BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION FOR THE STATE OF MISSOURI

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In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Permission and Approval of Certificates of Convenience and Necessity Authorizing It to Construct, Install, Own, Operate, Manage, Maintain, and Control Two Solar Generation Facilities

Case No. EA-2024-0292

APPLICATION OF EVERGY MISSOURI WEST FOR CERTIFICATES OF CONVENIENCE AND NECESSITY

COMES NOW, Evergy Missouri West, Inc. ("Evergy Missouri West," "EMW," or the "Company"), pursuant to Sections 393.170.1 and 393.190.1,¹ 20 CSR 4240-2.060, 20 CSR 4240-20.045(1)-(3) and (6), and 20 CSR 4240-10.115,² files this Application to the Missouri Public Service Commission ("Commission" or "PSC") for Certificates of Convenience and Necessity ("CCN") that authorize EMW to construct, install, own, operate, manage, maintain, and control two solar generation facilities: (1) Sunflower Sky Solar Project, LLC ("Sunflower Sky"), an approximately 65 megawatt ("MW") solar farm located and to be constructed in Wilson County, Kansas; and (2) Foxtrot Solar Energy LLC ("Foxtrot"), an approximately 100 MW solar farm located and to be constructed in Jasper County, Missouri (together, the "Projects" or "Assets").

Evergy Missouri West seeks permission and authority for it to engage in the proposed transactions; for EMW to construct and finance the Projects; for EMW to complete the acquisition

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

² The Company requests permission and authority to construct Sunflower Sky via the development-transfer agreement and Foxtrot Solar via the build-transfer structure discussed herein, consistent with the permission and authority the Commission granted Union Electric Company d/b/a Ameren Missouri for its prior renewable generation projects constructed using a similar build-transfer and/or development-transfer structure. <u>See In re Union Elec. Co. for CCNs</u> <u>Authorizing It to Construct Renewable Generation Facilities</u>, No. EA-2023-0286, *Order Approving Stipulation and* <u>Agreement</u> (Mar. 21, 2024) (Split Rail, Vandalia, and Pike County projects in Missouri). The Commission recently granted a CCN to the Illinois solar project that Ameren proposed in that case. <u>Id.</u>, *Order Granting Certif. of Convenience and Necessity* (June 12, 2024).

and mergers of the Sunflower Sky and Foxtrot entities into EMW; and for variances from Section (3)(C) of 20 CSR 4240-20.045 ("CCN Rule") to provide plans for restoration of safe/adequate service and as-built design drawings in a later submission.

The Company also requests that the Commission determine under the CCN Rule's Section (2)(C) that EMW's decision to acquire, construct, and operate the Projects is prudent, and that the Commission issue an Order granting the relief requested in this Application by May 1, 2025.

In support of this Application EMW states:

I. <u>Applicant Evergy Missouri West</u>

1. Evergy Missouri West is a Delaware corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105.³ It is engaged in the generation, transmission, distribution, and sale of electricity in western Missouri, including the suburban Kansas City metropolitan area, St. Joseph, Warrensburg, Sedalia, 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 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"). The other public utilities wholly owned by Evergy are Evergy Metro, Inc. ("EMM") and Evergy Kansas Central, Inc. EMW has no annual report or regulatory assessment fees that are overdue.

³ EMW was formerly known as KCP&L Greater Missouri Operations Co. ("GMO"). <u>Office of Public Counsel v.</u> <u>Evergy Mo. West, Inc.</u>, 609 S.W.3d 857, 860 n.1 (Mo. App. W.D. 2020).

4. Evergy Missouri West has no 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 the following pending actions:

- (i) *Timothy Allegri, et al. v. Evergy Missouri West*, File No. EC-2024-0015; and
- (ii) Kevin Kojeski v. Evergy Missouri West, File No. EC-2025-0007.
- 5. In addition to serving counsel named below, all correspondence, pleadings, notices,

orders, and other communications regarding this proceeding should be sent to:

Kevin Gunn Vice President of State & Federal Policy Evergy, Inc. 1200 Main Street Kansas City MO 64105 (816) 716-0553 Kevin.gunn@evergy.com

Matthew W. Dority Director – Regulatory Affairs Evergy, Inc. 1200 Main Street Kansas City MO 64105 (816) 652-1289 matthew.dority@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 April 5, 2024. On August 15, 2024, EMW

filed its Amended Notice of Intended Case Filing per 20 CSR 4240-4.017(1).

