

*Exhibit No.:*  
*Issue(s):* In-Service  
*Witness:* Claire M. Eubanks, P.E.  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* ER-2024-0189  
*Date Testimony Prepared:* June 27, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**ENGINEERING ANALYSIS DEPARTMENT**

**DIRECT TESTIMONY**  
**OF**  
**CLAIRE M. EUBANKS, P.E.**

**EVERGY MISSOURI WEST, INC.,**  
**d/b/a Evergy Missouri West**

**CASE NO. ER-2024-0189**

*Jefferson City, Missouri*  
*June 27, 2024*



1 of solid waste landfills, including performing as the Certifying Engineer for projects related to  
2 landfill design, construction plans and specifications, and construction quality assurance.

3 In November 2012, I began my employment with the Commission as a  
4 Utility Regulatory Engineer I. My primary job duties were related to the Renewable  
5 Energy Standard, reviewing applications for Certificates of Convenience and Necessity,  
6 construction audits, and the development and evaluation of in-service criteria. In January 2017,  
7 I was promoted to Utility Regulatory Engineer II, and in April 2020, I was promoted to  
8 my current position. I currently serve as co-chair to the NARUC Staff Sub-committee on  
9 Reliability and Resilience.

10 Q. Have you previously filed testimony before the Commission?

11 A. Yes, numerous times. Please refer to Schedule CME-d1, attached to this  
12 Direct Testimony, for a list of cases in which I have filed testimony or recommendations.

13 Q. What knowledge, skills, experience, training, and education do you have in the  
14 areas of which you are testifying as an expert witness?

15 A. I have received continuous training at in-house and outside seminars on  
16 technical matters since I began my employment at the Commission. I have been employed by  
17 this Commission as an Engineer for over 10 years, and have submitted testimony numerous  
18 times before the Commission. I have also been responsible for the supervision of other  
19 Commission employees in rate cases and other regulatory proceedings.

20 Q. What is the purpose of your direct testimony?

21 A. The purpose of my direct testimony is to address the in-service status of the  
22 Hawthorn Solar facility, and Staff's concerns that Evergy Missouri West began collecting  
23 charges from customers prior to the in-service date of the Hawthorn Solar Facility.

1 **IN-SERVICE CRITERIA**

2 Q. What are in-service criteria?

3 A. In-service criteria are a set of operational tests or operational requirements  
4 developed by Staff to determine whether a unit is "fully operational and used for service."

5 Q. Where does the phrase "fully operational and used for service" come from?

6 A. The phrase comes from Section 393.135, RSMo (2000), a statute that was  
7 adopted by Initiative, Proposition No. 1, on November 2, 1976. Section 393.135, RSMo,  
8 provides as follows:

9 Any charge made or demanded by an electrical corporation for service,  
10 or in connection therewith, which is based on the costs of construction  
11 in progress upon any existing or new facility of the electrical corporation,  
12 or any other cost associated with owning, operating, maintaining, or  
13 financing any property before it is **fully operational and used for**  
14 **service, is unjust and unreasonable, and is prohibited.** [Emphasis  
15 added.]

16 Q. What does it mean for a facility to be "fully operational and used for service"?

17 A. The Commission determines whether the project is fully operational and useful  
18 for service using in-service criteria. In-service criteria have been utilized to evaluate different  
19 types of generating units and retrofits since at least 1978 after Section 393.135, RSMo took  
20 effect in 1976. Certain criteria apply to every type of project, to ensure that all major  
21 construction work is complete. Other criteria are developed for the specific characteristics of  
22 the generating facility or retrofit. Staff recommends several criterion, which, in combination,  
23 are needed to determine that a unit is "fully operational" and "used for service."  
24 Certain fundamental tests are included to prove whether the unit can start properly, shut down  
25 properly, operate at its full design capacity, or operate for a period of time without tripping off  
26 line. Other items Staff would consider are whether the full output of the unit can be delivered

1 into the electrical distribution/transmission system. An additional factor the Staff will consider  
2 is whether testing was performed pursuant to any contract and whether testing was performed  
3 prior to the company accepting the unit from the contractor.

4 Q. Are there generating facilities included in Staff's direct case that Staff considers  
5 as having met the respective in-service criteria?

6 A. Yes. Staff's Engineering Analysis Department previously provided a  
7 recommendation in EO-2023-0423 and EO-2023-0424 that the Hawthorn Solar facility  
8 (nameplate 10 MWac) met the solar in-service criteria as of May 29, 2023.  
9 Staff's recommendation is attached as Schedule CME-d2.

10 Q. Are there generating facilities that are expected to be in-service through the  
11 true-up portion of this case?

12 A. Yes. The Commission recently approved a Unanimous Stipulation and  
13 Agreement in EA-2023-0291 regarding EMW's acquisition of the Dogwood Energy Facility.  
14 EMW expects to close on the transaction by June 30, 2024.<sup>1</sup> Staff's Engineering Analysis  
15 Department previously evaluated the in-service criteria for the Dogwood Energy Facility in the  
16 context of the Unanimous Stipulation and Agreement filed on February 26, 2024.  
17 The stipulation is attached as Schedule CME-d3.

18 Additionally, it is Staff's understanding EMW installed a 90 kW solar system with  
19 battery backup at its Nevada Service Center.<sup>2</sup> The solar installation at the Nevada Service  
20 Center is comparable in size to a customer installed system. Due to its small size, Staff has not  
21 specifically evaluated in-service criteria for the Nevada Service Center solar installation.

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<sup>1</sup> Direct Testimony of Darrin Ives, page 12, line 3.

<sup>2</sup> Response to Staff Data request 246.1.

1 Q. Did Hawthorn solar facility produce energy prior to its in-service date?

2 A. Yes.

3 Q. If a generating unit is producing energy how could it not be considered  
4 in-service?

5 A. As discussed earlier, Staff recommends the Commission consider several  
6 criteria, which in combination, demonstrate that a unit is fully operational. For example, a  
7 unit may operate but at a level less than expected. The in-service criteria Staff reviewed in  
8 EO-2024-0423 and EO-2023-0424 were proposed by Evergy<sup>3</sup> in EA-2022-0043  
9 (Hawthorn Solar CCN) and supported by Staff.<sup>4</sup>

10 It is Staff's understanding from Evergy's responses in EO-2023-0423 and  
11 EO-2023-0424 that there were \*\* [REDACTED]  
12 [REDACTED] \*\*<sup>5</sup> In other words, the facility was  
13 producing energy in January, however, the capacity test was not completed until the end of  
14 May, in part, \*\* due to the inverter issues. \*\* Staff has requested additional information  
15 regarding the \*\* [REDACTED] \*\*

16 Q. Has the Commission previously considered the in-service date as when a unit  
17 was both used for service and fully operational?

18 A. Yes. An early case in which the Commission considered in-service criteria  
19 specifically was ER-79-60, a rate case in which the date of Jeffery Energy Center Unit 1 became  
20 fully operational and used for service was at issue. In that case the Commission found that even

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<sup>3</sup> Evergy Missouri, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West.

<sup>4</sup> Official Case File Memorandum, EA-2022-0043, page 20.

<sup>5</sup> Evergy confidential response to Staff data request 10 and 15 in EO-2023-0423 and EO-2023-0424.

1 | though the Jeffery Energy Center Unit 1 was used for service it must also be fully operational  
2 | prior to inclusion in rates:

3 |           “The question before the Commission in this issue is one of first impression.  
4 | Neither this Commission nor the courts have been called upon to apply the terms of  
5 | Proposition 1 so specifically. Only the vagaries of coincidence have presented the  
6 | question with such clarity. The transcript in this matter is replete with examples of the  
7 | loose and unspecific manner in which the terms “in service”, “commercial service”,  
8 | “used and useful”, “fully operational”, and other similar terms are used in the industry.  
9 | The question would, of course, never arise unless one is faced with a statute similar to  
10 | ours.

