

Public Version

Exhibit No.:

Issue: Overview of Request, Compliance with CCN Requirements, Tartan Factors, Requested Variances, Asset Transfers and Merger Request, Decisional Prudence Request, Timing Request, Green Solution Connections Program Request

Witness: Kevin D. Gunn

Type of Exhibit: Direct Testimony

Sponsoring Party: Evergy Missouri West

Case No.: EA-2024-0292

Date Testimony Prepared: October 24, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2024-0292

DIRECT TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
October 2024**

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DIRECT TESTIMONY

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KEVIN D. GUNN

Case No. EA-2024-0292

1

I. INTRODUCTION

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

3 A: My name is Kevin D. Gunn. My business address is 1200 Main Street, Kansas
4 City, Missouri 64105.

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

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

13 **Q: Who are you testifying for?**

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

15 **Q: What are your responsibilities?**

16 A: My responsibilities include developing and implementing Evergy’s regulatory
17 policy at the state and federal level, including managing regional transmission
18 organization (“RTO”) policy. Currently, my state duties are limited to Missouri
19 regulatory policy.

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

2 A: I received a Bachelor of Arts degree from American University in 1992 and a Juris
3 Doctor degree from St. Louis University School of Law in 1996. I was a
4 Commissioner on the Missouri Public Service Commission (“Commission” or
5 “PSC”) from 2008 to 2013 and served as Chair from 2011-2013. Prior to being on
6 the Commission, I served as a lawyer in private practice and as a chief of staff to a
7 Member of Congress from Missouri. After serving on the Commission, I was a
8 regulatory affairs consultant and was Executive Director of Regulatory and
9 Political Affairs, Central Region for NextEra Energy Resources.

10 **Q: Have you previously testified in a proceeding at the Commission or before any**
11 **other utility regulatory agency?**

12 A: Yes, I have offered testimony before this Commission in File No. EO-2023-
13 0369/0370 and ER-2024-0189.

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

15 A: Yes. Jason Humphrey, Vice President of Development, discusses the energy
16 transition and responsible portfolio role (the need for more steel in the ground, the
17 role of renewables, and setting the path for additional gas generation). John
18 Carlson, Director of Project Management and Controls, provides a detailed
19 overview of the two projects for which EMW has requested a Certificate of
20 Convenience and Necessity (“CCN”), the request for proposal (“RFP”) process that
21 led to the Company’s selection as the best projects to pursue, the due diligence and
22 negotiation process that led to the transactions for each project described below,
23 and the proposed in-service criteria and operating plans for each of the projects.

1 Cody VandeVelde, Senior Director of Strategy and Long-Term Planning, addresses
2 the recent integrated resource planning (“IRP”) processes that EMW has followed
3 under the Commission’s IRP rule and how the findings in the Company’s 2024
4 Triennial IRP Plan support the need for the projects. John Grace, Senior Director
5 of Corporate Planning and Financial Performance, discusses the Company’s ability
6 to finance the projects and how tax credits will be used to enhance the benefits to
7 customers from the projects. Subash Alias, Chief Executive Officer for the Missouri
8 Partnership, a public-private economic development organization formed in 2008
9 for the purpose of marketing the state and attracting new companies to create jobs
10 and investment in Missouri, shares recent trends in economic development and the
11 importance of power supply capacity and renewable energy on recent project
12 activity. Lastly, Kimberly Winslow, Senior Director of Energy Solutions,
13 introduces a new, voluntary renewable energy subscription program for large
14 commercial and industrial (“C&I”) customers, along with government accounts,
15 called the Green Solution Connections Program.