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

II. Description of Solar Generation Facilities and their Transactions

8. Evergy Missouri West seeks CCNs to construct, install, own, operate, manage, maintain, and control two solar generation facilities: (1) Sunflower Sky, an approximately 65 MW solar farm located and to be further constructed in Wilson County, Kansas with its point of interconnection at the 138 kilovolt ("kV") Altoona substation; and (2) Foxtrot, an approximately 100 MW solar farm located and to be further constructed in Jasper County, Missouri with its point of interconnection at the 161 kV Asbury substation.

9. Evergy Missouri West expects that the Projects will serve EMW's customers, all of whom are in Missouri, and that the Projects will be included in rate base and their prudently incurred costs will be recovered in retail rates. These Projects are an important part of a larger overall plan called for by EMW's 2024 Triennial Integrated Resource Plan ("IRP"), including EMW's lowest-cost IRP Preferred Plan, filed in No. EO-2024-0154 (Apr. 1, 2024). Because a diverse portfolio helps the Company address a variety of needs, these solar Projects meet both its energy and capacity requirements, as identified in EMW's 2024 IRP.

10. This Application is submitted pursuant to the Commission's CCN Rule which requires a CCN for an electric utility to construct an electric generating plant under Section 393.170.1. Such "construction" or "line" CCNs are 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 CCN Rule Sections (1)(A)1, (B)1, & (2)(A)2.

11. Section (6) of the CCN Rule requires that an application for a Construction CCN include 11 categories of information regarding the Assets.

....."

12. Section (6)(A) requires "A description of the proposed route or site of construction;



Figure 1: Site Locations

a. <u>Sunflower Sky</u>. EMW has agreed to purchase Sunflower Sky from Savion, LLC ("Savion"), a Shell PLC portfolio company headquartered and operating on a standalone basis in Kansas City, Missouri, pursuant to a confidential Purchase & Sale Agreement ("PSA") under which EMW will become the owner of all interests in Sunflower Sky. The PSA includes the sale of the Sunflower Sky Project, along with its associated assets. In addition, Savion has agreed to obtain a special use permit from Wilson County, Kansas to provide EMW with a 30% Engineering Design and an EPC (engineering, procurement, and construction) Bid Package complete with technical specifications for major equipment, for which EMW will reimburse Savion as part of the total purchase price. A copy of the August 16, 2024 executed PSA is attached as Confidential Schedule JC-11 to the Direct Testimony of Company witness John Carlson, the Company's Director, Project Management & Controls. Sunflower Sky's fully secured construction site consists of visually screened vacant agricultural land, including 326 acres under lease, 18 acres purchased, and 320 acres with a purchase option in Wilson County, Kansas. Mr. Carlson provides a detailed description of the Asset to be constructed, including its proposed routes and sites, in his Direct Testimony.

b. **Foxtrot**. EMW has agreed to purchase Foxtrot from Invenergy Solar Development North America LLC ("Invenergy"), a Delaware limited liability company headquartered in Chicago, Illinois, pursuant to a confidential Build Transfer Agreement ("BTA") under which EMW will become the owner of all interests in Foxtrot. The BTA includes progress payments to be paid to Invenergy upon completion of specific milestones. A 20% payment will be due upon closing, with 85% of the total purchase price paid by mechanical completion, and 100% of the purchase price paid by substantial completion, less 300% holdback of the value of any outstanding punch list items which are to be paid upon final completion. A copy of the September 13, 2024 executed BTA is attached as Confidential Schedule JC-10 to the Direct Testimony of Mr. Carlson. Foxtrot's fully secured construction site consists of 1,131 acres under lease. Mr. Carlson provides a detailed description of the Asset to be constructed, including its proposed routes and sites, in his Direct Testimony.

13. Section (6)(B) requires "A list of all electric . . . conduit, wires, cables, and lines of regulated and nonregulated utilities, railroad tracks, and each underground facility as defined in section 319.015, RSMo, which the proposed construction will cross;"

a. <u>Sunflower Sky</u>. Because the Sunflower Sky solar farm will be located in Kansas, Subsection (B) is not applicable to this project. Solar Project construction area: the Altoona to Neosho 138 kV Transmission Line, the Altoona to Tioga 138 kV Transmission Line, and the Altoona to Neosho 69 kV Transmission Line. When a detailed engineering analysis is completed, the Company will identify and provide any other facilities that the construction will cross. When Evergy Missouri West becomes the owner of this valuable Asset, the Company will be able to improve and control the site with its interconnection, including the potential to add up to 30 MW storage capacity with a subsequent interconnection filing.

b. <u>Foxtrot</u>. As Mr. Carlson explains, the Wolf Creek to Blackberry transmission project intersects with the Foxtrot Project acreage. When a detailed engineering analysis is completed, the Company will be able to identify and provide any other facilities that the construction will cross. When Evergy Missouri West becomes the owner of this valuable Asset, the Company will control the site and incorporate it into the Company's generation operations portfolio.

