

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Application of Evergy)
Missouri West, Inc. d/b/a Evergy Missouri West)
for an Operating Certificate of Convenience and)
Necessity related to the Dogwood Natural Gas)
Combined-Cycle Electric Generating Facility in)
Cass County, Missouri)

Case No. EA-2023-0291

**APPLICATION OF EVERGY MISSOURI WEST FOR AN
OPERATING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Evergy Missouri West, Inc. (“Evergy Missouri West,” “EMW,” or “Company”), pursuant to Sections 393.170.2,¹ 20 CSR 4240-2.060, and 20 CSR 4240-20.045(1), (2) and (5) (“CCN Rule”), submits this Application to the Missouri Public Service Commission (“Commission” or “PSC”). The Company requests that the Commission issue an Operating Certificate of Convenience and Necessity (“CCN”) that authorizes EMW to own, operate, maintain, and otherwise control and manage an existing and operational natural gas-fired, combined-cycle electric generation facility located in Pleasant Hill, Cass County, Missouri known as the Dogwood Energy Facility.

EMW also requests that the Commission determine under its CCN Rule that the Company’s decision to acquire and operate the Dogwood Energy Facility under the terms of the Asset Purchase Agreement, as described below, is prudent.

In support of this Application, EMW states:

I. Applicant Evergy Missouri West

1. Evergy Missouri West is a Delaware corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. It is engaged in the generation, transmission, distribution, and sale of electricity in western Missouri, including the suburban

¹ All citations are to the Revised Statutes of Missouri (2016), as amended.

Kansas City metropolitan area, St. Joseph, and surrounding counties. Evergy Missouri West is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision, and control of the Commission under Chapters 386 and 393.

2. A certificate of authority for EMW to do business in Missouri as a foreign corporation was filed with the Commission in Case No. EN-2020-0064 and is incorporated by reference pursuant to 20 CSR 4240-2.060(1)(G).

3. Evergy Missouri West is a wholly owned subsidiary of Evergy, Inc. (“Evergy”). Evergy’s other wholly owned public utilities are Evergy Metro, Inc. (“Evergy Metro”) and Evergy Kansas Central, Inc. (“Evergy Kansas Central”). EMW has no annual report or regulatory assessment fees that are overdue.

4. Evergy Missouri West has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer services or rates, which action, judgment, or decision has occurred within three years of the date of this application, except for:

File No. EC-2023-0433, *Betty Bonacci, Complainant v. Evergy Missouri West*;

File No. EC-2024-0015, *Timothy Allegri, et, al. v. Evergy Missouri West*; and

File No. EC-2024-0092, *The Staff of the Missouri Public Service Commission v. Evergy Missouri Metro and Evergy Missouri West*.

5. In addition to serving counsel named below, all correspondence, pleadings, notices, orders, and other communications regarding this proceeding should be sent to:

Darrin R. Ives
Vice President of Regulatory Affairs
Evergy, Inc.
1200 Main Street
Kansas City MO 64105
(816) 556-2522
darrin.ives@evergy.com

Anthony R. Westenkirchner
Senior Paralegal, Legal Department
Evergy, Inc.
1200 Main Street
Kansas City MO 64105
(816) 556-2668
anthony.westenkirchner@evergy.com

6. Evergy Missouri West filed its Notice of Intended Case Filing to comply with the 60-day notice provisions of 20 CSR 4240-4.017(1) on March 20, 2023. After the Commission closed this matter on September 19, 2023 because of a lack of activity, the Company filed its Updated Notice on October 11, 2023 to re-open this proceeding and to advise that this Application would be filed in the next 60 days.

7. Data requests concerning this Application should be addressed to: Regulatory.Affairs@evergy.com.

II. Description of Dogwood

8. Evergy Missouri West seeks an Operating CCN authorizing it to own, operate, manage, maintain, and control the Dogwood Energy Facility, a nominal 688 megawatt (MW) existing and operational natural gas-fired, combined-cycle electric generating facility located in Pleasant Hill, Cass County, Missouri (“Dogwood,” “Facility” or “Asset”). Pursuant to the Asset Purchase Agreement signed on November 3, 2023, EMW has agreed to purchase from Dogwood Energy, LLC (“Dogwood Energy”) a 22.2% interest in the Facility. This equates to approximately 143 MW of accredited capacity under the summer rating conditions of Southwest Power Pool, Inc.

