

Exhibit No. 1

Evergy West – Exhibit 1
Matthew Dority
Direct Testimony
File No. EA-2022-0328

Exhibit No.:
Issue: Overview of Request, Compliance
with CCN Requirements, Tartan
Factors, Timing Request
Witness: Matthew Dority
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: EA-2022-0328
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2022-0328

DIRECT TESTIMONY

OF

MATTHEW W. DORITY

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
August 2022**

DIRECT TESTIMONY

OF

MATTHEW W. DORITY

CASE NO. EA-2022-0328

I. INTRODUCTION

1

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

3 A: My name is Matthew W. DORITY. My business address is 1200 Main, Kansas City,
4 Missouri 64105.

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

6 A: I am employed by Evergy Metro, Inc. and serve as Director – Regulatory Affairs for Evergy
7 Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”), Evergy Missouri
8 West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”), Evergy Metro, Inc. d/b/a
9 Evergy Kansas Metro (“Evergy Kansas Metro”), and Evergy Kansas Central, Inc. and
10 Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy Kansas
11 Central”), the operating utilities of Evergy, Inc. (“Evergy”).

12 **Q: On whose behalf are you testifying?**

13 A: I am testifying on behalf of Evergy Missouri West (“EMW” or “Company”).

1 **Q: What are your responsibilities as the Director of Regulatory Affairs?**

2 A: My responsibilities include directing the design, development and implementation of
3 regulatory strategies and filings before the Commission and other regulatory bodies which
4 effectuate corporate goals and which satisfy requirements of regulatory policies, rules and
5 procedures.

6 **Q: Please describe your education, experience and employment history.**

7 A: I graduated from Furman University in 1998 with a Bachelor of Arts in Political Science
8 and Asian Studies. I received my Master of Business Administration degree from the
9 University of Missouri-Kansas City in 2012. I worked at the Missouri Department of
10 Economic Development from 1998 until 2004 when I joined Kansas City Power & Light
11 Company (“KCP&L”) as Manager of Economic Development. Since that time, I have held
12 positions of progressive responsibility in the Energy Solutions department, the Public
13 Affairs division, and the Transmission & Distribution Operations areas at the Company. I
14 have been in the position of Director of Regulatory Affairs since 2012.

15 **Q: Have you previously testified in a proceeding at the Missouri Public Service
16 Commission (“MPSC” or “Commission”) or before any other utility regulatory
17 agency?**

18 A: No.

19 **Q: Are there other witnesses testifying in support of the Company’s Application?**

20 A: Yes. Evergy’s Senior Director of Renewables and Assistant Treasurer Jason Humphrey
21 provides in his Direct Testimony a detailed overview of the project and asset being
22 acquired, describes the competitive renewable wind energy Request for Proposal (“RFP”)
23 process that led to the selection of the Persimmon Creek Wind Farm (“Persimmon Creek,”

1 “Project” or “Asset”), and reviews the economics of the Project and how they compared to
2 alternatives considered in the RFP process. He also describes the transactions that will
3 enable Evergy Missouri West to acquire Persimmon Creek, as well as the operations plan
4 for the Asset.

5 Evergy’s Vice President of Strategy and Long-Term Planning Kayla Messamore
6 describes in her Direct Testimony the Company’s Integrated Resource Planning (“IRP”)
7 process and how it supports this Application, as well as provides a general overview of the
8 value of Persimmon Creek to Evergy Missouri West.

9 **Q: What is the purpose of your Direct Testimony?**

10 A: The purpose of my Direct Testimony is to provide an overview of Evergy Missouri West’s
11 request for an Operating Certificate of Convenience and Necessity (“CCN”), explain how
12 the Company’s purchase of Persimmon Creek meets the requirements set forth in the
13 Commission’s CCN rule, as well as the Commission’s traditional standards for evaluating
14 and approving CCN requests. I also state why the purchase of Persimmon Creek and its
15 merger into EMW is not detrimental to the public interest, and provide support for the
16 Company’s request that the Commission issue its decision approving the Application by
17 December 31, 2022.