14. Section (6)(C) requires "A description of the plans, specifications, and estimated costs for the complete scope of the construction project that also clearly identifies what will be the operational features of the asset once it is fully operational and used for service;"

a. <u>Sunflower Sky</u>. Sunflower Sky is a 65 MW single-axis tracking photovoltaic solar project with an estimated capacity factor of 28.4%. Evergy Missouri West has agreed to purchase Sunflower Sky for a total project price of approximately ** Of this total amount, the development asset sale price is ** Southwest Power Pool ("SPP") interconnection facilities and network



upgrades are approximately **** Construct ****, and the estimated remaining cost to construct the site is **** Construct ****. This purchase amount will be financed through EMW's available utility financing resources with the intent that this Asset will ultimately be included in rate base through the Commission's traditional ratemaking and cost of capital procedures, which Company witness John Grace (Senior Director, Corporate Planning and Financial Performance) explains in his Direct Testimony.

b. <u>Foxtrot</u>. Foxtrot is a 100 MW single-axis tracking photovoltaic solar project with an estimated capacity factor of 26.7%. Evergy Missouri West has agreed to acquire Foxtrot for a total project price of approximately **************************************, plus or minus adjustments for capacity expansion beyond the initial 100 MW and final pricing on key procurement items ("KPIs"). Of this total amount, the BTA cost for the initial 100 MW is

15. Sunflower Sky and Foxtrot are forecasted to reduce costs for EMW customers over the 20-year planning horizon, as described by Company witness Cody VandeVelde, Evergy's



Senior Director of Strategy and Long-Term Planning. They also provide valuable federal investment tax credits ("ITCs") or production tax credits ("PTCs"), detailed by Mr. Grace. Additionally, Foxtrot will qualify for the 10% Energy Community Bonus credit due to its proximity to the retired Asbury coal plant. The purchase figure for each Project was reached through a competitive request-for-proposal ("RFP") process, including comparative valuations of other similar projects that have been offered for sale, as explained in Mr. Carlson's Direct Testimony.

16. As discussed above, under the terms of the PSA and BTA, respectively, Evergy Missouri West will acquire all the Projects' assets and the equity interests in Sunflower Sky and Foxtrot, and then immediately effect a short-form merger and consolidation of each Project company with and into EMW (with EMW surviving the merger). Mr. Carlson describes the details of these transactions in his Direct Testimony. The PSA and BTA were each signed by EMW as the buyer on August 16, 2024 and September 13, 2024, respectively. Both Savion and Invenergy are experienced developers of solar and other renewable energy resources in the United States and abroad.

17. Section 6(D) requires that an application include: "The projected beginning of construction date and the anticipated fully operational and used for service date of the asset; …." The projected beginning of construction date for both Sunflower Sky and Foxtrot is Q3/Q4 2025. The Projects are expected to be fully operational, and used and useful for service by December 31, 2026.

18. Section 6(E) requires that an application include: "A description of any common plant to be included in the construction project;" As indicated in the Direct Testimony of Mr.

Carlson, an Operations & Maintenance ("O&M") building will be included as part of the construction of both Projects.

19. Section 6(F) requires that an application include: "Plans for financing the construction of the asset;" As stated above, both Projects will be financed using EMW's existing debt and equity financing structure, similar to other capital investments made by the Company.

20. Section 6(G) requires that an application include: "A description of how the proposed asset relates to the electric utility's adopted preferred plan under 4 CSR 240-22; …." As discussed above and in the testimony of Mr. VandeVelde, Sunflower Sky is intended to satisfy 65 MW and Foxtrot is intended to satisfy 100 MW of the 150 MW need in year 2027 for solar capacity that is identified in the Company's 2024 Triennial IRP. Mr. VandeVelde's testimony further addresses the Company's IRP process which additionally supports the need for the Projects.