("SPP"), the regional transmission organization of which EMW and its affiliated utilities are members.

9. The current owners of the Asset are Dogwood Energy, as well as the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"); the City of Independence, Missouri; the Kansas Power Pool; the Kansas Municipal Energy Agency; and the Unified Government of Wyandotte County and Kansas City, Kansas.

10. This Application is submitted pursuant to the Commission's rule at 20 CSR 4240-20.045 ("CCN Rule") which requires a CCN for an electric utility to operate an electric generating plant under Section 393.170.2. Such an Operating CCN is required if an "electric generating plant ... is expected to serve Missouri customers and be included in the rate base used to set their retail rates regardless of whether the item(s) to be constructed or operated is located ... inside or outside Missouri;" See 20 CSR 4240-20.045(1)(A)1. Evergy Missouri West expects that Dogwood will serve EMW's customers, all of whom are in Missouri, and that the Asset will be included in EMW's rate base and used to set the retail rates of its customers.

11. Section (5) of the CCN Rule requires that an application for an Operating CCN include four categories of information regarding the Asset. Testimony in support of Evergy Missouri West's Application in this proceeding is provided by John Carlson, Senior Manager of Market Operations; Kayla Messamore, Vice President of Strategy & Long-Term Planning; Darrin R. Ives, Vice President of Regulatory Affairs; John Reed, Chairman and CEO of Concentric Energy Advisors, Inc.; and Christopher Klausner, Associate Vice President and Senior Managing Director of Black & Veatch Management Consulting, LLC.

12. Section (5)(A) requires that the application include: "A description of the asset(s) to be operated;" EMW has agreed to purchase a 22.2% interest in the Facility from Dogwood Energy, whose parent company Kelson Energy LLC is an independent energy management

company that owns and manages power plants in the United States and the United Kingdom. The Direct Testimony of Mr. Carlson, as well as Confidential Schedules JC 1, 10, and 12-16 attached to his testimony, describe the Facility which began commercial operations in February 2002. As noted above, Dogwood is a nominal 688 MW natural gas-fired, combined-cycle electric generating facility located in Pleasant Hill, Missouri which has been continuously operating since 2002.

13. Dogwood consists of two Siemens Westinghouse combustion turbine generators and two Toshiba heat-recovery steam generators that operate in a combined cycle with a Toshiba reheat-type condensing steam turbine generator and associated equipment. The combustion turbines were upgraded in 2020 and 2021 to permit longer operating intervals and to eliminate combustor inspection outages. The Facility is connected to Evergy Missouri West's transmission system through the Company's 345 kV Pleasant Hill Substation located north of the Asset. Pursuant to its generation interconnection agreement with SPP and EMW, Dogwood has access to the SPP regional transmission system.

14. Section (5)(B) requires that the application include: "The value of the asset(s) to be operated;" The value of the interest that EMW will acquire in the Dogwood combined-cycle electric generating facility is \$60,667,650. However, the total purchase price that the Company has agreed to in the Asset Purchase Agreement is approximately \$62,700,000 which includes a working capital deposit of approximately \$950,000 and a prepayment amount representing a payment in lieu of property taxes ("PILOT") of approximately \$975,000, as well as the price of the Asset itself. The final purchase price agreed to by Evergy Missouri West and Dogwood Energy was the product of a competitive request for proposal ("RFP") process that included both qualitative and quantitative assessments, as well as a series of arm's length negotiations. Company Witness Mr. Carlson's Direct Testimony reviews these matters in detail. The Asset Purchase Agreement is contained in his Confidential Schedule JC-12.

15. Section (5)(C) requires that the application include: “The purchase price and plans for financing the operation;” As discussed above, Evergy Missouri West has agreed to acquire its interest in the Dogwood plant for a final purchase price of approximately \$62,700,000. This amount will be financed through EMW’s available utility financing resources with the intent that the Asset will ultimately be included in rate base through the Commission’s traditional ratemaking and cost of capital procedures. A copy of the Asset Purchase Agreement is attached as Confidential Schedule JC-12 to the Direct Testimony of Company Witness Carlson.