11 |           The Commission recognizes the difficulty of applying a hard and fast rule as to  
12 | when the statute is satisfied in every instance, and indeed believe that such is not  
13 | possible in view of the different circumstances which can surround a specific piece of  
14 | construction in a specific setting. We do believe, however, that the criteria proposed by  
15 | Staff are valid and may properly be used by the Commission in making individual  
16 | judgement that it must make in each specific case. We are particularly persuaded by the  
17 | ability of the unit to operate at its expected load factor and its further ability to achieve  
18 | its maximum operational capability. As has previously been noted, both of those  
19 | occurrences took place on July 30. The invalidity of the Company’s asserted “in service”  
20 | date is well illustrated by the fact that the unit was not shown to be able to function at  
21 | even its minimum daily load until well after that date.

22 |           The Commission believes that Section 393.135 RSMo, 1978, requires an electric  
23 | generating facility to be not only used for service but also be shown to be fully  
24 | operational prior to its inclusion into rate base. Throughout the months of June and July  
25 | there is no question that the machine was used for service to some minimal degree,  
26 | but we cannot agree that it became fully operational until July 30.”  
27 |

28 |           Q.     In ET-2024-0182, Staff raised an issue that Evergy may have improperly begun  
29 | billing for the solar subscription program before the Hawthorn solar facility was in-service,  
30 | are you familiar with this issue?

31 |           A.     Yes. In EO-2023-0424 and EO-2023-0423, Evergy represented that it began  
32 | billing its Missouri solar subscription (“SSP”) customers effective April 1, 2023.<sup>6</sup> In the  
33 | EO-2023-0423 and EO-2023-0424 dockets, Staff recommended that in the future Evergy

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<sup>6</sup> The general ledger transactions provided in response to Staff data request 13.1 in this case indicate EMW collected \*\* [REDACTED] \*\*

1 ensure that in-service testing is completed prior to filing a tariff to implement a new or changed  
2 rate under the SSP and other similar tariffs. It is my understanding that these dockets were  
3 closed with the intention of addressing issues in ET-2024-0182. The Commission was made  
4 aware of Staff's concerns; however, the Commission noted the issue was not fully developed.<sup>7</sup>

5 Q. Is Staff proposing an adjustment in direct testimony regarding the potential  
6 billing issue?

7 A. Staff is investigating the potential billing issue and will provide an update in its  
8 true-up direct testimony.

9 Q. Does this conclude your direct testimony?

10 A. Yes it does.

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<sup>7</sup> ET-2024-0182, Report and Order, page 26-27.



**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Evergy Missouri West, Inc.     )  
d/b/a Evergy Missouri West's Request for     )  
Authority to Implement A General Rate     )  
Increase for Electric Service     )                             Case No. ER-2024-0189

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI     )  
   )  
COUNTY OF COLE     )                             ss.

**COMES NOW CLAIRE M. EUBANKS, PE** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Claire M. Eubanks, PE*; and that the same is true and correct according to her best knowledge and belief.

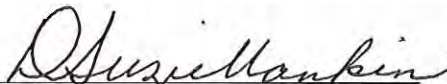
Further the Affiant sayeth not.

  
**CLAIRE M. EUBANKS, PE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 18<sup>th</sup> day of June 2024.



  
Notary Public

**CLAIRE M. EUBANKS, PE**

**PRESENT POSITION:**

I am the Manager of the Engineering Analysis Department, Industry Analysis Division of the Missouri Public Service Commission.

**EDUCATIONAL BACKGROUND AND WORK EXPERIENCE:**

I received my Bachelor of Science degree in Environmental Engineering from the University of Missouri – Rolla, now Missouri University of Science and Technology, in May 2006. I am a licensed professional engineer in the states of Missouri and Arkansas. Immediately after graduating from UMR, I began my career with Aquaterra Environmental Solutions, Inc., now SCS Aquaterra, an engineering consulting firm based in Overland Park, Kansas. During my time with Aquaterra, I worked on various engineering projects related to the design, construction oversight, and environmental compliance of solid waste landfills. I began my employment with the Commission in November 2012 and was promoted to my current position in April 2020.

Currently, I am the co-chair of the NARUC Staff subcommittee on Electric Reliability & Resilience.

**CASE HISTORY:**

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issue</b>
EA-2012-0281	Ameren	Rebuttal	Certificate of Convenience and Necessity
EC-2013-0379 EC-2013-0380	KCP&L KCP&L GMO	Rebuttal	RES Compliance
EO-2013-0458	Empire	Memorandum	RES Compliance Plan & Report
EO-2013-0462	Ameren	Memorandum	RES Compliance Report
EO-2013-0503	Ameren	Memorandum	RES Compliance Plan
EO-2013-0504	KCPL	Memorandum	RES Compliance Plan & Report
EO-2013-0505	GMO	Memorandum	RES Compliance Plan & Report
ET-2014-0059	KCP&L GMO	Rebuttal	RES Retail Rate Impact
ET-2014-0071	KCP&L	Rebuttal	RES Retail Rate Impact
ET-2014-0085	Ameren	Rebuttal	RES Retail Rate Impact
ER-2014-0258	Ameren	Cost of Service Report, Surrebuttal	RES, In-Service

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issue</b>
EO-2014-0151	KCP&L GMO	Memorandum	RESRAM
EO-2014-0357	Electric	Memorandum	Solar Rebates Payments
EO-2014-0287	KCPL	Memorandum	RES Compliance Plan
EO-2014-0288	GMO	Memorandum	RES Compliance Plan
EO-2014-0289	KCPL	Memorandum	RES Compliance Report
EO-2014-0290	GMO	Memorandum	RES Compliance Plan
ER-2014-0370	KCP&L	Cost of Service Report	RES
EX-2014-0352	N/A	Live Comments	RES rulemaking
EC-2015-0155	GMO	Memorandum	Solar Rebate Complaint
EO-2015-0260	Empire	Memorandum	RES Compliance Plan & Report
EO-2015-0263	KCPL	Memorandum	RES Compliance Report
EO-2015-0264	GMO	Memorandum	RES Compliance Report
EO-2015-0265	KCPL	Memorandum	RES Compliance Plan
EO-2015-0266	GMO	Memorandum	RES Compliance Plan
EO-2015-0267	Ameren	Memorandum	RES Compliance Plan & Report
EO-2015-0252	GMO	Staff Report	Integrated Resource Plan – Renewable Energy Standard
EO-2015-0254	KCPL	Staff Report	Integrated Resource Plan – Renewable Energy Standard
EA-2015-0256	KCP&L GMO	Live Testimony	Greenwood Solar CCN
EO-2015-0279	Empire	Memorandum	RES Compliance Plan & Report
ET-2016-0185	KCP&L	Memorandum	Solar Rebate Tariff Suspension
EO-2016-0280	KCPL	Memorandum	RES Compliance Report
EO-2016-0281	GMO	Memorandum	RES Compliance Report
EO-2016-0282	KCPL	Memorandum	RES Compliance Plan
EO-2016-0283	GMO	Memorandum	RES Compliance Plan
EO-2016-0284	Ameren	Memorandum	RES Compliance Plan & Report
ER-2016-0023	Empire	Report	RES
ER-2016-0156	KCP&L GMO	Rebuttal	RESRAM Prudence Review