21. Section 6(H) requires that an application include: "An overview of the electric utility's plan for this project regarding competitive bidding, although competitive bidding is not required, for the design, engineering, procurement, construction management, and construction of the asset;" As described in Mr. Carlson's testimony regarding the Projects, the Company issued an all-source RFP in January 2023, developed in coordination with and facilitated by consultants from 1898 & Co., a division of Burns & McDonnell Engineering Company, Inc. Initial bids were submitted by February 28, 2023. With the assistance of 1898 & Co., Evergy Missouri West selected Sunflower Sky and Foxtrot to be shortlisted from a field of over 50 unique offers. Since selection of shortlisted projects, EMW has continued to negotiate with the shortlisted parties and receive updated offers for those projects. The RFP scorecard discussed by Mr. Carlson in his Direct Testimony demonstrates that Sunflower and Foxtrot are ideal candidates to fit the needs for

Evergy Missouri West due to their size, location, generator interconnection status, low upgrade costs, and low environmental and permitting risk. As noted above, the Company signed a PSA with Savion on August 16, 2024, for Sunflower Sky, and the Company signed a BTA with Invenergy on September 13, 2024, for Foxtrot, which are both attached as Confidential Schedules JC-11 and JC-10, respectively, to Mr. Carlson's Direct Testimony.

22. Section 6(I) requires that an application include: "An overview of plans for operating and maintaining an asset; …." Evergy currently operates over 12,000 MW of generation facilities, including wind and solar assets. These Assets will join Evergy's generation portfolio, and benefit from the knowledge and experience gained from Evergy's many years of operating generating facilities. As discussed herein, the Company will provide more detailed operations and maintenance plans when they are available closer to the Projects' respective commercial operations. To the extent necessary, EMW respectfully requests a variance from this provision, per 20 CSR 4240-2.060(4) and CCN Rule Section 3(C).

23. Section 6(J) requires that an application include: "An overview of plans for restoration of safe and adequate service after significant, unplanned/forced outages of an asset; …." As stated above, EMW respectfully requests a variance from this provision, per 20 CSR 4240-2.060(4) and CCN Rule Section 3(C), so that the Company's plans for restoration of safe and adequate service can be provided closer to the time each Project will commence commercial operations.

24. Because no landowners will be directly affected by the Projects which will be constructed on vacant land, Section 6(K) is inapplicable. However, as noted by Mr. Carlson, outreach has begun associated with local governmental authorities and landowners proximate to each Project.

25. Section (3)(B) of the CCN Rule states that "[i]f an asset [is] to be operated or constructed outside Missouri," which is the case for Sunflower Sky but not Foxtrot, "the application shall include plans for allocating costs, other than regional transmission organization/independent system operator cost sharing, to the applicable jurisdiction." Because 100% of Sunflower Sky will serve Evergy Missouri West, which operates exclusively in Missouri and has no customers outside Missouri, there will be no cost allocation between Missouri and another jurisdiction.

III. Public Convenience and Necessity under Section 393.170

26. Pursuant to the requirement of 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;"

27. The PSC may grant a CCN if the proposed construction is "necessary or convenient for the public service." <u>See</u> § 393.170.3; CCN Rule § (3)(A). 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 costs" and be "desirable for the public welfare." <u>United for Missouri v. PSC</u>, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016); <u>State ex rel. Intercon Gas, Inc. v. PSC</u>, 848 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" are served by granting the CCN. <u>State ex rel. Beaufort Transfer Co. v. Clark</u>, 504 S.W.2d 216, 219 (Mo. App. K.C. 1973).

28. The Commission generally applies five criteria known as the <u>Tartan</u> factors in CCN cases.⁴ The <u>Tartan</u> factors are : (1) There is a need for the service; (2) The proposal is economically feasible; (3) The applicant has the financial ability to provide the service; (4) The applicant is qualified to provide the service; and (5) The proposed service will promote the public interest. <u>Missouri Landowners Alliance v. PSC</u>, 593 S.W.3d 632, 638 & n.6 (Mo. App. E.D. 2019), affirming Report & Order on Remand at 40-47, <u>In re Grain Belt Express Clean Line LLC</u>, No. EA-2016-0358 (Mo. P.S.C., Mar. 20, 2019). <u>See In re Tartan Energy Co.</u>, No. GA-94-127, 1994 WL 762882 (Mo. P.S.C. 1994). Regarding the fifth factor, the Commission has noted it "is in essence a conclusory finding as there is no specific definition of what constitutes the public interest. Generally speaking, positive findings with respect to the other four standards will in most instances support a finding that an application for a [CCN] will promote the public interest." <u>Id.</u> at 1.

29. Kevin Gunn, Vice President of State and Federal Policy, provides an overview of EMW's request for a CCN. He explains in his Direct Testimony how the projects meet the requirements set forth in the CCN Rule, as well as the Commission's traditional standards for evaluating and approving CCN requests. Mr. Gunn also testifies that the Company's decisions to acquire and construct the Projects are prudent and that the Commission should so determine under Section (2)(C) of the CCN Rule.