18 **Q: Please provide an overview of the Project for which the Company is seeking CCN**
19 **approval.**

20 A: Persimmon Creek Wind Farm is a 198.6 MW wind generating facility, with 80 wind
21 turbine generators, that spans approximately 17,000 acres and is located in parts of
22 Woodward, Ellis and Dewey Counties near Vici, Oklahoma. The Asset became
23 commercially operational in August 2018. Power from the turbines is collected at the

1 Project-owned substation via an underground 34.5 kV medium voltage ("MV") collection
2 system, stepped-up at the Project substation via the main power transformer to 345 kV high
3 voltage ("HV"), and transmitted over a Project-owned three-mile 345 kV overhead
4 transmission line to the 345 kV Guthrie Switchyard. At this switchyard the Project's
5 power is aggregated with the power output of another operating wind project and is
6 transmitted over another approximately 11-mile 345 kV transmission line to the point of
7 interconnection ("POI") at the 345 kV Woodward District substation owned by Oklahoma
8 Gas and Electric Co. ("OG&E").

9 EMW signed a Membership Interest Purchase Agreement ("MIPA") with GSQ,
10 LLC ("Project Company") on August 8, 2022 to purchase all the membership shares in the
11 Project Company that owns Persimmon Creek and its shared facilities agreement for the
12 generator interconnection agreement for a purchase price of \$245,700,000 plus working
13 capital adjustments and adjustments for production tax credit ("PTC") value, both to be
14 finalized at closing. Mr. Humphrey provides additional Project details, as well as an
15 overview of the MIPA in his Direct Testimony.

16 **Q: Why is the Company seeking an Operating CCN for this Project?**

17 A: The Commission's relatively new rule at 20 CSR 4240-20.045 ("CCN Rule") requires a
18 CCN for an electric utility to operate an electric generating plant under Section 393.170.2.
19 Such an Operating CCN is required if an "electric generating plant ... is expected to serve
20 Missouri customers and be included in the rate base used to set their retail rates regardless
21 of whether the item(s) to be constructed or operated is located ... inside or outside
22 Missouri;" See 20 CSR 4240-20.045(1)(A)1 & (2)(A)3. As a result, even though the
23 Persimmon Creek is in Oklahoma and has been operating for several years, the CCN Rule

1 requires Evergy Missouri West to obtain an Operating CCN for the Project. I understand
2 that this proceeding is the first such application for an Operating CCN since the current
3 CCN Rule was promulgated in 2018.

4 Evergy Missouri West expects that Persimmon Creek will serve EMW's customers,
5 all of whom are in Missouri, and that the Asset will be included in rate base used to set
6 their retail rates. Section (5) of the CCN Rule requires that an application for an Operating
7 CCN include four categories of information regarding the Asset.

8 **Q: What are the four categories of information required in an application for an**
9 **Operating CCN?**

10 A: 1. Section (5)(A) requires "A description of the asset(s) to be operated;"
11 2. Section (5)(B) requires "The value of the asset(s) to be operated;"
12 3. Section (5)(C) requires "The purchase price and plans for financing the operation;"
13 4. Section 5(D) requires that an application include "Plans and specifications for the Asset,
14 including as-built drawings."

15 **Q: How does the Company's Application comply with Section (5)(A)?**

16 A: Mr. Humphrey provides in his Direct Testimony a description of Persimmon Creek, its
17 operational history to date, and the Company's plans to operate the Asset. His Schedule
18 JH-6 provides additional details regarding the Project.

19 **Q: How does the Company's Application comply with Section (5)(B)?**

20 A: Mr. Humphrey addresses the value of the asset to be operated. The Persimmon Creek Wind
21 Farm is valued at approximately \$245,700,000, which is the purchase price contained in
22 the MIPA. This value was reached through a competitive request-for-proposal ("RFP")
23 process, including comparative valuations of other similar projects that have been offered

1 for sale. In addition, the Persimmon Creek Wind Farm is generating renewable energy
2 today that will provide renewable energy certificates and is eligible for 100% of the
3 available federal production tax credits. In addition, as an owned resource, Persimmon
4 Creek will be under Evergy's operational control, and its costs will be recovered through
5 base rates and operations and maintenance expense, as opposed to purchased power costs.
6 Mr. Humphrey summarizes this RFP process, Persimmon Creek's competitive levelized
7 cost of energy ("LCOE"), and the Project's operating history since going into service in
8 2018.

9 **Q: How does the Company's Application comply with Section (5)(C)?**

10 A: Mr. Humphrey describes how Evergy Missouri West has agreed to purchase Persimmon
11 Creek for approximately \$245,700,000. A copy of the Persimmon Creek Membership
12 Interest and Purchase Agreement is attached as Confidential Schedule JH-4 to Mr.
13 Humphrey's Direct Testimony. As Mr. Humphrey explains, this amount will be financed
14 through EMW's available utility financing resources with the intent that the Asset will
15 ultimately be included in rate base through the Commission's traditional ratemaking and
16 cost of capital procedures. Mr. Humphrey also describes the series of transactions that will
17 lead to Evergy Missouri West's ownership of Persimmon Creek.