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issue</b>
EA-2016-0208	Ameren	Rebuttal	Certificate of Convenience and Necessity
ER-2016-0285	KCPL	Cost of Service Report	In-Service, Greenwood Solar
ER-2016-0179	Ameren	Rebuttal	In-Service, Labadie Landfill
EW-2017-0245	Electric	Report	Working Case on Emerging Issues in Utility Regulation
EO-2017-0268	Ameren	Memorandum	RES Compliance Plan & Report
EO-2017-0269	KCPL	Memorandum	RES Compliance Report
EO-2017-0271	KCPL	Memorandum	RES Compliance Plan
GR-2017-0215 & GR-2017-0216	Spire	Rebuttal & Surrebuttal	CHP for Critical Infrastructure
GR-2018-0013	Liberty Utilities (Midstates Natural Gas)	Rebuttal	CHP Outreach Initiative for Critical Infrastructure Resiliency
EO-2018-0287	Ameren	Memorandum	RES Compliance Plan & Report
EO-2018-0288	KCPL	Memorandum	RES Compliance Report
EO-2018-0290	KCPL	Memorandum	RES Compliance Plan
EA-2016-0207	Ameren	Memorandum	Certificate of Convenience and Necessity
ER-2018-0146	GMO	Cost of Service Report	RESRAM Prudence Review
ER-2018-0145 ER-2018-0146	KCPL GMO	Class Cost of Service Report, Rebuttal	Solar Subscription Pilot Rider, Standby Service Rider
EA-2018-0202	Ameren	Staff Report	Certificate of Convenience and Necessity
EE-2019-0076	Ameren	Memorandum	Variance Request – Reliability Reporting
EA-2019-0021	Ameren	Staff Report	Certificate of Convenience and Necessity
EA-2019-0010	Empire	Staff Report	Certificate of Convenience and Necessity
EX-2019-0050	N/A	Live Comments	Renewable Energy Standard

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issue</b>
EO-2019-0315	KCPL	Memorandum in Response to Commission Questions	Renewable Energy Standard
EO-2019-0316	GMO	Memorandum	Renewable Energy Standard
EO-2019-0317	KCPL	Memorandum in Response to Commission Questions	Renewable Energy Standard
EO-2019-0318	GMO	Memorandum	Renewable Energy Standard
ER-2019-0335	Ameren	Cost of Service Report	Renewable Energy Standard, In-Service Criteria
EA-2019-0371	Ameren	Staff Report	Certificate of Convenience and Necessity
EO-2020-0329	Evergy Missouri Metro	Memorandum	Renewable Energy Standard
EO-2020-0330	Evergy Missouri West	Memorandum	Renewable Energy Standard
EE-2021-0237	Evergy Missouri Metro	Memorandum	Cogeneration Tariff
EE-2021-0238	Evergy Missouri West	Memorandum	Cogeneration Tariff
EE-2021-0180	Ameren Missouri	Memorandum	Electric Meter Variance
ET-2021-0151 and 0269	Evergy	Memorandum, Rebuttal Report	Transportation Electrification
AO-2021-0264	Various	Staff Report	February 2021 Cold Weather Event
EW-2021-0104	n/a	Staff Report	RTO Membership
EW-2021-0077	n/a	Staff Report	FERC Order 2222
EO-2021-0339	Evergy Missouri West	Memorandum	Territorial Agreement
GR-2021-0108	Spire	Rebuttal	Automated Meter Reading Opt-out Tariff
EA-2021-0087	ATXI	Rebuttal Report	Certificate of Convenience and Necessity
ER-2021-0240	Ameren Missouri	Cost of Service Report Rebuttal	In-Service Bat Mitigation

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issue</b>
ER-2021-0312	Empire	Cost of Service Report	Construction Audit – Engineering Review, In-service
EO-2022-0061	Evergy Missouri West	Surrebuttal	Special Rate/ Renewable Energy Standard
EA-2022-0099	ATXI	Rebuttal	Certificate of Convenience and Necessity
EA-2022-0234	NextEra Energy Transmission	Rebuttal	Certificate of Convenience and Necessity
ER-2022-0129	Evergy Missouri West	Direct Rebuttal	Advanced Metering Infrastructure, Reliability, Transmission & Distribution Investment, PISA reporting, Misc. Tariff issues
ER-2022-0130	Evergy Missouri Metro	Direct Rebuttal Surrebuttal/True-Up	Advanced Metering Infrastructure, Reliability, Transmission & Distribution Investment, PISA reporting, Misc. Tariff issues
EE-2022-0329	Ameren Missouri	Memorandum	Variance Request
GR-2022-0179	Spire Missouri	Direct Rebuttal	Metering Infrastructure
ER-2022-0337	Ameren Missouri	Direct Rebuttal Surrebuttal/True-Up	Rush Island, Smart Energy Plan, High Prairie
EA-2023-0017	Grain Belt	Rebuttal	Certificate of Convenience and Necessity
ET-2023-0250	Empire	Memorandum	Cogeneration/ Net Metering Tariff
. GE-2023-0196	Empire District Gas Company	Memorandum	Variance Request
EO-2023-0423 EO-2023-0424	Evergy	Memorandum	Solar Subscription Program
EC-2024-0108	Ameren Missouri	Staff Report	Complaint
EA-2024-0147	ATXI	Memorandum	Certificate of Convenience and Necessity
EO-2024-0231	Ameren Missouri	Memorandum	Renewable Energy Standard
EF-2024-0021	Ameren Missouri	Rebuttal Surrebuttal	Securitization

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case Nos. EO-2023-0423 and ER-2023-0424 and  
Tariff Tracking No. YE-2023-0206 and YE-2023-0208

**FROM:** Sarah L.K. Lange, Economist, Tariff/Rate Design Department  
Claire M. Eubanks, P.E., Engineer Manager, Engineering Analysis Department  
Cedric Cunigan, P.E., Sr. Professional Engineer, Engineering Analysis Department  
Jared Giacone, Lead Sr. Utility Regulatory Auditor, Auditing Department

/s/ Jared Giacone 09/15/2023  
Auditing Department / Date

/s/ Claire M. Eubanks, PE 09/15/2023  
Engineering Analysis Dept. / Date

**SUBJECT:** Staff report on audit of construction costs and in-service criteria for the  
Hawthorn Solar generating facility

**DATE:** September 15, 2023

### Evergy Filing

On May 19 2023, Evergy Metro, Inc. d/b/a Evergy Missouri Metro submitted revised tariff sheet 39A in Tariff Tracking No. YE-2023-0206 and Evergy Missouri West, Inc. d/b/a Evergy Missouri West submitted revised tariff sheet 109.1 in YE-2023-0208, each bearing an issue date of May 19, 2023, with an effective date of June 19, 2023. Evergy associated these tariff submissions with the recently concluded rate cases, Case Nos. ER-2022-0129 and ER-2022-0130. The tariff submittals adjust charges related to Evergy’s Solar Subscription Rider (Schedule SSP). Evergy did not submit testimony related to the proposed changes. In the accompanying filing letter, Evergy attributes the changes to the Solar Block Subscription Charge to updates based on actual costs “as discussed in rate case ER-2022-0129.” Staff is not aware of the discussion referenced by Evergy.<sup>1</sup>

The Evergy Metro (Sheets 39- 39F) and Evergy West (Sheets 109 – 109.5) Solar Subscription Pilot (“SSP”) tariff sheets were initially promulgated in the compliance tariffs

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<sup>1</sup> The stipulation and agreements related to the solar subscription program in ER-2022-0129 and ER-2022-0130 were to update the “distribution service rates in its compliance tariffs” and make other modifications as agreed to by signatories. Those changes were fully implemented in the compliance tariff package approved by the Commission that took effect on January 9, 2023.

\*\* Denotes Confidential Information \*\*

associated with Case Nos. ER-2018-0145 and ER-2018-0146. The SSP allows customers to subscribe to a portion of a solar resource. Subscribers pay a solar block charge, which is a per-kWh charge intended to reflect the cost to of the solar resource(s) built to serve the program, and a services and access charge, which is a per kWh charge for use of the Evergy system to capture other costs of service typically recovered through the residential energy charge. For subscribing customers, billed usage is reduced by the amount of solar generation produced to which the customer has subscribed.

Evergy sought various changes to the SSP in Case Nos. ER-2022-0129 and ER-2022-0130. The compliance tariffs associated with those cases were promulgated January 9, 2023, and reflected the September 6, 2022 Stipulation and Agreement provisions regarding sharing of unsubscribed portions of the resources, future expansion of the program, and a pilot program evaluation.<sup>2</sup> Additionally, the Services and Access Charge was updated as agreed to in an August 30, 2022 Stipulation and Agreement.<sup>3</sup>

The various stipulations entered in Case Nos. ER-2022-0129 and ER-2022-0130 did not address the actual construction costs related to the subscriber solar facility, located at the Hawthorn generating site, and no testimony in the case discussed whether the facility was operational and useful for service as the facility was under construction from July 2022 through January 2023. On March 3, 2023, in Case Nos. ER-2018-0145 and ER-2018-0146, Evergy filed a quarterly report and noted the facility was operational on January 11, 2023 as discussed later in this memorandum, Staff disagrees that the facility was fully operational and used for service on January 11, 2023. That filing included some information and calculations related to the subject tariff submissions.