16. Section 5(D) requires that an application include: “Plans and specifications for the Asset, including as-built drawings.” A confidential schedule (JC-15) to the Direct Testimony of Company Witness Carlson contains a copy of the general plans and specifications of the Dogwood plant.

III. Public Convenience and Necessity: Section 393.170 and the CCN Rule

17. Pursuant to the requirements the CCN Rule’s Section (3)(A), Evergy Missouri West provides the following “facts showing that granting the application is necessary or convenient for the public service;” The Rule follows the statutory language that the Commission “shall have the power to grant” a CCN upon a showing that the proposed “right” or “privilege” related to the operation of an electricity generating plant is “necessary or convenient for the public service.” See § 393.170.2-.3.²

18. Missouri courts have consistently held that “necessity” does not mean “essential” or “absolutely indispensable.” The concept of necessity is that the additional service “would be an improvement justifying its cost” and be “desirable for the public welfare.” United for Missouri v. PSC, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016); State ex rel. Intercon Gas, Inc. v. PSC, 848

² Kansas City Power & Light Co. v. PSC, 618 S.W.3d 520, 527 (Mo. en banc 2021).

S.W.2d 593, 597-98 (Mo. App. W.D. 1993). If “the public convenience will be enhanced” and “there is [a] reasonable necessity” for the service, then the public “convenience and necessity” and “need” is served by granting the CCN. State ex rel. Beaufort Transfer Co. v. Clark, 504 S.W.2d 216, 219 (Mo. App. K.C. 1973).

19. As Company Witness Ives states in his Direct Testimony, the Commission generally applies five criteria known as the Tartan factors in CCN cases. The Tartan factors are: (1) There must be a need for the service; (2) The proposal must be economically feasible; (3) The applicant must have the financial ability to provide the service; (4) The applicant must be qualified to provide the service; and (5) The proposed service must promote the public interest. Missouri Landowners Alliance v. PSC, 593 S.W.3d 632, 638 & n.6 (Mo. App. E.D. 2019), affirming Report & Order on Remand at 40-47, In re Grain Belt Express Clean Line LLC, No. EA-2016-0358 (Mo. P.S.C., Mar. 20, 2019). See In re Tartan Energy Co., 1994 Mo. PSC LEXIS 26 at *9-10, 1994 WL 762882, No. GA-94-127 (Mo. P.S.C. 1994). An affirmative finding on the first four factors will generally lead to a finding that the requested CCN will promote the public interest. Id. at *40-41.

20. **Need:** The addition of the Asset to the Company’s generation fleet will reduce EMW’s reliance on purchased power, as well as help to address its need for both capacity and energy. Adding Dogwood to the Company’s generation portfolio is consistent with positions taken by the PSC and other parties who have encouraged EMW and its predecessors to invest in their own generation, especially dispatchable resources, instead of relying on purchased power agreements and the wholesale electricity markets.³

³ See Report & Order at 34 (Public Counsel opposed EMW’s “retiring a dispatchable generating unit”), In re Evergy Mo. West, Inc. General Rate Case, No. ER-2022-0130 (Dec. 8, 2022); Report & Order at 14-15, In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar Generating Facilities in Western Mo., No. EA-2015-0256 (Mar. 2, 2016), aff’d United for Missouri v. PSC, 515 S.W.3d 754, 764-65 (Mo. App. W.D. 2016) (CCN issued for Greenwood solar facility); Report & Order at 81-85, 98-99, In re KCP&L Greater Mo. Operations Co. Rate Case, No.

