether additional review of EKC's proposal is required.
 - 1. Within 15 days of the filing, the Commission shall convene an on the record update and Evergy shall provide updates on project costs, risks and mitigations, and anticipated future changes. During this on the record update Evergy will be available to address questions from the Commission and parties to the compliance docket in which the update filing is made.
 - 2. During the 30-day Commission review period, Evergy will not disrupt the construction schedule or work plan. Costs incurred during that time period will be included as part of the abandonment costs evaluated for recovery as part of the analysis under this section. Parties will not assert imprudence for continuing project construction during this Commission review period.
- ii. If the Commission determines that additional review is required:
 - 1. The Commission will set a date within 60 days of EKC's filing pursuant to (k) for a hearing to receive live testimony from EKC, Staff, and other intervenors regarding the reasonableness of EKC's proposal to either continue the project or abandon the project.
 - 2. Staff and Intervenors will have the opportunity to issue data requests

- to EKC regarding its filing pursuant to (k) pursuant to the schedule in the Commission's standard discovery order, except all discovery responses would be due five business days after receipt instead of seven, excluding the day the discovery request is issued.
- 3. The Commission will issue an order within 90 days of EKC's filing pursuant to (k) making a determination on EKC's proposal.
- 4. EKC will continue construction of the project during the 90-day review period and unless and until it receives an order from the Commission requiring abandonment of the project. Costs incurred during that time period will be considered as part of the abandonment costs evaluated for recovery as part of the analysis under this section. Parties will not assert imprudence for continuing project construction during this Commission review period.
- iii. The Commission's review of EKC's proposal under this section may include but not be limited to the following factors:
 - 1. Updated estimated actual project cost;
 - 2. Percentage of completion of the project;
 - EKC's resource adequacy including current base planning forecasts for load and need for generation as well as any planning reserve margin or other resource adequacy requirements mandated by the Southwest Power Pool ("SPP");
 - 4. Costs of abandonment and impact of potential recovery of those costs on customers;

- Consideration of current market costs for construction of natural gas generation and a comparison of EKC's estimated actual costs to the current market;
- 6. Consideration of the availability of supply-side resource alternatives to the projects under construction that could be utilized to meet the resource adequacy and reliability requirements identified by Evergy in providing efficient and sufficient service to Kansas customers. This should include consideration of whether the alternative resource is more economic and/or would more easily achieve resource adequacy. Supply-side resource alternatives should reasonably be expected to be constructed or contracted to reliably serve customers on the timeline supported by Evergy's most recent resource planning including factors such as risks of capacity accreditation, permitting, costs overruns, delays, and supply chain uncertainty;
- 7. Consideration of current Evergy affiliate ownership interests and the potential to either transfer a percentage of plant ownership to or enter into long-term power purchase arrangements with other third-party load serving entities or Evergy affiliates instead of wholesale project abandonment.
- iv. If at any time throughout this review process the Commission determines that abandonment of the project(s) or a partial divestment from the project(s) is required, the Commission will establish a proceeding that reviews and determines abandonment costs and any rate recovery treatment

as well as predetermination for any required replacement resource for the abandoned project.

- 6. The Commission should also include the following conditions in its Order in this docket:
 - a. EKC did not include any specific new large load customers in its 2024 Integrated Resource Plan ("IRP") or prior IRPs, other than Panasonic, which was included in the 2024 IRP, which identified the CCGTs as part of EKC's preferred portfolio. Going forward, EKC will not incorporate new large load customers into its IRP preferred plan for planning purposes or begin to procure any energy or capacity until the earlier of (1) after the AQ Study request has been approved by SPP or other SPP study to evaluate the addition of new load or (2) EKC has a final or near-final service agreement with the customer.
 - b. EKC will conduct a stakeholder meeting to discuss critical factors and assumptions with interested parties prior to submitting its IRP annual updates and triennial filings beginning with the 2026 IRP and continuing throughout the time period when EKC is proposing and constructing new generation.
 - c. In the event EKC decides to retire coal generation and utilize securitization to recover energy transition costs caused by, associated with, or remaining as a result of a retired coal plant, as contemplated by K.S.A. 66-1,240, EKC will file a request for predetermination with the Commission related to such decision, allowing Staff and Intervenors the opportunity for discovery and to submit testimony. Such a plan for retirement of coal generation will be identified in EKC's IRP annual updates or triennial filings and will be discussed in the