30. <u>Demonstrated Need</u>: As described in the Direct Testimonies of Mr. VandeVelde and Mr. Humphrey, the addition of the Assets to the Company's generation fleet is projected to reduce EMW customer costs through long-term, low-cost energy and capacity that will meet

⁴ <u>In re Tartan Energy Co.</u>, No. GA-94-127, 1994 WL 762882 at 3 (1994). While a project is not required as a matter of law to meet the "Tartan factors," the Commission has traditionally used them when evaluating CCN applications Cf. <u>United for Missouri v. PSC</u>, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016) (noting "specific criteria have not been set out by statute").

EMW's system requirements. The Projects will provide renewable energy certificates ("RECs") and are eligible for 100% of the available federal ITCs or PTCs. In addition, as owned resources, the Projects will be under Evergy's operational control, and their costs will be recovered in base rates approved by the Commission, as opposed to purchased power costs. Adding these solar generating facilities to Evergy Missouri West's generation portfolio is consistent with positions taken by the PSC, its Staff, and other parties that have encouraged the Company and its predecessors to invest in their own generation, especially renewable resources, instead of relying on power purchase agreements and the wholesale electricity markets.⁵ The Assets are being procured as part of executing Evergy's Preferred Plan as identified through the IRP process.

31. Further, Mr. Humphrey's testimony details the Company's energy transition and efforts to ensure a responsible, diversified portfolio that will balance risk and cost for the best overall value to EMW customers.

32. <u>Economic Feasibility</u>: As described in the Direct Testimonies of Mr. VandeVelde and Mr. Humphrey, Evergy Missouri West's decision to add the Projects to its resources is economically feasible as the Assets will produce low-cost solar energy from Kansas and within Missouri. Pursuant to the competitive RFP process that the Company followed, the Projects were selected because of low levelized costs of energy, mature SPP interconnection queue positions, competitive congestion analyses, and clear paths to local and environmental permitting. The value of these Projects was also confirmed in EMW's Preferred Plan of the 2024 Triennial IRP filed in

⁵ <u>See</u> Report & Order at 14-15, <u>In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar</u> <u>Generating Facilities in Western Mo.</u>, No. EA-2015-0256 (Mar. 2, 2016), <u>aff'd United for Missouri v. PSC</u>, 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, <u>In re KCP&L Greater Mo. Operations Co. Rate Case</u>, No. ER-2010-0356 (May 4, 2011), <u>aff'd State ex rel. KCP&L</u> <u>Greater Mo. Operations Co. v. PSC</u>, 408 S.W.3d 153, 161-62 (Mo. App. W.D. 2013) (Crossroads Energy Center included in rate base). <u>See also</u> Office of the Public Counsel Initial Brief at 5-6, 22-26, 39-40, <u>In re Eleventh Prudence</u> <u>Review of Evergy Mo. West</u> Fuel Adjustment Costs, No. EO-2023-0277 (filed June 24, 2024).

April 2024, which indicated they will produce economic benefits for customers above other alternative plans and will meet their future capacity and energy needs. The economic feasibility of EMW's plan to operate these Assets is also demonstrated by the strong demand for renewable energy from the Company's customers, especially commercial and industrial users.

33. <u>Financial Ability to Provide the Service</u>: As explained in the Direct Testimony of Mr. Grace, Every Missouri West has the financial resources to acquire Sunflower Sky and Foxtrot, as well as to construct, install, own, operate, manage, maintain, and control the Assets through its rate base at EMW's authorized weighted average cost of capital.

34. **Qualifications to Provide the Service:** As the Direct Testimony of Mr. Humphrey explains, Evergy Missouri West has constructed and operated various electricity generation facilities for many years. EMW's affiliates, Evergy Metro, Inc. and Every Kansas Central, Inc., have operated and maintained solar generating units in Missouri and Kansas for several years. Evergy Missouri West has also gained experience from operating the solar pilot project at its Greenwood Energy Center, for which the Commission granted a CCN in 2016,⁶ as well as from building a solar electrical production facility at the Hawthorn Generating Station.⁷ Such experience and expertise will be utilized when EMW begins to operate Sunflower Sky and Foxtrot.