16 **Q: What is the purpose of your direct testimony?**

17 A: The purpose of my Direct Testimony is to provide an overview of Evergy Missouri
18 West’s request for two CCNs to construct, install, own, operate, maintain, and
19 otherwise control and manage two solar generation facilities: (1) Sunflower Sky
20 Solar Project, LLC (“Sunflower Sky”), an approximately 65 megawatt (“MW”) solar farm located and to be further constructed in Wilson County, Kansas; and (2)
21 Foxtrot Solar Energy LLC (“Foxtrot”), an approximately 100 MW solar farm
22 located and to be further constructed in Jasper County, Missouri (together, the
23

1 “Projects” or “Assets”). In addition, I explain how both of these solar facilities
2 meet the requirements set forth in the Commission’s CCN rule, as well as the
3 Commission’s traditional standards for evaluating and approving CCN requests. I
4 also state why granting the CCN requests for these two solar facilities is not
5 detrimental to the public interest, and how adding them to EMW’s resource
6 generation fleet is prudent because they provide significant customer benefits and
7 helps satisfy the Company’s future capacity requirement based upon its latest IRP
8 filing, along with other near term additions identified including one half of an
9 advanced-class combined-cycle combustion turbine by 2029 and a simple-cycle
10 advanced class combustion turbine by 2030. In addition, I state why the request to
11 complete the asset transfers and mergers described in this Application is in the
12 public interest. I also address why it is appropriate for the Commission to make a
13 determination in this docket on the prudence of the Company’s decision to move
14 forward with building these specific resources for the benefit of EMW customers.
15 In addition, I also introduce the Company’s proposed Green Solution Connections
16 voluntary renewable program for commercial and industrial customers and how it
17 benefits EMW customers by selling forward the renewable attributes generated
18 from the solar resources associated with these CCN requests. I also address the
19 revenue treatment from the sale of the renewable attributes.

20 The Company requests that the Commission should issue its decision
21 approving the Application by May 1, 2025, including approvals of the
22 Application’s requests for a waiver and variances described in the Application and
23 below.

1 **II. REQUEST FOR CCN**

2 **Q: Please provide an overview of each project for which the Company is seeking**
3 **CCN approval.**

4 **A:** Table 1 below provides a high-level summary for the two Projects:

5 **TABLE 1**

	Foxtrot Solar Project	Sunflower Sky Solar Project
Contractual Agreement Date	Sep-24	Aug-24
Agreement Type	Build-transfer	Development Asset Sale
Developer	Invenergy Renewables, LLC	Savion, LLC
Facility Size	100-MW _{ac}	65-MW _{ac}
DC/AC Ratio	1.30	1.37
Site Control Acreage	1,131 Lease	317 Lease 338 Purchase
Location	Jasper County, MO	Wilson County, KS
SPP GIA	GEN-2017-188	GEN-2017-022
Point of Interconnection	161kV Asbury Substation	138kV Altoona Substation
SPP Upgrade Costs	\$1,530,217	\$5,486,414
Estimated Capacity Factor	26.7%	28.4%
Targeted Completion Date	Q4 2026	Q4 2026
Tax Credit Qualification	40% ITC or 110% PTC	30% ITC or 100% PTC
Project Cost Estimate		

6
7 Company witness Carlson elaborates on the details in Table 1 and describes
8 the details for the two Projects in his testimony.

9 **Q: Why is the Company seeking CCNs for these Projects?**

10 **A:** The Commission’s rule at 20 CSR 4240-20.045 (“CCN Rule”) requires a CCN for
11 an electric utility to construct an electric generating plant under Section 393.170.1.
12 A CCN is required if an “electric generating plant ... is expected to serve Missouri
13 customers and be included in the rate base used to set their retail rates regardless of
14 whether the item(s) to be constructed or operated is located ... inside or outside

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1 Missouri;” See 20 CSR 4240-20.045(1)(A)1 & (2)(A)3. Both Projects are
2 located outside of EMW’s service territory but will only serve Missouri customers
3 within its territory. The Sunflower Sky 65 MW facility will be constructed in
4 Wilson County, Kansas, and the 100 MW Foxtrot facility will be constructed in
5 Jasper County, Missouri.

6 EMW anticipates, upon approval from the Commission, that the Assets will
7 be included in the Company’s retail rates.

8 **Q: What are the specific requirements to be addressed if the Application is for**
9 **authorization to construct an asset under section 393.170.1?**

10 A: Subsections (A) through (K) of CCN rule 4 CSR 4240-20.045(6) set forth the
11 specific requirements that must be addressed in the Company’s Application for the
12 authorization to construct the two solar facilities under 393.170.1.