### **Discussion**

On June 1, 2023, Staff of the Commission filed a Motion to Open a New Docket to allow Staff time to audit the costs and evaluate the in-service criteria of the Hawthorn solar facility related to tariff submissions YE-2023-0206 (Evergy Metro) and YE-2023-0208 (Evergy West). Staff recommended that the Commission reject the submissions and direct Evergy to address the

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<sup>2</sup> Stipulation and Agreement Regarding Programs and Electric Vehicle Charging Tariffs, Paragraph 3.

<sup>3</sup> Paragraph 6c.



following issues in the new docket:

1. The proposed increase to the Solar Block cost is not consistent with the Stipulation and Agreement in EA-2022-0043 at Paragraph 11 that states the Solar Block charge should not exceed the maximum rate of \$0.13880 per kWh. Per the Stipulation and Agreement in EA-2022-0043, in its March 10, 2023 compliance filing in EA-2022-0043, Evergy noted it did not include AFUDC in its initial project budget and exceeded the budget by **\*\* [REDACTED] .\*\*** Subscribers relied on the tariffed Solar Block charges for decisions to enroll in the SSP.
2. Staff is unaware of any reason why the Services and Access charge should change related to completion of the construction of the Solar Resource.
3. Staff has not had sufficient time to audit the costs and generation projections underlying Evergy's calculation of the "Solar Block Subscription Charge" and its listed components, the "Solar Block" cost and the "Services and Access" charge.
4. Due to the deployment of a new default rate for residential customers in Case Nos. ER-2022-0129 and ER-2022-0130, it is necessary to create separate Services and Access charges applicable to each residential rate plan. Additional changes are necessary in the language contained on the sheet to reflect these rate plans. Specifically, the total "Solar Block Subscription Charge" which is currently set out in the tariff as single amount comprised of two components. Rather than setting out the permutations of the "Solar Block Subscription Charge," it should be defined as the sum of the "Solar Block" cost and the applicable "Services and Access" charge.

On June 7, 2023, Evergy responded with its agreement to the establishment of a new EO case file to consider the construction audit of the cost and generation projections related to the Hawthorn solar facility. Evergy's response stated its intent to withdraw the submitted tariff sheets YE-2023-0206 and YE-2023-0208 and to refile them after the conclusion of the new case file. Evergy's response also stated it would file a new ET file for the Commission's consideration of the Time-of-Use (TOU) and the Service and Access charge issues. The Commission ordered these

EO dockets on June 14, 2023. Renew Missouri filed an application to intervene on July 14, 2023, and was granted intervention on July 25, 2023. Staff filed a status report on July 31, 2023, requesting an extension to September 15, 2023, to file a recommendation in these dockets. On August 1, 2023, the Commission granted the extension request. The Order requires any responses to Staff's recommendation be filed no later than September 29, 2023.

As the solar subscription tariff rate will be charged to customers and potentially increase from the solar subscription tariff currently in effect, Staff files this Memorandum documenting the results of its construction audit, as well as a recommendation regarding the in-service documentation provided, so that the Commission has the information necessary to make a determination on whether the facility is fully operational and useful for service, and the associated costs are prudent.

### **Audit of construction costs**

The revised tariff sheets filed by Evergy on May 19, 2023, reflected a per-kWh charge higher than the currently effective tariffs. Part of Staff's investigation included an audit of the cost to construct the Hawthorn Solar facility. To do so, Staff submitted multiple data requests and performed a site visit of the Hawthorn solar facility on August 24, 2023.

Staff identified errors in Evergy's budgeting process that should be considered in any future expansion of solar subscription facilities or for additional generating facilities proposed by the Company. They are:

- 1) An amount for the Allowance for Funds Used During Construction (AFUDC) was not included in the original budget
- 2) The internal labor and overhead costs directly associated with the project were underestimated in the original budget because typical Company capital loadings were used as opposed to direct labor and overhead costs assigned to the project
- 3) The solar subscription program management and administrative costs, including overheads were not included in the original budget

The original budget amount for the Hawthorn Solar facility was \*\* [REDACTED] \*\* which included a small contingency budget amount of \*\* [REDACTED] \*\*. In the original budget for the project, the Company did not include any estimates for AFUDC or for solar subscription

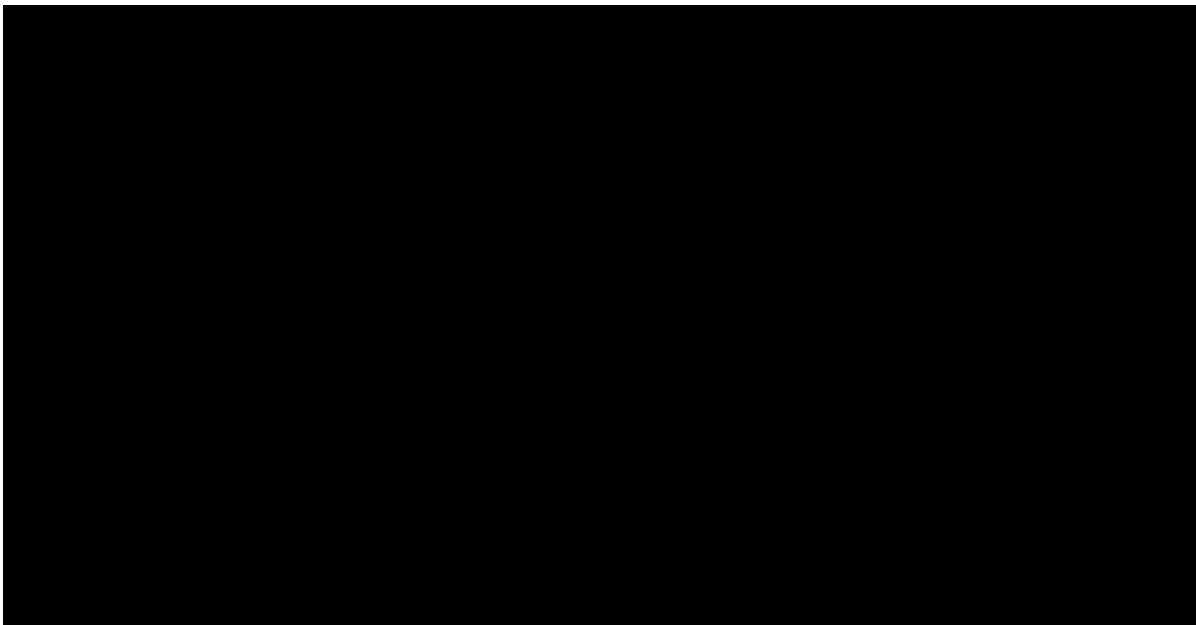
program management and administrative costs, including overheads. According to the Company's calculations in its notice of settlement compliance filed on March 10, 2023, in the EA-2022-0043 docket, the actual AFUDC amounts incurred for the project was \*\* [REDACTED] \*\*. According to Data Request No. 0021 in these dockets, the solar subscription program management costs, including overheads, was approximately \*\* [REDACTED] \*\*. Both of these items, AFUDC and solar subscription program management costs, including administrative overheads, were omitted from the initial budget for the project.

According to Staff Data Request 3 in these dockets, the Company also underestimated its direct labor and overhead costs allocated to the project. The underestimation was due to not including all internal labor and overhead costs as directly charged to the project whereas the original budget included an allocation (partial amount) for some of the costs that should have been directly (100%) charged to the project. As shown below, the labor and overhead variance was \*\* [REDACTED] \*\*.