18 **Q: How does the Company's Application comply with Section (5)(D)?**

19 A: Mr. Humphrey's Schedule JH-6 contains a copy of the general plans and specifications that
20 were followed to construct the Persimmon Creek Wind Farm, as well as high-level
21 drawings of the Asset as constructed.

1 **Q: Are there other specific requirements under the CCN Rule that the Company needs**
2 **to address?**

3 A: Yes. Section (3)(B) of the CCN Rule states that “[i]f an asset [is] to be operated or
4 constructed outside Missouri, the application shall include plans for allocating costs, other
5 than regional transmission organization/independent system operator cost sharing, to the
6 applicable jurisdiction.” Because 100% of the Asset will serve Evergy Missouri West
7 which operates entirely within Missouri and has no customers outside Missouri, there will
8 be no cost allocation between Missouri and another jurisdiction.

9 **Q: What other standards has the Commission traditionally employed in evaluating CCN**
10 **applications?**

11 A: When determining whether a project is necessary or convenient for the public service, the
12 Commission has traditionally applied five criteria, commonly known as the Tartan factors,
13 which are as follows:

- 14 1. Is the service needed?
- 15 2. Is the applicant qualified to provide the service?
- 16 3. Does the applicant have the financial ability to provide the service?
- 17 4. Is the applicant’s proposal economically feasible?
- 18 5. Does the service promote the public interest?¹

19 **Q: Will you be addressing the Tartan factors?**

20 A: Yes.

¹ In re Tartan Energy, Report and Order, 3 Mo. P.S.C.3d 173, No. GA-94-127, 1994 WL 762882 (September 16, 1994).

1 **Q: What is the Need for this asset?**

2 A: As Ms. Kayla Messamore describes in her Direct Testimony, Evergy Missouri West's
3 acquiring Persimmon Creek is consistent with and supported by its Integrated Resource
4 Plan ("IRP"). Staff has previously interpreted "need" as a requirement for the applicant to
5 demonstrate that there are benefits to the project that justify its cost.² As demonstrated by
6 the IRP results described in Ms. Messamore's testimony, the Project is forecasted to reduce
7 costs for EMW customers over the twenty-year planning horizon. This value is provided
8 through long-term low-cost energy, as well as capacity which is needed to meet EMW's
9 capacity requirements. Additionally, as stated in Ms. Messamore's testimony, Persimmon
10 Creek provides valuable PTCs which are not currently available in projects which will go
11 into service in future years. This Project provides a valuable addition to EMW's portfolio
12 in terms of fuel and ownership structure diversity.

13 **Q: Is the Evergy Missouri West qualified to provide the service?**

14 A: Yes. Evergy Missouri West and its affiliate Evergy Metro, Inc. have a long history of
15 operating generation, transmission, and distribution facilities that provide electricity in
16 Missouri through the construction, operation, and ownership of different power generation
17 assets and methods, including wind generation. Mr. Humphrey describes Evergy's history
18 of owning and operating wind farms. Therefore, the Company is qualified to own, operate,
19 maintain, control and manage Persimmon Creek and its related facilities.

20 **Q: How is this Asset economically feasible?**

21 A: As described in detail by Ms. Messamore, the IRP process for Evergy Missouri West
22 identified a preferred plan with wind that results in reduced costs for EMW customers over

² In re Evergy Metro, Inc. Application for a CCN to Construct and Operate Solar Generation Facilities, No. EA-2022-0043, Memorandum at 7, attached to Staff Recommendation (March 10, 2022).

1 time compared to alternative resource plans. Mr. Humphrey describes in his testimony
2 how this Project was chosen as a result of a competitive RFP process for wind generation
3 resources. Persimmon Creek had the lowest levelized cost of energy (“LCOE”) of all the
4 offered projects. Persimmon Creek is also less risky from a permitting and supply chain
5 perspective because it has been operational for the past four years, had the lowest
6 congestion risk for delivery to Evergy Missouri West customers, and offered an extremely
7 well performing facility with a proven operational net capacity factor of 50.5%. This
8 operational history of the Asset is described in more detail by Mr. Humphrey.

9 **Q: Does Evergy Missouri West have the ability to finance the purchase and operation of**
10 **this Project?**

11 A: Yes. Evergy Missouri West has experience in financing the purchase and operation of
12 large projects. As Mr. Humphrey states in his Direct Testimony, the total estimated
13 purchase price of the Project is \$245,700,000, plus working capital adjustments and
14 adjustments for PTC value, both to be finalized at closing. The Company plans to finance
15 this asset through rate base at its approved weighted average cost of capital (“WACC”).