13 **Q: Does the Company’s Application comply with all the requirements listed**
14 **under 4 CSR 240-20.045(6)?**

15 A: Yes. Company witness Carlson describes in his Direct Testimony how each Project
16 identified in the Company’s Application satisfies all the requirements outlined in 4
17 CSR 240-20.045(6), except for subsections (f) and (g). Company witness Grace
18 addresses 4 CSR 240-20.045(6)(f), and Company witness VandeVelde addresses 4
19 CSR 240-20.045(6)(g).

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

22 A: Yes. Section (3)(B) of the CCN Rule 4 CSR 240-20.045 states that, “[i]f an asset
23 [is] to be operated or constructed outside Missouri, the application shall include

1 plans for allocating costs, other than regional transmission
2 organization/independent system operator cost sharing, to the applicable
3 jurisdiction.” Although both solar facilities are located outside of EMW’s service
4 territory, even with Sunflower Sky being located outside of Missouri, there will be
5 no cost allocation between Missouri and another jurisdiction because the Assets
6 will only serve EMW customers.

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

9 A: When determining whether a project is necessary or convenient for the public
10 service, the Commission has traditionally applied five criteria, commonly known
11 as the Tartan factors¹, which are as follows:

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

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

18 A: Yes.

19 **Q: How does the Commission define necessity for purposes of CCN applications**
20 **such as this case?**

21 A: The legal standard for granting a CCN under existing statutes and case law will also
22 be addressed in EMW’s briefs. However, the appellate courts have found that no

¹ *In Re Tartan Energy Co., L.C.*, No. GA-94-127, 1994 WL 762882 (Sept. 16, 1994).

1 specific criteria have been set out by statute as to when a certificate is “necessary
2 or convenient for the public service” and thus should be issued. Instead, whether
3 “the evidence indicates the public interest would be served in the award of the
4 certificate” is within the discretion of the Commission.²

5 The courts have also held that “necessity” does not mean essential or
6 absolutely indispensable, but that an additional service would be an improvement
7 justifying its cost.³ In other words, any improvement, or additional service, which
8 is important to the public convenience and desirable for the public welfare may be
9 regarded as necessary.⁴ If “there is [a] reasonable necessity” for the additional
10 service, and “the public convenience will be enhanced,” then the “need,” or
11 “necessity,” requirement is satisfied by granting the CCN.⁵

12 **Q: Has the Commission also considered additional factors in determining
13 whether a renewable energy project is needed?**

14 A: Yes. The Commission in past cases discusses other policy considerations that the
15 Commission has relied upon in granting CCNs for renewable resource generation
16 facilities.

17 In its *Report and Order* of Ameren Missouri’s Boomtown Solar CCN case⁶,
18 the Commission considered a number of factors in its approval of the CCN. The

² In re Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity Authorizing It to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage Solar Generation Facilities in Western Missouri, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

³ *Report and Order*, pp. 12-13, In re Application of KCP&L Greater Missouri Operations Company for Permission and Approval of a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage Solar Generation Facilities in Western Missouri, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

⁴ *United for Missouri v. PSC*, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016).

⁵ *State ex rel. Beaufort Transfer Co. v. Clark*, 504 S.W.2d 216, 219 (Mo. App. K.C. 1973).

⁶ File No. EA-2022-0245, Report and Order, Issued April 12, 2023.

1 Commission also determined that adding additional renewable resource generation
2 facilities helps to satisfy the Company’s customer load requirement at the lowest
3 Net Present Value Revenue Requirement (“NPVRR”). Additionally, the
4 Commission evaluated how renewable resource generation increases economic
5 activity in the surrounding region by attracting large companies or employers to the
6 Company’s service territory that generate jobs, taxes and other economic benefits.
7 These companies’ or employers’ load requirements provide a net benefit to the
8 customer rate affordability as it allows the Company to spread its fixed costs over
9 more sales, to the benefit of all customers. This competitive advantage is supported
10 regardless of the location of the renewable facility at issue given the resource is part
11 of the utility company’s generation mix. Finally, the Commission determined that
12 renewable resource generation assets help to satisfy the Company’s environmental
13 regulations, as well as its customers, with an associated decrease in carbon dioxide
14 (“CO2”).