These three items, AFUDC, solar subscription program management costs and direct labor and overhead costs allocated to the project alone amount to approximately 5% of the original construction budget amount (approximately \$1.1 million).

The table below shows a high-level comparison of the original budget to the actual final cost:

\*\*



\*\*

After reviewing the final construction costs and variances from the original budget, Staff did not discover any imprudence of costs incurred. As noted however, there were items that were inadvertently left out or understated in the original budget for the project that should be considered in future expansion of the solar subscription facility or for additional generating facilities in the future. Overall, the increase in capital costs accounts for approximately 41% of Evergy's proposed increase in the tariffed per-kWh rate.

### **Public Comments**

On September 5, 2023, a public comment was received by the Public Service Commission (Attachment 1). The comment surrounded Evergy's Frequently Asked Questions (FAQ) listed on its website for the Solar Subscription Program (Attachment 2), which states, "Will my Solar Subscription charge be subjected to additional increases in the future? The Solar Block Subscription Charge for the cost of the resource will not increase, and may go down, if we install additional, cheaper assets." The public comment referenced the following information also on Evergy's website, "With the completion of construction for the Hawthorn Solar resource, Evergy estimates the Solar Block Subscription Charge may be updated in the future to \$0.14436 per kWh, which is comprised of the Solar Block cost of \$0.09311 and the Service and Access charge of \$0.05125, pending approval by the Missouri Public Service Commission. This potential change would account for the final construction costs of the completed solar resource."

Staff submitted Data Request number 5 in these dockets on June 22, 2023, which asked whether Evergy had received any feedback or complaints since revising the website/marketing materials. The Company responded on July 18, 2023, and stated they had not received any feedback or complaints since revising the website/marketing materials.

It should be noted that per the current tariff in effect, solar participants must remain in the solar subscription program for one year, as measured from the first bill received under the solar subscription rider. Billing began for initial program participants in April 2023 at \$0.1284 per kWh, under the solar subscription tariff that went into effect in January 2023. If the Commission approves the proposed tariff, customers would be paying \$0.14436 per kWh (which includes changes to the Services and Access charge).

### **Implementation/Tariff issues**

In recent years, Missouri utilities have proposed several subscription based programs similar to Evergy's Solar Subscription Rider. The implementation of these programs is difficult as the resource may be completed outside of a general rate case. Subscribing customers may have the desire to utilize the program as quickly as possible. However, both subscribing and non-subscribing customers should not be subject to charges prior to projects being fully operational and used for service per Section 393.135, RSMo., which states:

Any charge made or demanded by an electrical corporation for service, or in connection therewith, which is based on the costs of construction in progress upon any existing or new facility of the electrical corporation, or any other cost associated with owning, operating, maintaining, or financing any property before it is **fully operational and used for service, is unjust and unreasonable, and is prohibited.** [Emphasis added.]

The Commission determines whether the project is fully operational and useful for service using in-service criteria. In-service criteria has been utilized to evaluate different types of generating units and retrofits since at least 1978 after Section 393.135 when into effect in 1976. Certain criteria apply to every type of project, to ensure that all major construction work is complete. Other criteria are developed for the specific characteristics of the generating facility or retrofit. Staff recommends several criterion, which in combination, are needed to determine that a unit is "fully operational" and "used for service." Certain fundamental tests are included to prove whether the unit can start properly, shut down properly, operate at its full design capacity, or operate for a period of time without tripping off line. Other items Staff would consider are whether the full output of the unit can be delivered into the electrical distribution/transmission system. An additional factor the Staff will consider is whether testing was performed pursuant to any contract and whether testing was performed prior to the company accepting the unit from the contractor.

In a subscription-based program, a tariff must be promulgated for the applicable rate or rates to be billed to customers. -However, the facility must also be found to have satisfied applicable in-service criteria before it may be lawfully reflected in rates for service. The timelines for these two necessary Commission actions do not align. Tariff promulgation normally takes 30 days, however it could be as short as 10 days if expedited treatment is requested. However, in-service

testing, particularly for solar facilities, may take several weeks to collect enough data, particularly during the winter season.

Staff recommends that in the future Evergy ensure that in-service testing is completed prior to filing a tariff to implement a new or changed rate under the SSP and other similar tariffs.

**Staff’s review of Hawthorn In-service criteria**

Staff reviewed information the company submitted in March 2023 related to in-service criteria as well data request responses in this case. In addition, Staff visited the Hawthorn Solar site on August 24, 2023. Staff has determined the Hawthorn site has met in-service criteria as of May 29, 2023. The in service criteria are as follows:

All major construction work is complete.	Staff verified that all construction work is complete and the facility is fully operation.
All preoperational tests are successfully completed.	Staff verified that all preoperational tests were successfully completed. <sup>4</sup>
Facility successfully meets contract operational guarantees that are necessary for satisfactory completion of all other items in this list.	Staff verified that the facility contract operation guarantees necessary for satisfactory completion of all other items in this list. <sup>5</sup>
Sufficient transmission/distribution interconnection facilities for the total plant design net electrical capacity exist and are fully operational and used for service.	Staff verified that sufficient transmission/distribution interconnection facilities are operational. 10 MWs of surplus interconnection is available at the interconnections site which should be sufficient for the site. <sup>6</sup>
Sufficient transmission/distribution facilities exist for the total plant design net electrical capacity into the utility service territory and are fully operational and used for service.	Staff verified that sufficient transmission/distribution interconnection facilities are operational.
The facility meets at least 95% of the guaranteed AC capacity based on capacity test.	Staff verified that the facility met the 95% of the expected AC capacity as of May 29, 2023. <sup>7</sup> The contract did not include a guaranteed capacity. Due to construction being completed in winter, a functional test was performed in December 2022 instead of

<sup>4</sup> Response to Staff Data Request No. 0012.

<sup>5</sup> Response to Staff Data Request No. 0011.

<sup>6</sup> Response to Staff Data Request No. 0013.

<sup>7</sup> Response to Staff Data Requests Nos. 0010 and 0015.

	the capacity test. The functional test determined that the facility produced the expected amount of energy. However, there were warranty repairs necessary after the functional test. The capacity test was completed using data from May 26, 2023 through May 29, 2023 as referenced in the report Burns and McDonnell Capacity Test Report sealed by Blaise N. Smith on July 7, 2023.
Upon observation of the facility for a period of 72 consecutive hours, the facility produced power in a standard operating mode when sunlight was shining on it during that period.	Staff verified the facility produced power during the 72 hour time frame when sunlight was shining on the facility during that period. <sup>8</sup>

**Proposed Solar Block Subscription Charge**

On September 12, 2023 at 5:37 PM Evergy transmitted via email updated work papers to Staff

\*\* [REDACTED]  
 [REDACTED]  
 [REDACTED]. \*\* Given the transmittal of

work papers just days before Staff’s recommendation, Staff has not yet fully vetted the reasonableness of Evergy’s \*\* [REDACTED] \*\* in the calculation of the Solar Block Subscription Charge. Therefore, Staff presents a high and low scenario discussed further below but ultimately recommends no change to the charges at this time.

The Solar Block Subscription Charge for energy sold through this Program is made up of two component costs: the Solar Block cost, which represents the levelized cost of energy (LCOE) for the solar facility; and the Services and Access charge of \$0.040 per kWh which represents the grid expense. The Services and Access charge was escalated pursuant to the terms of the tariff in ER-2022-0129 and ER-2022-0130.

<sup>8</sup> Response to Staff Data Request No. 0016.

Evergy's proposed rate change in this tariff filing increases the charge to both components. The tariff<sup>9</sup> clearly does not allow for the adjustment of the Services and Access charge between rate cases:

The Services and Access charge will be adjusted when rates are reset in future rate cases by the average percentage change to volumetric rates in those future rate cases, unless a party provides a cost study demonstrating that it would be unreasonable to adjust the Services and Access.