35. <u>Public Interest</u>: In addition to the factors discussed above, which demonstrate that approval of this CCN application is in the public interest, having EMW construct and operate the Projects aligns with Missouri's renewable energy policies, including the Renewable Energy Standard Law, Section 393.1020, et seq., and provisions of the Plant in Service Accounting Law.⁸

⁶ In re Application for KCP&L Greater Mo. Operations Co. for a CCN to Construct Solar Generation Facilities in Western Missouri, No. EA-2015-0256, 2016 WL 946579 (Mo. P.S.C. 2016) ("Greenwood CCN Order"), *aff'd*, United for Missouri v. PSC, 515 S.W.3d 754 (Mo. App. W.D. 2016).

 ⁷ See In re Application of EMM and EMW for a CCN to Construct Solar Generation Facilities in Kansas City, Mo., No. EA-2022-0043, Order Approving Stipulation and Agreement (Mo. P.S.C. May 12, 2022).
8 See § 393.1400.4(3).

The addition of the Assets to Evergy Missouri West's resources will provide both environmental benefits and a diversified energy resource to serve the community as Evergy transitions its generation fleet to achieve net-zero CO₂ emissions by 2045, with an interim goal of a 70% reduction in such emissions from 2005 levels by 2030.

36. As shown above, the Projects meet the Tartan factors and the Commission should approve the CCN application.

IV. <u>Request for Section 393.190 Authority</u>

37. As described above, under the PSA's and BTA's respective terms, Evergy Missouri West will acquire 100 percent of the membership interests in Sunflower Sky and Foxtrot, and will then own them. Immediately upon the closing of this acquisition, Evergy Missouri West will merge Sunflower Sky and Foxtrot into the Company. Therefore, EMW requests that under Section 393.190.1, the Commission authorize the Company to consummate the asset purchases and the subsequent mergers, and find that the transactions are not detrimental to the public interest.9

38. Pursuant to Section (1)(A) of the Commission's filing requirements rule regarding mergers or consolidations, 20 CSR 4240-10.115, Evergy Missouri West has provided a copy of the proposed plan and agreement related to the mergers of Sunflower Sky and Foxtrot into the Company pursuant to the PSA and BTA, which are attached as Confidential Schedules JC-11 and JC-10, respectively, to Mr. Carlson's Direct Testimony. Organizational charts depicting the

⁹ Once the Commission determines that a CCN should be granted, it authorizes the utility to carry out the project as described and approves an acquisition or merger under Section 393.190.1 when that is necessary. <u>See In re Great Plains Energy Inc. for Approval of its Merger with Westar Energy, Inc.</u>, Report & Order at 27-28, No. EM-2018-0012 (May 24, 2018); Order Approving Stipulation & Agmt. and Granting Certif. of Convenience & Necessity at 1, 5, <u>In re Union Elec. Co.</u>, No. EA-2023-0286 (Mar. 21, 2024) (Merger related to Split Rail solar project build-transfer agmt.); Order Granting Certif. of Convenience & Necessity at 6, <u>In re Union Elec. Co.</u>, No. EA-2023-0286 (June 12, 2024) (Acquisition of Cass County IL solar project under purchase-sale agmt.); and Report & Order at 13, 53, <u>In re Empire Dist. Elec. Co. Applic. for Certif. of Convenience & Necessity related to Wind Generation Facilities</u>, No. EA-2019-0010 (June 19, 2019) (Acquisition of Neosho Ridge Wind Project under purchase agmt.).

relationship of the merging entities before and after the transactions are attached as **Exhibit 1** to this Application.

39. Similarly, pursuant to Section (1)(B) of 20 CSR 4240-10.115, EMW has attached as **Confidential Exhibit 2** a certified copy of the resolution of the board of directors of the Company authorizing the proposed merger associated with the Foxtrot Project, as a board resolution was not required for the Sunflower Sky Project transaction. Pursuant to Sections 1(C) and (3) of this rule, the balance sheet and income statement of the applicant EMW, both pre-merger and post-merger, are attached as **Confidential Exhibit 3**.

40. Both the Application and the Direct Testimonies of Mr. Humphrey, Mr. VandeVelde, and Mr. Gunn provide the reasons why the proposed mergers are not detrimental to the public interest, pursuant to Section (1)(D) of 20 CSR 4240-10.115. The Application and the supporting Direct Testimony discuss the positive impact of the mergers on the Company's Missouri operations, pursuant to Section (1)(E) of 20 CSR 4240-10.115. With reference to Section (1)(F) of this rule, EMW does not believe at this time that the transactions will have a material impact on the tax revenues of any political subdivision in which the Company's Missouri structures, facilities, or equipment are located.

41. As noted above, this Application is consistent with the Commission's approvals of Ameren Missouri's recent solar generation projects constructed using a similar build-transfer and/or development-transfer structure, as well as the Commission's Report & Order approving the solar pilot project of EMW at the Greenwood Energy Center where it stated: "GMO's customers and the general public have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere." In re KCP&L Greater Mo.