21. There is an existing and growing need for Evergy Missouri West to acquire reliable and dispatchable resources that meet the energy and capacity needs of its customers. This need is the result of numerous factors, including the retirement of significant numbers of older thermal generating resources throughout the Midwest, the proliferation of non-dispatchable renewable resources, and the recent decisions by SPP to raise its resource adequacy and planning reserve margin requirements. In the wake of the COVID-19 pandemic, the U.S. economy has sustained historic levels of inflation that have resulted in significant increases in the cost of electric utility materials and infrastructure, as well as national and global supply chain disruptions. By contrast, EMW’s acquisition of an interest in the fully operational Dogwood plant would avoid construction delays, supply chain problems, land acquisition issues, and fuel uncertainty. The Facility’s fuel is supplied by a gas transmission pipeline owned by Dogwood that is connected to the systems of both Southern Star Central Gas Pipeline, Inc. and Panhandle Eastern Pipe Line Co., LP. As an operating, dispatchable source of capacity and energy, Dogwood will help to meet the needs of its customers.

22. Furthermore, the Company’s 2023 Annual Update to its Integrated Resource Plan (“IRP”)⁴ shows that in all modeled capacity expansion scenarios the Dogwood purchase option is part of the lowest-cost resource plan for EMW to pursue, which supports its inclusion in EMW’s Preferred Plan, as Company Witness Messamore discusses in her Direct Testimony. Given that the Company’s need for capacity will continue even with the addition of the Dogwood resource, it is important that this significant step in EMW’s resource plan proceed. Because the retirement

ER-2010-0356 (May 4, 2011), *aff’d State ex rel. KCP&L Greater Mo. Operations Co. v. PSC*, 408 S.W.3d 153, 161-62 (Mo. App. W.D. 2013) (Crossroads combustion turbine units included in rate base). See also Public Counsel witness L. Mantle Surrebuttal at 14-16 (“there are still substantial benefits to fossil fuel generation”), In re Evergy Mo. West, Inc. Application for a CCN to Own and Operate an Existing Wind Generation Facility in Okla., No. EA-2022-0328 (Jan. 31, 2023).

⁴ Evergy Missouri West’s 2023 IRP Annual Update was filed with the Commission on June 15, 2023 in No. EO-2023-0213.

of thermal units will continue and SPP's resource adequacy requirements are likely to increase further while accreditation of all resource types is expected to be reduced, the addition of a reliable and high performing asset like Dogwood is key to fulfilling the need that the Company faces.

23. **Economic Feasibility:** Evergy Missouri West's decision to add the Dogwood Facility is economically feasible as the Asset is currently producing reliable energy in the Company's service territory in Cass County, as it has for the past twenty years. During the past five years (2018-2022), Dogwood has operated successfully and met its obligations when dispatched in SPP. The Asset's average net capacity factor for this period is 35.7%. Dogwood currently operates at an efficient heat rate of 7600 Btu/kWh.

24. The economic feasibility of EMW's plan to acquire an interest in Dogwood is also demonstrated by comparison of alternative capacity and energy sources in the context of integrated planning analysis. As illustrated in Company Witness Messamore's direct testimony Dogwood is economically feasible, given its selection as a preferred resource in each IRP scenario, and is a better economic choice when compared to current third-party capacity only options or the cost to build new capacity resources.

25. Finally, as Company Witness Messamore explains in her Direct Testimony, the IRP's net present value of revenue requirement ("NPVRR") analysis performed in EMW's 2023 Annual Update found that each of the three lowest-cost plans included Dogwood. As a result, the Facility was included in the Company's Preferred Plan. The Annual Update's conclusions further support the economic feasibility of the Company's plan to acquire an interest in Dogwood.

26. **Financial Ability to Provide the Service:** As Company Witnesses Carlson and Ives explain in their testimony, the Company has the financial resources to acquire Dogwood and to own, operate, manage, and control the Asset through its existing funds and indebtedness, while maintaining a strong financial position and its credit ratings. The operation of the Facility will be

sustained by its inclusion in EMW's rate base through the Commission's utility ratemaking process and its decisions regarding the Company's cost of capital.

27. **Qualifications to Provide the Service:** As Company Witnesses Ives and Carlson discuss in their testimony, Evergy Missouri West has operated electricity generation facilities for decades. EMW's affiliate Evergy Kansas Central has delivered energy management and fuel procurement services to Dogwood for over ten years and will continue to do so. When the transaction closes, a representative of Evergy Missouri West will become a member of the Dogwood Management Committee. This committee makes all decisions related to operating, maintaining, and administering the Facility pursuant to a Participation Agreement that Dogwood's owners have signed and which EMW will sign regarding the management of the plant.