15 **Q: Do both Projects satisfy the Tartan factor of need?**

16 A: Yes.⁷ Company witness Humphrey describes EMW’s need to add generation and
17 the Company’s selected IRP Preferred Plan determined that the Company should
18 add wind, solar, thermal, and demand-side management (“DSM”) throughout the
19 next 20 years. In fact, this started with the Company’s transaction to purchase 22%
20 of Dogwood Energy Center, a combined-cycle natural gas plant. These two solar
21 projects represent the second step of generation addition from the IRP Preferred
22 Plan. The next, near-term additions are one half of an advanced-class combined-

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

1 cycle combustion turbine by 2029 and a simple-cycle advanced class combustion
2 turbine by 2030. In support of those gas projects, the company plans to submit
3 CCNs shortly.

4 Company witness VandeVelde describes the IRP results that demonstrate
5 how the Projects are forecasted to reduce costs for EMW customers over its 20-
6 year planning horizon. This value is provided through long-term low-cost energy
7 and capacity to meet EMW's capacity requirements. Both the Sunflower Sky solar
8 facility (approximately 65 MW) and the Foxtrot solar facility (approximately 100
9 MW) specifically correspond to the 150 MW of solar addition that is identified in
10 year 2027 in the IRP Preferred Plan to help meet the capacity and energy needs of
11 EMW customers. When fully commissioned and online, these solar projects will
12 help meet EMW's near-term requirement for capacity starting in 2027. In addition,
13 Mr. VandeVelde describes how adding these solar facilities in place of fossil fuel
14 generation provides a hedge against risks associated with power prices, carbon
15 prices, and fuel prices. These Projects also benefit Evergy's resource portfolio with
16 their geographic diversity by being located in different areas. Solar and wind
17 generation are dependent on weather conditions, which vary by geographic
18 location. If Missouri is cloud covered, but Kansas is sunny, the Sunflower Sky
19 solar facility would be producing power, aiding the Company's reliability of service
20 via geographical diversity.

21 In addition, Company witness Winslow elaborates on the demand the
22 Company is seeing for renewable programs from large commercial and industrial

1 customers as an important factor when considering doing business in the
2 Company's service territory.

3 **Q: Is EMW qualified to provide the service?**

4 A: Yes. EMW and its affiliate Evergy Metro, Inc. have a long history of operating
5 generation, transmission, and distribution facilities that provide electricity in
6 Missouri through the construction, operation, and ownership of different power
7 generation assets and methods, including wind generation. Mr. Carlson describes
8 Evergy's history of owning and operating generating facilities, including solar
9 facilities. Therefore, the Company is qualified to own, operate, maintain, control
10 and manage the Sunflower Sky and Foxtrot solar facilities, as well as their related
11 facilities.

12 **Q: How are these Assets economically feasible?**

13 A: The improvement for EMW customers by adding these two Projects justify the
14 costs associated with the addition of these two solar resources. First, the Projects
15 help EMW meet its capacity needs, as described in detail by Company witness
16 VandeVelde. Second, Mr. VandeVelde describes how the IRP process for EMW
17 identified a Preferred Plan that included a solar renewable resource generation
18 facility at the lowest NPVRR. ** [REDACTED]

19 [REDACTED] **

20 while Sunflower Sky, being structured as a Development Asset Sale ("DAS"), will
21 allow Evergy to take over development of that asset. According to EMW's 2024
22 IRP, adding 150 MW solar provides approximately \$3 million in identified EMW
23 customer savings compared to a plan with no 2027 solar additions. When Evergy

1 ran a new resource planning scenario replacing the 150 MW of generic solar from
2 the 2024 IRP with these specific two Projects, adding Sunflower Sky and Foxtrot
3 solar facilities provides approximately \$45 million in identified EMW customer
4 savings compared to a plan with no 2027 solar additions.

5 Third, these Projects will also produce energy during peak times to serve
6 customers. This means these Projects reduce EMW's need to buy energy to meet
7 its peak needs off the market at peak demand when costs are higher. These
8 characteristics generally allow solar energy to be a hedge to market prices during
9 times of peak conditions.