- stakeholder meeting agreed to above in (b) in advance of EKC making a request for predetermination.
- d. EKC commits to hold a collaborative discussion with KGS, Atmos Energy, Staff, CURB, KMEA/KMGA, Midwest Energy, and other interested parties in advance of the two CCGT units coming online to advance coordination efforts, including a discussion of statewide natural gas supply priorities and curtailment standards, during extreme weather events and other extraordinary/emergency situations, and to report those efforts to the Commission.
- e. EKC commits to evaluate future offers in an all-source Request for Proposals ("RFP") that will be conducted in 2025 and determine whether those offers can meet needs identified and not covered by the resources in this application, in the IRP process and total energy and capacity needs for the utility; with proper confidentiality agreements in place, EKC will share bid responses with Staff and CURB.
- f. EKC will evaluate the possibility of repurposing the unused space at Lawrence Energy Center and other generation sites as an interconnection location for a battery storage unit and develop cost estimates for such a project to be analyzed as part of the 2026 IRP. EKC agrees to allow its IRP model the option to add battery storage to the sites of existing thermal, wind and solar projects.
- g. EKC commits to evaluating investments in distributed resources, including community-based solar and storage systems and energy efficiency, as part of its generation portfolio, continuing throughout the time period when EKC is proposing and constructing new generation. In particular, EKC will conduct a

EKC and EKM Demand Side Management ("DSM") potential study before October 31, 2026, and study multiple and higher levels of DSM in its next IRP, as part of an alternative resource plan. EKC also agrees to work with Johnson County, the City of Lawrence and other interested parties in developing a strategy to scale up community-based solar and storage systems, as well as targeted energy efficiency programs for public buildings and new construction and report back to the KCC as part of its next general rate case following completion of the study. Costs for the DSM potential study will be recovered through the DSM rider for each EKC and EKM.

- h. EKC has proposed the Alternative Energy Credits rider as part of its LLPS tariff filing, which would provide customers the option to purchase carbon free attributes from EKC's Wolf Creek nuclear facility. EKC commits to hold stakeholder discussions around further development of a "24-hours-a-day, seven-days-a-week, carbon-free electricity tariff," and report back to the KCC as part of its next general rate case following the stakeholder meeting.
- i. EKC currently considers battery storage as an option as part of its IRP process and will continue to do so in future IRPs including the use of surplus interconnection.

IV. MISCELLANEOUS PROVISIONS

A. The Commission's Rights

7. Nothing in this Non-Unanimous Settlement is intended to imping or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access

to information, and any statutory obligation, including the obligation to ensure Evergy is providing efficient and sufficient service at just and reasonable rates.

B. Waiver of Cross-Examination

8. In the event the Commission conducts a hearing, the Signatory Parties agree all prefiled direct, cross-answering and rebuttal testimony can be accepted into the record of the docket without the witnesses taking the stand. The Signatory Parties waive cross-examination on all testimony filed by Signatory Paries prior to the filing of this Non-Unanimous Partial Settlement Agreement with respect to issues related to EKC's construction of the two natural gas facilities and requested ratemaking treatment for those facilities.

C. Negotiated Settlement

9. This Non-Unanimous Partial Settlement Agreement represents a negotiated settlement that fully resolves the issues raised in this proceeding by Signatory Parties regarding the two natural gas facilities and related ratemaking treatment. The Signatory Parties represent that the terms of this Non-Unanimous Partial Settlement Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Signatory Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Non-Unanimous Partial Settlement Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide to not approve this Non-Unanimous Partial Settlement in the instant proceeding. If the Commission accepts this Non-Unanimous Partial Settlement Agreement in its entirety and incorporates the same into a formal order without material modification, the Signatory Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

D. <u>Interdependent Provisions</u>

10. The provisions of this Non-Unanimous Partial Settlement Agreement have resulted

from negotiations among the Signatory Parties and are interdependent. In the event the

Commission does not approve and adopt the terms of this Non-Unanimous Partial Settlement

Agreement in total or materially changes the Settlement terms, the Non-Unanimous Partial

Settlement Agreement shall be voidable and no Signatory Party hereto shall be bound, prejudiced,

or in any way affected by any of the agreements or provisions hereof. Further, in the event the

Commission does not approve and adopt the terms of this Non-Unanimous Partial Settlement

Agreement in total and without material modifications, this Non-Unanimous Partial Settlement

Agreement shall be considered privileged and not admissible in evidence or made a part of the

record in any proceeding. In the event of a termination pursuant to this Section, the Non-

Unanimous Partial Settlement Agreement shall be null and void and of no further effect, with all

rights, duties, and obligations of the Signatory Parties thereafter restored as if this Non-Unanimous

Partial Settlement Agreement had never been executed; provided, that the Signatory Parties may,

in the sole discretion of each Party, agree to attempt to modify the Non-Unanimous Partial

Settlement Agreement in a manner that would resolve the adverse effect of the material change of

condition.