<u>Operations Co. Application for a CCN regarding Solar Generation Facilities in Western Mo.</u>, Report & Order at 15, No. EA-2015-0256, 2016 WL 946579 *11 (Mar. 2, 2016).¹⁰ The PSC has stated that "the State of Missouri and this Commission in particular firmly support the expansion of renewable energy as a resource to provide clean energy to Missourians."¹¹

V. <u>Request for Approval of Green Solution Connections Program</u>

42. As described in the testimony of Kimberly Winslow, Evergy's Senior Director of Energy Solutions, the Green Solution Connections Program ("Program") is a voluntary subscription-based program for EMW commercial and industrial ("C&I") customers to subscribe to the renewable attributes of the new renewable generation resources identified through the IRP.

43. The purpose of the Program is to offer eligible EMW C&I customers an opportunity to subscribe to forward renewable attributes associated with new renewable generation resources being built to serve the needs of all EMW customers, but where the renewable attributes associated with that resource are not needed to meet Renewable Portfolio Standard requirements.

44. An eligible C&I customer may subscribe to the percentage of the renewable asset output (kW) needed to match up to 100% (in single percentages) of the customer's eligible annual usage to align with the renewable asset's estimated annual generation.

45. Under the Program's agreement, EMW C&I customers will subscribe to the renewable attributes from the 100 MW resource under a 15-year agreement, and under a 10-year agreement for the 65 MW resource. EMW will offer the Program first to eligible EMW C&I customers given that the IRP resources are being developed to serve the needs of that jurisdiction.

¹⁰ The Commission's decision was affirmed in <u>United for Missouri v. PSC</u>, 515 S.W.3d 754, 764-65 (Mo. App. W.D. 2016).

¹¹ Report & Order at 14, <u>Office of Public Counsel v. KCP&L Greater Mo. Operations Co.</u>, No. EC-2019-0200 (Oct. 17, 2019).

In the event that the resources are not fully subscribed after 30 days by EMW customers, EMW will then open the program to EMM's eligible Missouri customers.

46. EMW is proposing that subscribing customers be invoiced "off-bill" for the Program, which is the same way that EMW currently collects revenue from unbundled REC purchases.

47. The tariff that supports the Program includes the process that the Company will undertake to allow its C&I customers to subscribe to the forward renewable attributes. Given that a market exists for the sale of historical RECs, EMW has not sought approval nor does a tariff support that activity. However, EMW will seek approval for the Program tariff that provides for the forward sale of the renewable attributes given that there is no market that exists beyond five years in the Green-E/Voluntary North American REC market.

48. The Program is at its core similar to Ameren Missouri's Renewable Solutions Program, approved by the Commission in No. EA-2022-0245, given that subscribing customers receive RECs created by the resource output through a fixed, price certain agreement that is longterm. Although Ameren Missouri's program includes a charge (\$ per kW) and a benefits credit (\$ per kWh) that results in the price of an implied REC (\$ per MWh), EMW's Green Solution Connections Program proposes to price the renewable attributes on a \$ per MWh basis, which is how RECs are sold today on the market.

49. While the purpose of the Foxtrot and Sunflower Sky solar projects is to serve the needs of EMW customers, the renewable attributes of the Projects are proposed to be utilized for the Program, which would further enhance the economic attractiveness of these otherwise needed resources to benefit all EMW customers. This innovative Program provides benefits to subscribers and non-subscribers alike. Subscribers have a means of partnering with EMW to achieve corporate

goals that are important to their business strategies. In addition, the Program provides for the purchase of forward renewable energy attributes from local resources that are part of this CCN filing, and the Program will benefit all EMW customers by crediting the Program's revenues to EMW's fuel adjustment clause, thereby reducing overall EMW fuel costs.

50. The Program fulfills several goals that Evergy seeks to achieve in order to meet large C&I demand: (a) the Program is designed to be flexible and is aligned with large customer demands; (b) it provides the opportunity to acquire renewable energy attributes with long-term price certainty; and (c) it includes renewables that are local and positively impact non-participants. Accordingly, as discussed herein and in the Direct Testimonies of Company witnesses Ms. Winslow and Mr. Gunn, the Program should be approved as part of this Application due to the economic benefits it provides to customers.

VI. Conclusion and Request for Approval

51. Evergy Missouri West's Application seeks Construction CCNs under Section 393.170.1 for Sunflower Sky and Foxtrot, the solar farms in Kansas and Missouri that it has agreed to purchase and merge into its corporate structure.