Further, Evergy's work paper for this case takes the Services and Access charge of \$0.040 per kWh that was determined in the last rate case and \*\* [REDACTED] .\*\* This process is inconsistent with the tariff. The Services and Access charge (i.e. grid expense) will be adjusted throughout the life of the program during future general rate cases and therefore it is unreasonable to \*\* [REDACTED] . \*\*

The Solar Block cost it is the sum of the projected revenue requirement for each year of the facility's life divided by the sum of expected energy produced over the lifetime of the facility, resulting in an estimated fixed revenue requirement per-projected kWh for the Hawthorn solar facility.<sup>10</sup> This can be referred to as a form of a "Levelized Cost of Energy," (LCOE) calculation. One of the complicating factors in establishing a rate as required by this program, is the need for a reliable estimate of the output of the facility over the life of the facility. If the output estimate is too high, non-participating ratepayers will subsidize the facility. If the output estimate is too low, participating ratepayers will overpay for the facility.

In an LCOE calculation, the net capacity factor (NCF) may be used to calculate the expected energy production. In this case, the increase in the non-grid charge (Solar Block cost) is partially attributable to a decrease in the annual NCF.<sup>11</sup> The original assumed NCF used in developing the estimated rate was \*\* [REDACTED] . \*\* While it is reasonable to update the NCF for as-built conditions, the net capacity factor Evergy used in support of the proposed rate is \*\* [REDACTED]

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<sup>9</sup> Evergy Metro, Inc. d/b/a Evergy Missouri Metro, P.S.C. MO. No 7, 3<sup>rd</sup> Revised Sheet No. 39A and Evergy Missouri West, Inc. d/b/a Evergy Missouri West, P.S.C. MO. No. 1, 1<sup>st</sup> Revised Sheet 109.1.

<sup>10</sup> Future facilities may be included in the program in the future.

<sup>11</sup> The net capacity factor is the unitless ratio of actual electrical energy output over a given period of time to the theoretical maximum over that period.



[REDACTED] 12 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] 13 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] \*\* that Evergy presented in its September 12, 2023 work paper, results in a Solar Block charge of \$0.0923 per kWh. (Staff high scenario)

Given that LCOE is considering the expected cost and expected energy production over the life of a facility, the date the facility is operational will alter the resulting LCOE. In its LCOE calculation, Evergy assumes the facility was in-service on \*\* [REDACTED]

[REDACTED]. \*\* As discussed in the previous section, Staff recommends the Commission find that the Hawthorn Solar Facility is fully operational and used for service as of May 29, 2023. \*\* [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] \*\*

The following table includes the currently effective charges, Evergy’s proposed charges per its September 12, 2023 work paper, and Staff’s high-low scenarios discussed above:

	Currently effective (per kWh)	Evergy proposed (per kWh)	Staff (High) (per kWh)	Staff (Low) (per kWh)
Solar Block	\$0.0884	\$0.09406	\$0.0923	\$0.090
Services and Access	\$0.040	\$0.05125	\$0.040	\$0.040
<b>Total</b>	<b>\$0.1284</b>	<b>\$0.14531</b>	<b>\$0.1323</b>	<b>\$0.130</b>

12 \*\* [REDACTED]

[REDACTED] \*\*

13 Evergy’s assumptions of a NCF of \*\* [REDACTED] \*\* and \*\* [REDACTED] \*\* are not supported by the information provided to Staff at this time.

## **SUMMARY AND RECOMMENDATION**

Staff recommends the Commission reject Evergy's proposal to increase the Solar Block Subscription Charge at this time for the following reasons:

- Solar subscription customers relied on Evergy's representations of what the final Solar Block Subscription Charge would be when enrolling in the program.
- Evergy presented a change in the assumptions regarding \*\* [REDACTED] \*\* on September 12, 2023 which Staff has not had the opportunity to fully vet.
- Evergy's assumptions are inconsistent with \*\* [REDACTED] \*\*. \*\*
- Evergy changed its LCOE model to unreasonably include \*\* [REDACTED] \*\*.
- Evergy is proposing an increase in the Services and Access charge outside of a general rate case in direct conflict with the currently effective tariff.

Staff is not opposed to Evergy presenting evidence in a future general rate case that reasonably calculates the Solar Block charge provided it clearly communicates to participants the basis for the increase.

### **Areas of concern**

- 1) An amount for the Allowance for Funds Used During Construction (AFUDC) was not included in the original budget.
- 2) The internal labor and overhead costs directly associated with the project were underestimated in the original budget because typical Company capital loadings were used as opposed to direct labor and overhead costs assigned to the project.
- 3) The solar subscription program management and administrative costs, including overheads were not included in the original budget.
- 4) The solar tariff was filed and became effective prior to final construction costs and without a disclaimer that the tariff would change once final construction costs were known.
- 5) The solar tariff was filed and became effective prior to the Commission determining that the solar facility was fully operational and used for service.

- 6) The Frequently Asked Questions (FAQ) page on Evergy's website states the Solar Block Subscription Charge for the cost of the resource will not increase and did not have a disclaimer or other question and answer to explain the amounts being billed under the tariff did not yet include the final cost of construction and would be updated once construction was complete.
- 7) Projections for the Net Capacity Factor (NCF) were overstated in the revenue requirement model.
- 8) The contract did not identify the actual NCF that the project was supposed to produce.
- 9) The revenue requirement model dated February 20, 2023, that was provided to Staff for this docket showing final construction costs \*\* [REDACTED]  
[REDACTED]  
[REDACTED].\*\*
- 10) The Services and Access charge was escalated pursuant to the terms of the tariff in ER-2022-0129 and ER-2022-0130 and it is not appropriate to revise it outside of a general rate case, although it may be clarified for application to other rate plans as one of the options discussed below.

**ET Docket concerning Time-of-Use compatibility with subscription solar**

Through discussions beginning with an email from Evergy to Staff on January 31, 2023, Evergy has informed Staff that it is of the opinion that “the Solar Subscription rider billing is similar to Net Metering billing,” and that it desired or intended to make changes to its tariff to restrict the availability of the Solar Subscription rider to customers taking service on the Residential Peak Adjustment rate plan.

Staff has informed Evergy that it does not view any serious obstacles to offering the SSP to customers on any residential rate plan, but that ideally the “Services and Access” charge of the SSP will need to be set out as applicable to each residential rate plan for these purposes. Staff understood that Evergy would be filing an ET case requesting promulgation of new tariff sheets

reflecting Evergy's preferred outcome, and that Staff and other parties would have the opportunity to present alternative solutions to the Commission.

In Evergy's June 7, 2023 response to Staff's June 2, 2023 recommendation concerning this matter, Evergy stated as follows:

However, the "appropriate rate plan" issue discussed on p. 4 of Staff's Recommendation, which the Company understands to be made up of the Time-of-Use ("TOU") and the Service and Access charge issues contained in Staff's Recommendation should not be addressed in the EO docket, which will be focused on Staff's construction audit. The Company will file a new ET docket by June 30, 2023 for those issues to be addressed.

In its June 14, 2023 Order Suspending Tariff Sheets, Opening Case File, and Directing Filing, the Commission noted that "Evergy also states that it would file a new ET file for the Commission's consideration of the Time-of-Use (TOU) and the Service and Access charge issues contained in Staff's Recommendation." Evergy has not filed the referenced ET case to date. Staff has met with Evergy on this matter, and responded to Evergy's requests for further clarification of Staff's concerns on this matter.

The current Schedule SSP tariff sheet availability section does not prohibit service to customers on time based rates. Evergy Metro's sheets 7F and 7G, and Evergy West's sheets 146.7 and 146.8 contain the Residential Time of Use – Two Period residential rate plan, marketed by Evergy as the Standard Peak Saver rate plan, which is the default residential service plan for residential customers beginning October 1, 2023. These sheets contain no prohibition on concurrent service with the SSP program. Staff supports including clarifying language on the billing of customers, which could take a nearly infinite number of forms.

At this time, the clarifying language that appears least disruptive to the existing tariff would be a revision of SSP "Monthly Billing" provision 2, which currently provides as follows:

The Participant's share of the solar resource energy production will be subtracted from the metered energy consumed by the Participant for the billing month. Should the solar resource energy production amount for a given month be larger than the Participant's metered energy consumption, the net energy will be zero for that month.