IN WITNESS THEREOF, the Signatory Parties have executed and approved this Non-

Unanimous Partial Settlement Agreement, effective as of the 16th day of April 2025, by subscribing

their signatures below.

By:

<u>/s/Cathryn J. Dinges</u>

Cathryn J. Dinges (#20848)

Sr. Director and Regulatory Affairs Counsel

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ATTACHMENT B

PUBLIC SOLAR SETTLEMENT AGREEMENT

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)	Docket No. 25-EKCE-207-PRE
Apply to the Recovery in Rates of the Cost to)	
be Incurred for Certain Electric Generation)	
Facilities under K.S.A. 66-1239.)	

UNANIMOUS PARTIAL SETTLEMENT AGREEMENT REGARDING SOLAR FACILITY

As a result of discussions among all parties to this docket, the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively); Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (collectively referred to as "Evergy Kansas Central" or "EKC") and Evergy Metro, Inc. ("Evergy Kansas Metro" or "EKM") (together with Evergy Kansas Central referred to as "Evergy"); the Citizens' Utility Ratepayers Board ("CURB"); KPP Energy, a Municipal Energy Agency ("KPP Energy"), Wichita Regional Chamber of Commerce ("Wichita Chamber"); Climate + Energy Project ("CEP"); Natural Resources Defense Council ("NRDC"); the United States Department of Defense ("DOD"); Kansas Industrial Consumers Group ("KIC"); Spirit AeroSystems, Inc. ("Spirit"), Occidental Chemical Corporation ("Occidental"), Goodyear Tire & Rubber Company ("Goodyear"), and Associated Purchasing Services Corporation ("Associated Purchasing") (collectively referred to as "KIC Participating Members"); Unified School District #259 Sedgwick County, Kansas ("USD 259"); USD 233 Olathe School District, USD 512 Shawnee Mission School District, and USD 232 DeSoto School District (collectively, the "Johnson County School Districts") and USD 229 - the Blue Valley

School District ("USD 229")¹; The Kansas Grain and Feed Association, The Kansas Agribusiness Retailers Association, and Renew Kansas Biofuels Association (collectively referred to as ("Kansas Agriculture Association Members"); Cargill ("Cargill"); Midwest Energy, Inc. ("Midwest Energy"); Kansas Chamber of Commerce & Industry, Inc. ("Kansas Chamber"); The Board of County Commissioners of Johnson County, Kansas ("Johnson County"); City of Lawrence, Kansas ("Lawrence"); Atmos Energy Corporation ("Atmos Energy"); HF Sinclair El Dorado Refining LLC ("HF Sinclair"); Renew Missouri Advocates ("Renew Missouri"); CCPS Transportation, LLC ("CCPS"); Walmart Inc., ("Walmart"); New Energy Economics ("NEE"); Kansas Municipal Energy Agency (KMEA); and Kansas Gas Service, a division of ONE Gas, Inc. ("Kansas Gas Service"), referred to collectively herein as "Parties" or "Signatory Parties", hereby submit to the Commission for its consideration and approval the following Unanimous Partial Settlement Agreement ("Partial Settlement").²

I. <u>EVERGY'S PETITION</u>

1. On November 6, 2024, Evergy filed a 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.

¹ USD 259, USD 233, USD 512, USD 232, and USD 229 sign subject to approval by their Boards of Education. Counsel for these parties will file a letter with the Commission confirming approval by their Boards of Education when received.

² Lawrence Paper Company is not a signatory to this Agreement.

³ City of Overland Park, Kansas does not oppose this Agreement

- 2. On November 14, 2024, the Commission issued an *Order Setting Procedural Schedule* ("Procedural Order") setting forth, *inter alia*, the dates for responsive testimonies, settlement discussions, a prehearing conference, and an evidentiary hearing.
- 3. Consistent with the Procedural Order, on March 14, 2025, Commission Staff, Lawrence, Johnson County, KIC, USD 259, CURB, Wichita Chamber, HF Sinclair, Atmos, KGS, NRDC and NEE filed Direct Testimony. On March 21, 2025, Commission Staff, CEP, NEE, and KIC filed Cross-Answering Testimony. EKC filed its Rebuttal Testimony on April 4, 2025.
- 4. Consistent with that Procedural Order, the parties met at the Commission's offices on April 9, 2025 to discuss possible resolution of the issues, with negotiations carrying over for several days. As a result of this extensive collaboration, the Parties were able to reach unanimous agreement on the issues related to EKC's proposal to construct the Kansas Sky Solar Generating Facility and its request for ratemaking determinations related to that project.