52. As with any commercial transaction, there will be issues associated with implementing the PSA and BTA, transitioning the ownership of the Projects, and integrating the Assets into EMW's operations. However, it is in the best interest of all parties to ensure that benefits of Sunflower Sky and Foxtrot flow to Missouri customers in a timely manner, given that they will be producing 100% PTCs or 30% ITCs for Sunflower Sky, and 110% PTCs or 40% ITCs for Foxtrot, along with RECs. The Company, therefore, urges the Commission to issue a final order no later than May 1, 2025.

WHEREFORE, Evergy Missouri West respectfully requests that the Commission:

(1) Grant Construction CCNs pursuant to Section 393.170.1 and the Commission's CCN Rule, 20 CSR 4240-20.045, that authorize EMW to construct, install, own, operate, maintain, manage and control the Sunflower Sky and Foxtrot solar farms, along with all existing facilities, structures, fixtures, and other equipment related to the Assets;

(2) Find that the granting of the authority requested by this Application is required by the public convenience and necessity;

(3) Grant EMW authority and permission under Section 393.190.1 to complete the asset transfers and mergers described in this Application, the Sunflower PSA, and the Foxtrot BTA, and find that the completion of the asset transfer and merger is not detrimental to the public interest;

(4) Grant variances from 20 CSR 4240-20.045(3)(C), (6)(I), and (6)(J) so that the Company's plans for restoration of safe and adequate service, as well as as-built design drawings, can be provided closer to the time when each solar Project will commence commercial operations;

(5) Find that the Company's decision to acquire, construct, own and operate the Projects is prudent under Section (2)(C) of the CCN Rule;

(6) Approve the Green Solution Connections Program exemplar tariff sheets submitted in this docket, so that the Company can file Compliance Tariffs and the Project can be utilized in support of Phase 1 of the Program;

(7) Issue its Order, as requested above, no later than May 1, 2025; and

(8) Provide any further relief, findings, or orders that the Commission believes just, reasonable, and in the public interest.

Respectfully submitted,

<u>|s| Roger W. Steiner</u>

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Attorneys for Evergy Missouri West

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been handdelivered, emailed, or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 25th day of October 2024.

|s| Roger W. Steiner

Attorney for Evergy Missouri West

VERIFICATION

STATE OF MISSOURI)) ss COUNTY OF JACKSON)

I, Kevin Gunn, state that I am Vice President, State and Federal Regulatory Policy for Evergy, Inc., that I have reviewed the foregoing Application, that I am familiar with its contents, and that the statements contained therein are true and correct to the best of my knowledge and belief. Evergy has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue likely to arise in this case.

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

Subscribed and sworn before me this 25th day of October 2024.

Notary Public

My commission expires: $\frac{4}{2u}$

ANTHONY R. WESTENKIRCHNER NOTARY PUBLIC - NOTARY SEAL OF MISSOURI STATE Y CON EXPIRES APRIL 26, 2025 PLATTE COUNTY COMMISSION #1727995



Exhibit 1 Page 1 of 1

EXHIBITS 2 AND 3 CONTAIN CONFIDENTIAL INFORMATION NOT AVAILABLE TO THE PUBLIC.

ORIGINALS FILED UNDER SEAL.

Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West

Docket No.: EA-2024-0292 Date: October 25, 2024

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	Reason for Confidentiality from List Below
Application, p. 7	3, 4, and 6
Application, p. 8	3, 4, and 6
Exhibit 2	3, 4, and 6
Exhibit 3	3, 4, and 6

Rationale for the "confidential" designation pursuant to 20 CSR 4240-2.135 is documented below:

- 1. Customer-specific information;
- 2. Employee-sensitive personnel information;
- 3. Marketing analysis or other market-specific information relating to services offered in competition with others;
- 4. Marketing analysis or other market-specific information relating to goods or services purchased or acquired for use by a company in providing services to customers;
- 5. Reports, work papers, or other documentation related to work produced by internal or external auditors, consultants, or attorneys, except that total amounts billed by each external auditor, consultant, or attorney for services related to general rate proceedings shall always be public;
- 6. Strategies employed, to be employed, or under consideration in contract negotiations;
- 7. Relating to the security of a company's facilities; or
- 8. Concerning trade secrets, as defined in section 417.453, RSMo.
- 9. Other (specify)

Should any party challenge the Company's assertion of confidentiality with respect to the above information, the Company reserves the right to supplement the rationale contained herein with additional factual or legal information.