28. After the Asset Purchase Agreement closes, Dogwood Energy through the services of its subsidiary Dogwood Power Management, LLC ("DPM") will continue to provide asset management services for the Facility under the joint direction of the Facility's owners which will include Evergy Missouri West.

29. **Public Interest:** In addition to the factors discussed above which demonstrate that approval of this Application is in the public interest, EMW's ownership of a 22.2% interest in Dogwood will help to ensure that the Company is able to meet its capacity and energy needs during this time of accelerated change in the U.S. electricity industry. Granting an Operating CCN to EMW involves none of the risks inherent in a construction or line CCN under Section 393.170.1 which typically includes acquiring rights-of-way or other property rights, securing various governmental permits and consents, and managing supply chain, labor, and construction risks that often lead to a delay in a generating unit coming on-line.

30. Dogwood has a secure natural gas fuel supply pipeline that is interconnected with two major gas pipeline companies. The Asset is fully interconnected to the Southwest Power Pool

wholesale electricity grid through transmission lines that are owned by Evergy Missouri West. Dogwood is a market participant in SPP's Integrated Marketplace. Through EMW's affiliate Evergy Kansas Central, Dogwood currently offers its output into the SPP energy markets. Given the Asset's strong interconnection to SPP and the 345 kV transmission upgrades recently completed in the SPP region, the Company expects that long-term firm network transmission service from Dogwood to EMW should be available without having to obtain such service at a cost that exceeds standard SPP tariff rates.

31. These positive attributes, as well as the other characteristics of the Asset previously discussed above in the Tartan factor analysis, present a clear case that granting a CCN for Evergy Missouri West to acquire and operate Dogwood would serve the public interest.

32. **Determination of Decisional Prudence:** The Commission's CCN Rule in Section (2)(C) provides: "In determining whether to grant a certificate of convenience and necessity, the commission may, by its order, make a determination on the prudence of the decision to operate or construct an asset subject to the commission's subsequent review of costs and applicable timelines." To make such a decision, the PSC will review the evidence provided by the applicant's witnesses, as well as the information that the CCN Rule's Section (5) requires to be filed with an Operating CCN Application. This includes advising the Commission of "[t]he value of the asset(s) to be operated" and "[t]he purchase price and plans for financing the operation" under Section (5)(B)-(C).

33. To judge the prudence of EMW's decision to acquire and operate its interest in Dogwood, it is appropriate for the Commission to review all relevant facts. These include the Tartan factors that the Commission has historically relied on, including the broad final factor that the service must promote the public interest. Among the facts that the Commission should review are the operational history of Dogwood, the fair market value of what the Company is acquiring,

the reasonableness of the final purchase price, the lack of generator interconnection and fuel supply issues, as well as the avoidance of construction and supply delays inherent in building a new generating facility. These and other considerations should be measured to determine whether the overall customer benefits expected to result from Evergy Missouri West's acquisition of an interest in the Dogwood Energy Facility exceed the anticipated costs that customers can be expected to pay.

34. Based on such an evaluation, Evergy Missouri West requests that the Commission conclude that the Company's decision to acquire a 22.2% interest in Dogwood pursuant to the Asset Purchase Agreement and to operate the Facility is prudent.

IV. Conclusion and Request for Approval

35. Evergy Missouri West's Application seeks an Operating CCN that will authorize the Company to acquire and operate the 22.2% interest in the Dogwood plant pursuant to EMW's Asset Purchase Agreement with Dogwood Energy. The Company respectfully requests that the Commission issue a final order granting it an Operating CCN and finding that Evergy Missouri West's decision to acquire this interest in Dogwood and operate the Facility is prudent no later than June 14, 2024.