II. TERMS OF UNANIMOUS PARTIAL SETTLEMENT AGREEMENT

- 5. With respect to EKC's proposal to add the 159 MW Kansas Sky Solar Generating Facility to its generating fleet, the Commission should find:
 - 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 the definitive cost estimate for the Kansas Sky solar facility should be established as \$228.1 million (excluding AFUDC);
- e. That, in lieu of including the solar generating facility in rate base, a levelized revenue requirement of the solar facility with an amount of **

 **

 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, consistent with the provisions of (i)-(k) below. 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;
- f. That if EKC wishes to recover any maintenance capital expenditures, EKC shall identify and support those investments via written testimony in a future rate case;
- g. 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 with the general rate case that coincides with the inclusion of the levelized revenue requirement in rates and recovered over the life of the plant. To the extent the regulatory asset needs trued-up, the updated balance will be addressed in the following general rate case;
- h. 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. The other Signatory Parties shall have the right to contest any such application, including whether the impact of the change or event is material to EKC, and whether the proposed remedy in the application is reasonable;

- i. That amounts spent in excess of the definitive cost estimate(s) will be subject to prudence review. EKC should bear the burden of proof to show that any amount it incurs in excess of these DCEs, for instance, impacts from legislative or executive actions including tariffs on project costs, is prudently incurred and is just and reasonable to recover from ratepayers;
- j. That EKC shall update the Kansas Sky Solar levelized cost amount in the first rate case after the facility goes into service, to account for necessary updates once they are known, subject to the revised DCE of **\$228.1 million**, or a prudency evaluation for costs incurred in excess of the DCE;
- k. That EKC should be required to make a compliance filing with the Commission justifying the economics and prudency of continuing forward with the Kansas Sky Solar facility, or informing the Commission that it will abandon the project and addressing resolution of customer impacts of the costs of abandonment if provisions of the IRA applicable to Kansas Sky are substantially revised or repealed prior to the start of construction on the Kansas Sky Solar facility.
- 6. EKC will work with Staff to provide the reporting information required under K.S.A. 66-128f and to develop recurrent monthly project status reporting including impacts from

legislative or executive actions including tariffs and any other cost and project milestone updates.

Such reports will be filed in the compliance docket referenced above.

IV. MISCELLANEOUS PROVISIONS

A. The Commission's Rights

7. Nothing in this Partial Settlement Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure Evergy is providing efficient and sufficient service at just and reasonable rates.

B. Waiver of Cross-Examination

8. In the event the Commission conducts a hearing, the Signatory Parties agree all prefiled direct, cross-answering and rebuttal testimony can be accepted into the record of the docket without the witnesses taking the stand. The Parties waive cross-examination on all testimony filed prior to the filing of this Partial Settlement Agreement with respect to issues related to EKC's construction of the Kansas Sky Solar Facility and requested ratemaking treatment for that facility.

C. Negotiated Settlement

9. This Partial Settlement Agreement represents a negotiated settlement that fully resolves the issues raised in this proceeding regarding the Kansas Sky Solar Facility and related ratemaking treatment. The Signatory Parties represent that the terms of this Partial Settlement Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Signatory Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Partial Settlement Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the

Commission decide to not approve this Partial Settlement Agreement in the instant proceeding. If the Commission accepts this Partial Settlement Agreement in its entirety and incorporates the same into a formal order without material modification, the Signatory Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

D. <u>Interdependent Provisions</u>

10. The provisions of this Partial Settlement Agreement have resulted from negotiations among the Signatory Parties and are interdependent. In the event the Commission does not approve and adopt the terms of this Partial Settlement Agreement in total or materially changes the Settlement terms, the Partial Settlement Agreement shall be voidable and no Signatory Party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in the event the Commission does not approve and adopt the terms of this Partial Settlement Agreement in total and without material modifications, this Partial Settlement Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding. In the event of a termination pursuant to this Section, the Partial Settlement Agreement shall be null and void and of no further effect, with all rights, duties, and obligations of the Signatory Parties thereafter restored as if this Partial Settlement Agreement had never been executed; provided, that the Signatory Parties may, in the sole discretion of each Party, agree to attempt to modify the Partial Settlement Agreement in a manner that would resolve the adverse effect of the material change of condition.

IN WITNESS THEREOF, the Signatory Parties have executed and approved this Unanimous Partial Settlement Agreement, effective as of the 16th day of April 2025, by subscribing their signatures below.

By: /s/ Cathryn J. Dinges

Cathryn J. Dinges (#20848)

Sr. Director and Regulatory Affairs Counsel

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