16 **Q: Please describe how the public interest will be served by a grant of the requested**
17 **certificate?**

18 A: In addition to the factors discussed above which demonstrate that approval of this
19 Application is in the public interest, having EMW operate the Persimmon Creek Wind
20 Farm aligns with Missouri’s renewable energy policies, including the Renewable Energy
21 Standard Law, Section 393.1020, et seq., and provisions of the Plant in Service Accounting
22 Law.³ Evergy Missouri West’s resources will provide environmental benefits and provide

³ See Section 393.1400.4.(3)

1 a diversified energy resource to serve the community as Evergy transitions its generation
2 fleet to achieve net-zero CO₂ emissions by 2045, with an interim goal of a 70% reduction
3 in such emissions from 2005 levels by 2030.

4 **Q: Is it in the public interest for Evergy Missouri West to merge into the Company the**
5 **entity that will hold Persimmon Creek after the closing of the Membership Interest**
6 **and Purchase Agreement?**

7 A: Yes. Although the Commission’s rule at 20 CSR 4240-10.115(1)(D) only requires a
8 statement why a merger “is not detrimental to the public interest,” the facts in here show
9 the EMW’s plan to acquire and merge Persimmon Creek into its corporate holdings is
10 clearly in the public interest. In addition to the reasons I discussed above regarding the
11 environmental and resource diversification benefits, Mr. Humphrey’s Direct Testimony
12 reviews in detail the economic and operational benefits of Persimmon Creek, including its
13 Net Capacity Factor over 50% and eligibility for 100% production tax credit (“PTC”) status
14 through the first ten years of its life. The Direct Testimony of Kayla Messamore states that
15 Persimmon Creek will satisfy EMW’s need for 150 MW of wind generation to fulfill the
16 need identified in EMW’s 2022 Annual Update to its Preferred Plan that has been
17 developed under the Commission’s Integrated Resource Planning process. All of these
18 facts demonstrate that the merger of the Persimmon Creek assets into Evergy Missouri
19 West are not detrimental to the public interest.

20 **Q: What is the timing request and summary of relief requested by the Company in this**
21 **docket?**

22 A: Evergy Missouri West respectfully requests that the Commission issue a final order no later
23 than December 31, 2022. The MIPA for the acquisition of Persimmon Creek was signed

1 by Evergy Missouri West on August 8, 2022, with closing to occur upon satisfaction of
2 certain conditions precedent, which includes approval by this Commission of an Operating
3 Certificate of Convenience and Necessity (“CCN”) and the merger of PC1 into the
4 Company. Evergy Missouri West also seeks the Commission’s approval by December 31,
5 2022 in order to consummate the purchase of Persimmon Creek in a timely fashion, and to
6 avoid potentially adverse commercial consequences that could be caused by further delay.

7 In addition, the Persimmon Creek Wind Farm is generating renewable energy
8 today, will provide renewable energy certificates and is eligible for 100% of the available
9 federal production tax credits that can provide benefits to Evergy Missouri West’s
10 customers when the purchase is closed.

11 Unlike most CCN requests, Persimmon Creek is a fully constructed, operating site,
12 so the permitting, supply chain, land acquisition, and construction risks present with both
13 early development and build-transfer style projects that must be evaluated are essentially
14 non-existent with this asset. In fact, Persimmon Creek has a proven track record of
15 operating history since it began operations in 2018. As such, many of the requirements to
16 be reviewed for a CCN related to construction of an asset pursuant to Section 393.170.1
17 are not applicable to the CCN requested here where Evergy Missouri West seeks authority
18 to operate an asset pursuant to Section 393.170.2 and the Commission’s CCN Rule, 20
19 CSR 4240-20.045.

20 **Q: Please summarize your testimony.**

21 A: The issuance of a Commission order by December 31, 2022 granting EMW an Operating
22 CCN, and granting EMW permission to complete the acquisition and merger described in
23 the Application is consistent with the public interest. This is particularly true given

1 Persimmon Creek's successful operational history and the absence of issues related
2 construction, siting, and related land acquisition issues. This Application is a
3 straightforward acquisition of an out-of-state renewable energy resource which will
4 provide immediate benefits to customers and enhance the Company's generation portfolio,
5 consistent with its Integrated Resource Plan.

6 **Q: Does that conclude your testimony?**

7 A: Yes, it does.