10 Fourth, the Company will be able to utilize its experience in executing large,
11 complex projects to construct Sunflower Sky commensurate with market cost and
12 performance. Mr. Carlson describes in his testimony how these Projects were
13 chosen as a result of a competitive RFP process for generation resources. Fifth,
14 as stated in Mr. Grace's testimony, both projects will qualify for either the
15 investment tax credits ("ITC") or production tax credits ("PTC"), albeit at different
16 levels, which will reduce the cost to customers once reflected in retail rates.
17 Additionally, Mr. Grace also states how Foxtrot will qualify for the 10% Energy
18 Community Bonus credit due to its proximity to the retired Asbury coal plant.
19 These Projects also provide a valuable addition to EMW's portfolio in terms of fuel
20 and ownership structure diversity, as described by Company witness Mr.
21 Humphrey.

1 **Q: Does Evergy Missouri West have the ability to finance the purchase and**
2 **operation of these Projects?**

3 A: Yes. EMW has experience in financing the purchase and operation of large
4 projects. As Mr. Carlson states in his Direct Testimony, the DAS purchase price
5 for the Sunflower Sky is **** [REDACTED] ****. This price includes **** [REDACTED]**

6 **[REDACTED]**
7 **[REDACTED]** ****** The total

8 estimated cost of Sunflower Sky solar facility is approximately **** [REDACTED] ****,
9 which is inclusive of the DAS purchase, construction costs, the allowance for funds
10 used during construction (“AFUDC”), and Evergy internal labor and fees. The

11 base BTA purchase price of Foxtrot is **** [REDACTED]**.
12 **[REDACTED]** ******.

13 The total construction cost of Foxtrot is estimated to be **** [REDACTED] 3 ****, which
14 is inclusive of the BTA purchase, AFUDC, and Evergy internal labor and fees.
15 Expansion of this project up to 110 MWac is possible, and the purchase price will
16 be updated to reflect the final project size at notice to proceed (“NTP”). Capacity
17 beyond the first 100 MWac will cost an additional **** [REDACTED] **** per kW installed.

18 Mr. Grace further describes how the Company plans to finance these Assets through
19 EMW’s available utility financing resources with the intent that the Assets will
20 ultimately be included in rate base through the Commission’s traditional
21 ratemaking and cost of capital procedures.

1 **Q: Please describe how the public interest will be served by a grant of the**
2 **requested CCNs.**

3 A: In addition to the factors discussed above, which demonstrate that approval of this
4 Application is in the public interest, EMW will operate the Projects in alignment
5 with Missouri’s renewable energy resource generation asset policies, including the
6 Renewable Energy Standard Law, Section 393.1020, and provisions of the Plant in
7 Service Accounting Law.⁸ Prior Commission orders have also referenced the
8 benefits of furthering the state’s policy of diversifying Missouri’s energy supply
9 with renewable resources.⁹ EMW’s resources will provide environmental benefits
10 and provide two diversified energy resources to serve the community. Company
11 witness Humphrey describes this transition of Evergy’s generation fleet in detail.

12 Company witnesses Humphrey and VandeVelde describe how the two solar
13 facilities, as Company-owned generation resources, will be under Evergy’s
14 operational control, and its costs will be recovered through base rates and
15 operations and maintenance expense, as opposed to purchased power costs. Adding
16 these two solar projects to EMW’s generation portfolio is consistent with positions
17 taken by the Commission, Staff, and Office of the Public Counsel (“OPC”), and
18 other parties that have encouraged the Company and its predecessors to invest in

⁸ See Section 393.1400.4.(3)

⁹ *In the Matter of the Application of the Empire Dist. Elec. Co.*, No. EA-2019-0010, 2019 WL 3020973, at *25 (June 19, 2019); *In the Matter of the Application of Union Elec. Co. d/b/a Ameren Missouri for Permission & Approval & A Certificate of Pub. Convenience & Necessity Authorizing It to Offer a Pilot Distributed Solar Program & File Associated Tariff*, No. EA-2016-0208, 2016 WL 7441690, at *11 (Dec. 21, 2016).