To clearly facilitate the billing of customers on time-based rate plans, that language could be revised as follows:

The Participant's share of the solar resource energy production will be subtracted from the metered energy consumed by the Participant for the billing month **in each applicable energy charge pricing period proportionate to that customer's usage in each applicable energy charge pricing period**. Should the solar resource energy production amount for a given month be larger than the Participant's metered energy consumption, the net energy will be zero for that month. [Emphasis added.]

It could be reasonable to further refine the interaction of the SSP with time-based rate plans in a future proceeding, such as refinement of the services and access charge to address the pricing periods of various rate plans, but in the interest of moving this matter forward, Staff would not oppose language as described above. Staff recommends that Evergy promptly file its ET cases to address this tariff change, or propose its preferred approach to address its refusal to allow SSP subscribers to participate in the default residential rate plan.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro's 2023 Integrated ) File No. EO-2023-0423  
Resource Plan Annual Request to Revise its )  
Solar Subscription Rider )

In the Matter of Evergy Missouri West, Inc. )  
d/b/a Evergy Missouri West's 2023 ) File No. EO-2023-0424  
Integrated Resource Plan Annual Request to )  
Revise its Solar Subscription Rider )

**AFFIDAVIT OF SARAH L.K. LANGE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW SARAH L.K. LANGE, and on his oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah L.K. Lange  
SARAH L.K. LANGE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12<sup>th</sup> day of September, 2023.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

Dianna L. Vaught  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro's 2023 Integrated ) File No. EO-2023-0423  
Resource Plan Annual Request to Revise its )  
Solar Subscription Rider )

In the Matter of Evergy Missouri West, Inc. )  
d/b/a Evergy Missouri West's 2023 ) File No. EO-2023-0424  
Integrated Resource Plan Annual Request to )  
Revise its Solar Subscription Rider )

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

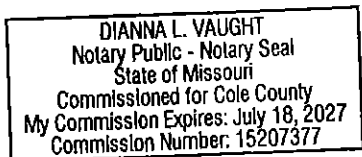
COMES NOW CLAIRE M. EUBANKS, PE, and on his oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

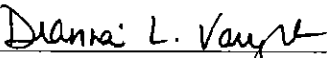
Further the Affiant sayeth not.

  
\_\_\_\_\_  
CLAIRE M. EUBANKS, PE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12th day of September, 2023.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro’s 2023 Integrated ) File No. EO-2023-0423  
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d/b/a Evergy Missouri West’s 2023 ) File No. EO-2023-0424  
Integrated Resource Plan Annual Request to )  
Revise its Solar Subscription Rider )

**AFFIDAVIT OF CEDRIC E. CUNIGAN, PE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW CEDRIC E. CUNIGAN, PE**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

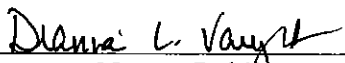
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**CEDRIC E. CUNIGAN, PE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of September, 2023.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro's 2023 Integrated ) File No. EO-2023-0423  
Resource Plan Annual Request to Revise its )  
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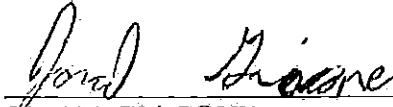
In the Matter of Evergy Missouri West, Inc. )  
d/b/a Evergy Missouri West's 2023 ) File No. EO-2023-0424  
Integrated Resource Plan Annual Request to )  
Revise its Solar Subscription Rider )

**AFFIDAVIT OF JARED GIACONE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

COMES NOW JARED GIACONE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

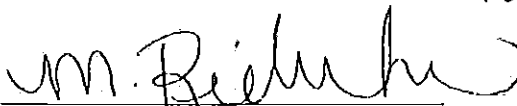
Further the Affiant sayeth not.

  
\_\_\_\_\_  
JARED GIACONE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 12<sup>th</sup> day of September, 2023.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy )  
Missouri West, Inc. d/b/a Evergy Missouri West )  
for an Operating Certificate of Convenience and ) Case No. EA-2023-0291  
Necessity related to the Dogwood Natural Gas )  
Combined-Cycle Electric Generating Facility in )  
Cass County, Missouri )

**UNANIMOUS STIPULATION AND AGREEMENT**

**COME NOW** Evergy Missouri West, Inc. (“Evergy Missouri West,” “EMW,” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), and Renew Missouri Advocates d/b/a Renew Missouri (“Renew Missouri”) (collectively, the “Signatories”), by and through their respective counsel, and for their Unanimous Stipulation and Agreement (“Stipulation”) respectfully state to the Missouri Public Service Commission (“Commission”).

**TERMS AND CONDITIONS**

1. The Signatories agree that the Commission should grant EMW an Operating Certificate of Convenience and Necessity (“CCN”) pursuant to Section 393.170,<sup>1</sup> the Commission’s Rule at 20 CSR 4240-20.045(1), (2) and (5) (“CCN Rule”), and other provisions of Missouri law that authorize it to acquire, operate, own, maintain, manage and control a portion of the natural gas combined-cycle electric generating facility in Cass County, Missouri known as the Dogwood Energy Facility (“Dogwood”), along with all existing facilities, structures, fixtures, and other equipment related to Dogwood, consistent with the terms and conditions agreed to in this Stipulation.

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<sup>1</sup> All statutory citations are to the Missouri Revised Statutes (2016), as amended.

2. The Signatories recognize that EMW is acquiring a 22.2% interest in Dogwood for a final purchase price of approximately \$62,700,000, to be accounted for as provided in Paragraphs 6 and 7 below. EMW requests the Commission to determine pursuant to the CCN Rule's Section (2)(C) that the Company's decision to acquire and operate Dogwood, pursuant to the terms of this Stipulation, is prudent. This request for a determination of decisional prudence by EMW does not imply or suggest that Staff and/or OPC agree with or acquiesce to this request.

4. The Signatories agree that the in-service criteria which the Commission should consider in determining whether Dogwood is fully operational, and used and useful for service are as follows:

a. Dogwood may be operated and successfully complete the criteria items in subparagraphs b through i, below.

b. Dogwood will successfully complete the Southwest Power Pool, Inc. ("SPP") capacity accreditation testing process.

c. Dogwood will demonstrate its ability to start up from turning gear operation to nominal capacity on natural gas fuel when prompted by the operator.

d. Dogwood will demonstrate its ability to shut down from minimum load resulting in turning gear operation when prompted by the operator.

e. Dogwood will demonstrate its ability to operate at minimum load for one (1) hour on natural gas fuel.

f. Dogwood will demonstrate its ability to operate at or above 95% of nominal capacity for four (4) continuous hours on natural gas fuel, after adjusting for ambient conditions. During this test Dogwood will demonstrate its ability to operate at or above 98% of its nominal capacity for one (1) hour, after adjusting for ambient conditions.

g. Dogwood must be able to operate at or above its design capacity factor for a reasonable period of time. If the design capacity factor<sup>2</sup> is not specified, it will be assumed to be 0.60 unless EMW can offer evidence justifying a lower value.

h. Sufficient transmission facilities shall exist to carry the total design net electrical capacity of Dogwood to EMW's distribution/transmission system.

i. Dogwood's combustion turbine units, which are equipped to operate in any of the following modes, will demonstrate their ability to operate in the applicable modes before the equipment costs associated with these operation modes will be considered for inclusion in the rate base.

- o Startup of gas turbine driven by the generator and frequency converter.
- o Shutdown of gas turbine alone without the generator.

5. Staff completed a successful site visit on February 14, 2024 and observed Unit 1 operating in a 1x1 configuration. Staff further found Dogwood has met the above listed in-service criteria on that date.