36. Because Dogwood has been operating efficiently since 2002 in the Company's service territory and because approval of the Company's requests will provide EMW's customers with energy and capacity benefits from a plant already interconnected to its system, to the SPP transmission grid and energy markets, and to two different interstate natural gas pipelines, approval of Evergy Missouri West's request will provide immediate benefits to customers and enhance its generation portfolio. Once the Commission grants its approval, these benefits will flow to customers immediately as there will be no construction, siting, land use, supply chain, or labor issues to be addressed by the Company.

37. Given these benefits and the absence of detriments, the Company specifically requests that the Commission (1) grant EMW an Operating CCN without unreasonable conditions; (2) include decisional prudence language in its Report and Order that specifically states: Evergy Missouri West's decision (a) to acquire a 22.2% interest in the Dogwood Energy Facility for the final purchase price of approximately \$62,700,000 and (b) to operate the Dogwood Energy Facility is prudent because Evergy Missouri West has demonstrated that the final purchase price reflects the fair market value of the acquired percentage interest in the Dogwood Energy Facility and that the customer benefits resulting from the Company's acquisition of the acquired percentage interest in the Dogwood Energy Facility -exceed the customer costs related to the acquisition; (3) determine that the Dogwood Energy Facility is fully operational and (4) provide such Order by June 14, 2024, so that EMW may close the Purchase, as defined in the Asset Purchase Agreement, and begin operating the Asset for the benefit of EMW customers by June 30, 2024, for inclusion in EMW's 2024 general rate case, pursuant to the case's expected June 30, 2024 true-up date, for inclusion in rate base and in the determination of new rates.

38. The Company proposes the following schedule and requests that a prehearing conference be ordered to finalize the schedule:

February 15, 2024	Rebuttal Testimony
March 15, 2024	Surrebuttal Testimony
April 8-12, 2024	Evidentiary Hearing
May 3, 2024	Initial Briefs
May 17, 2024	Reply Briefs
June 14, 2024	Report and Order

WHEREFORE, Evergy Missouri West respectfully requests that the Commission:

- (1) Grant an Operating CCN pursuant to Section 393.170.2 and the Commission's CCN Rule, 20 CSR 4240-20.045, that authorizes EMW to acquire, operate, own, maintain, manage and control the Dogwood Energy Facility, along with all existing facilities, structures, fixtures, and other equipment related to the Asset;
- (2) Find that the granting of the authority requested by this Application is necessary or convenient for the public service and promotes the public interest;
- (3) Consistent with Paragraph 37 above, find that the Company's decision to acquire an interest in the Dogwood Energy Facility according to the terms of the Asset Purchase Agreement and to operate Dogwood is prudent under Section 2(C) of the CCN Rule;
- (4) Find that the Dogwood Energy Facility is fully operational:
- (5) Issue its Report and Order no later than June 14, 2024, and
- (6) Provide any further relief, findings, or orders that the Commission believes just, reasonable, and in the public interest.

Respectfully submitted,

/s/ Roger W. Steiner

Roger W. Steiner, MBN 39586
Corporate Counsel
Evergy, Inc.
1200 Main Street
Kansas City, MO 64105
Phone: (816) 556-2314
roger.steiner@energy.com

Karl Zobrist, MBN 28325
Jacqueline M. Whipple, MBN 65270
Chandler R. Hiatt, MBN 75604
Dentons US LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111
Phone: (816) 460-2400
Fax: (816) 531-7545
karl.zobrist@dentons.com
jacqueline.whipple@dentons.com

James M. Fischer, MBN 27543
Fischer & Dority, P.C.
2081 Honeysuckle Lane
Jefferson City MO 65109
(573) 353-8647
jfischerpc@aol.com

**ATTORNEYS FOR EVERGY MISSOURI
WEST**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed, or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 8th day of November 2023.

/s/ Roger W. Steiner

Attorney for Evergy Missouri West

DECLARATION OF DARRIN R. IVES

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Darrin R. Ives, state that I am Vice President - Regulatory Affairs for Evergy Metro, Inc., that I have reviewed the foregoing pleading, that I am familiar with its contents, that the statements contained therein are true and correct to the best of my knowledge and belief.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.



Darrin R. Ives

Subscribed and sworn before me this 8th day of November 2023.



Notary Public

My commission expires: 4/26/2025