1 its own generation, especially renewable resources, instead of relying on power
2 purchase agreements and the wholesale electricity markets.¹⁰

3 **Q: Has the Commission previously addressed the public interest and benefits of**
4 **constructing and operating renewable energy facilities?**

5 A: Yes. In its orders, the Commission has expressed on numerous occasions that the
6 construction and operation of renewable energy resource generation facilities are
7 in the public interest.¹¹ The Commission stated in File No. EA-2019-0010,
8 Empire’s application for a CCN to acquire wind generation facilities, that the
9 Company’s customers (the government, businesses, and individuals) prefer and
10 seek out renewable energy to satisfy their load requirement and own sustainability
11 goals.¹²

12 The Commission ultimately concluded: “It is the public policy of this state
13 to diversify the energy supply through the support of renewable and alternative
14 energy sources. The Commission has also previously expressed its general support
15 for renewable energy generation because it provides benefits to the public.”¹³

¹⁰ See Report & Order at 14-15, In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar Generating Facilities in Western Mo., No. EA-2015-0256 (Mar. 2, 2016), aff’d United for Missouri v. PSC, 515 S.W.3d 754, 764-65 (Mo. App. W.D. 2016) (CCN issued for Greenwood solar facility); Report & Order at 81-85, 98-99, In re KCP&L Greater Mo. Operations Co. Rate Case, No. ER-2010-0356 (May 4, 2011), aff’d State ex rel. KCP&L Greater Mo. Operations Co. v. PSC, 408 S.W.3d 153, 161-62 (Mo. App. W.D. 2013) (Crossroads Energy Center included in rate base).

¹¹ See e.g., Report and Order, File No. EA-2015-0256, pp. 15-16 (March 2, 2016)(GMO Community Solar CCN); Report and Order, p. 4, para. 9, File No. EO-2013-0307, (April 24, 2013)(Ameren Missouri’s Voluntary Green Program); Report and Order, p. 14, para. 29, File No. EA-2015-0146 (April 27, 2016)(Ameren Transmission Company CCN); Report and Order, pp. 21-22, para. 53-56, File No. EA-2019-0010 (June 19, 2019)(Empire Wind CCN).

¹² Report and Order, pp. 32, In re Empire District Electric Company for a Certificate of Convenience and Necessity Related to Wind Generation Facilities, File No. EA-2019-0010 (June 19, 2019) (Empire Wind CCN)

¹³ Id. at p. 32, para. G.

1 Additionally, the Commission found that “the Wind Projects are also
2 important to satisfy the public interest in regard to the use of renewables, especially
3 through the sale of RECs to non-residential customers.”¹⁴

4 **Q: What are some of the other reasons the Projects promote the public interest?**

5 A: The two solar projects promote the public interest because there is an insufficient
6 number of renewable generation assets in supply. For Ameren Missouri’s
7 Boomtown project, the Commission recently determined it is important to
8 implement renewable resource projects if and when they are available due to the
9 insufficient supply.¹⁵ The Commission further determined that renewable
10 generation resource assets hedge against risk such as, environmental regulations,
11 carbon dioxide emission reduction, power prices, and fuel prices. Sunflower Sky
12 and Foxtrot will provide this hedge as well.

13 **III. REQUEST TO COMPLETE THE ASSET TRANSFERS AND MERGERS**

14 **Q: Is it in the public interest for EMW to merge the Projects into the Company**
15 **after the closing of the acquisitions?**

16 A: Yes. Under the terms of the Purchase and Sale Agreement (“PSA”) for Sunflower
17 Sky and Build Transfer Agreement (“BTA”) for Foxtrot, respectively, EMW will
18 acquire 100 percent membership interests in both solar projects. Immediately upon
19 the closing of this acquisition, EMW will merge Sunflower Sky and Foxtrot into

¹⁴ Id. at p. 42, para. 5.

¹⁵ “The Company also presented evidence that it is not feasible to wait until a projected shortfall is about to occur before adding renewable resources, given the implementation timeline for renewable projects and the limited availability of suitable projects. [...] The evidence presented shows that, by acting to add renewable resources now, Ameren Missouri will avoid possible (1) deployment of less beneficial resources that might occur due to limited availability of viable tax credits, (2) transmission constraints causing delays or higher costs, and (3) higher future financing rates. Adding renewable energy generation in place of fossil fuel generation provides a hedge against risks associated with power prices, carbon prices, and fuel prices.” *See Report and Order*, p. 30, dated April 12, 2023, File No. EA-2022-0245.