6. EMW shall be allowed to recover a return **on and of** the net book value of Dogwood's property, plant & equipment, working capital and prepaid accounts, including the deferred maintenance contract of EMW's percentage ownership in Dogwood, so long as Dogwood remains owned by EMW and is operational, and the net book value is not fully recovered.

a. Every Signatory shall retain its respective right to argue for the allowance or disallowance of any unrecovered portion of the net book value of EMW's percentage

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<sup>2</sup> Design capacity factor  $\leq$  energy generated for a continuous period of 168 hours / (design full load X 168 hours).

ownership in Dogwood in the event that Dogwood ceases operation before its net book value is fully recovered.

7. EMW shall be allowed to recover a return of, but not return on the difference between (a) the net book value of Dogwood's property, plant & equipment, working capital and prepaid accounts, including the deferred maintenance contract of EMW's percentage ownership in Dogwood, and (b) the purchase price that EMW pays for its percentage ownership in Dogwood under the Asset Purchase Agreement of November 3, 2023 between EMW and Dogwood Energy, LLC (the "Agreement"), so long as Dogwood remains in EMW's ownership and is operational, and such difference is not fully recovered. This net amount shall be reduced by the net revenues<sup>3</sup> generated from the sale of energy and sale of capacity, Ancillary Services<sup>4</sup> revenues, and other applicable revenues (if any) associated with EMW's percentage ownership in Dogwood from the date the Agreement closes to the date new rates become effective for EMW in Case No. ER-2024-0189.

a. The net revenues generated from the sale of energy and sale of capacity, Ancillary Services revenues, and other applicable revenues (if any) associated with EMW's percentage ownership in Dogwood from the date the Agreement closes to the date new rates become effective for EMW shall **not** be recovered by ratepayers (through the fuel adjustment clause or otherwise) and shall be retained by the Company.

b. The return of the difference between the net book value of property, plant & equipment, working capital and prepaid accounts, including deferred maintenance contract of EMW's percentage ownership in the Dogwood Energy Facility and the

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<sup>3</sup> Net revenues = The revenues from the sale of energy and capacity less fuel costs and variable O&M.

<sup>4</sup> Ancillary Services include day ahead and real time spinning reserve amounts, regulation service amounts, supplemental reserve amounts and ramp capability amounts.

purchase price under the Agreement that EMW pays for its percentage ownership in Dogwood (less net revenues, as described above) shall be recovered over an approximate two-year period at an annual value of \$6.9 million.

c. Once the difference between the net book value of EMW's percentage ownership in Dogwood and the purchase price EMW pays under the Agreement for its percentage ownership in Dogwood, less net revenues as described above, is fully collected, to the extent the \$6.9 million amount is still being recovered in retail rates, a regulatory liability will be established and the amount of the regulatory liability will be returned to customers as determined in the EMW's next general rate case in a manner consistent with traditional ratemaking principles.

d. The Signatories shall retain their respective right to argue for the allowance or disallowance of any unrecovered portion of the difference between the net book value of EMW's percentage ownership in Dogwood and the purchase price that EMW pays pursuant to the Agreement for its percentage ownership in Dogwood in the event that Dogwood ceases operation before such difference is fully recovered.

e. In the event that the net revenues generated from the sale of energy and the sale of capacity, Ancillary Services revenues, and other applicable revenues (if any) associated with EMW's percentage ownership in Dogwood from the date the Agreement closes to the date new rates become effective for EMW exceed the difference between the net book value of EMW's percentage ownership in Dogwood and the purchase price EMW pays for its percentage ownership in Dogwood, the excess shall be credited to the reserves of Dogwood as an offset to net original cost.

f. The Signatories to this Stipulation agree that the terms and conditions as outlined in Paragraph 6 and in this Paragraph 7, inclusive of its subparagraphs a. through e., are negotiated terms specific to the granting of a CCN and rate treatment for Dogwood under the transaction represented by the Agreement, and they will not be considered precedential by any party for any future CCN proceeding.

8. EMW shall comply with 20 CSR 4240-3.190 for the Dogwood facility.

9. EMW shall:

a. Agree to maintain and promote corporate social responsibility programs as defined in the settlement agreement of Case No. EM-2018-0012 for at least five years following the expiration of the existing agreement. Before any funding occurs, EMW, Staff and OPC agree to meet annually to discuss the program and determine whether there is joint agreement for any changes to individual funding amounts or agency recipients should be implemented.

b. Agree to meet with Signatories and Non-Signatory parties that do not oppose the Stipulation (listed below) a minimum of three times, beginning in the second quarter of 2024, to discuss the request for additional cost-benefit analysis of utility PISA (plant in-service accounting) investments that exceed \$1 million.

### **GENERAL PROVISIONS**

10. This Stipulation is being entered into solely for the purpose of settling the issues specifically set forth above and represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact. This Stipulation is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have

with respect to any matter not expressly provided for herein. No party will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions of this Stipulation. Except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner by the terms of this Stipulation in any other proceeding, regardless of whether this Stipulation is approved.

11. This Stipulation has resulted from extensive negotiations, and the terms hereof are inter-dependent. If the Commission does not approve this Stipulation, approves it with modifications or conditions to which a party objects, or issues an order in another Commission case that negates its approval or conditions or modifies the Stipulation in a manner to which any party objects, then this Stipulation shall be null and void, and no Signatory shall be bound by any of its provisions.

12. If the Commission does not approve this Stipulation unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation, shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.



13. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect only to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2); (2) to present oral argument and/or written briefs pursuant to Section 536.080.1; (3) to seek rehearing pursuant to Section 386.500; and (4) to judicial review pursuant to Section 386.510. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

14. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

15. This Stipulation does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

16. The Signatories agree that this Stipulation, except as specifically noted herein, resolves all issues related to these topics, and that the agreement should be received into the record without the necessity of any witness taking the stand for examination.

17. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the

terms of this Stipulation: (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 not to approve this Stipulation, or in any way condition its approval of same.

18. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

**NON-SIGNATORY PARTIES THAT DO NOT OPPOSE STIPULATION**

19. The Signatories have been authorized to represent that the following parties, who have not executed this Stipulation, do not oppose Commission approval of this Stipulation:

- Missouri Joint Municipal Electric Utility Commission d/b/a Missouri Electric Commission (“MEC”);
- Kansas Municipal Energy Agency (“KMEA”);
- Midwest Energy Consumers Group (“MECG”); and
- City of Kansas City, Missouri (“KCMO”).

**WHEREFORE**, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

*/s/ Roger W. Steiner*

Roger W. Steiner, #39586  
Evergy, Inc.  
1200 Main Street  
Kansas City, MO 64105  
Phone: (816) 556-2791  
Phone: (816) 556-2314  
Fax: (816) 556-2787  
[Roger.Steiner@evergy.com](mailto:Roger.Steiner@evergy.com)

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

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

**ATTORNEYS FOR EVERGY  
MISSOURI WEST**

*/s/ Nicole Mers*

Nicole Mers, #66766  
Attorney for the Staff of the  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
(573) 751-6651 (Telephone)  
(573) 751-9285 (Fax)  
[nicole.mers@psc.mo.gov](mailto:nicole.mers@psc.mo.gov)

**ATTORNEY FOR STAFF FOR THE  
MISSOURI PUBLIC SERVICE  
COMMISSION**

*/s/ John Clizer*

John Clizer, #69043  
The Office of the Public Counsel  
200 Madison Street, Suite 650  
Jefferson City, MO 65102  
Telephone: (573) 751-5324  
Facsimile: (573) 751-5562  
E-mail: [john.clizer@opc.mo.gov](mailto:john.clizer@opc.mo.gov)

**ATTORNEY FOR THE OFFICE OF  
THE PUBLIC COUNSEL**

*/s/ Andrew J. Linhares*

Andrew J. Linhares, MO Bar No. 63973  
3115 South Grand Blvd, Ste. 600  
St. Louis, MO 63118  
Tel: (314) 471-9973  
[andrew@renewmo.org](mailto:andrew@renewmo.org)

**COUNSEL FOR RENEW MISSOURI  
ADVOCATES**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 26<sup>th</sup> day of February 2024.

*/s/ Roger W. Steiner*

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Roger W. Steiner