1 the Company. Mr. Carlson describes the details of these transactions in his Direct
2 Testimony. Although the Commission’s rule at 20 CSR 4240-10.115(1)(D) only
3 requires a statement why a merger “is not detrimental to the public interest,” the
4 facts in here show the EMW’s plan to acquire and merge the two Projects into its
5 corporate holdings is clearly in the public interest. The Application and the
6 supporting direct testimony discuss the positive impact of the mergers on the
7 Company’s Missouri operations, pursuant to Section (1)(E) of 20 CSR 4240-
8 10.115. With reference to Section (1)(F) of this rule, EMW does not believe at this
9 time that the transactions will have a material impact on the tax revenues of any
10 political subdivision in which the Company’s Missouri structures, facilities, or
11 equipment are located. However, EMW is continuing to assess this tax aspect of
12 the transaction and will advise the Commission once it has reached a conclusion.
13 All of these facts demonstrate that the merger of the Assets into EMW is not
14 detrimental to the public interest.

15 IV. REQUEST FOR DECISIONAL PRUDENCE

16 **Q: What does the CCN Rule provide regarding the Commission’s authority to**
17 **make a prudence determination regarding an asset that is to be operated so as**
18 **to serve Missouri customers and be included in rate base used to set their retail**
19 **rates?**

20 A: Section (2)(C) of the CCN Rule states: “In determining whether to grant a
21 certificate of convenience and necessity, the commission may, by its order, make a
22 determination on the prudence of the decision to operate or construct an asset
23 subject to the commission’s subsequent review of costs and applicable timelines.”

1 The CCN Rule’s definition of an “Asset in Section (1)(A) includes “[a]n electric
2 generating plant” which “is expected to serve Missouri customers and be included
3 in the rate base used to set their retail rates”

4 **Q: Is it appropriate for the Commission to address decisional prudence in this**
5 **docket?**

6 A: Yes. There is no reason why the Commission should not address decisional
7 prudence in this docket. The Company application, supporting exhibits, testimony
8 and schedules contain every piece of evidence needed to evaluate and make a
9 determination whether it is prudent for the Company to build these two solar
10 facilities for the benefit of EMW customers. All the information related to the IRP
11 analysis, RFP process and evaluation, technical due diligence, ownership,
12 operational model, and specific final transaction price are included in this filing.
13 All of these issues and facts are encompassed by the Tartan factors, especially the
14 final factor that analyzes whether the acquisition and operation of the Asset
15 promotes the public interest. Even with a finding of decisional prudence in this
16 CCN docket determined by the Commission, other matters of prudence (such as
17 around construction and final costs) would be reserved for a future rate case after
18 the new resources are constructed and in-service. This is the appropriate docket
19 and timing for the Commission to make a determination on the prudence of moving
20 forward with building these specific resources for the benefit of EMW customers.

1 **Q: Has the Commission issued decisional prudence determinations in prior CCN**
2 **dockets?**

3 A: Yes. In its March 21, 2024 Order in File No. EA-2023-0291 approving EMW's
4 Application for Permission and Approval of a Certificate of Public Convenience,
5 the Commission states:

6 The Commission determines that Evergy Missouri West's decision
7 to acquire and operate the Dogwood Energy Facility, pursuant to the
8 terms of this Unanimous Stipulation and Agreement, is prudent,
9 subject to the Commission's subsequent review of costs and
10 applicable timelines.

11 **V. REQUEST FOR GREEN SOLUTION CONNECTIONS PROGRAM**

12 **Q: What is the Green Solution Connections program?**

13 A: The purpose of the Green Solution Connections program is to offer eligible Evergy
14 customers an opportunity to subscribe to renewable attributes associated with new
15 renewable generation resources built to serve the capacity and energy needs of
16 Evergy customers identified through the IRP, but where the renewable attributes
17 associated with that resource are not needed to meet Renewable Portfolio Standard
18 ("RPS") requirements for those customers. An eligible customer may subscribe to
19 renewable attributes under the Program in single percentage increments up to 100%
20 of their eligible annual usage. Under the Program Agreement, customers will
21 subscribe to the renewable attributes from the renewable resources for a term of 10
22 or 15 years. The Program Agreement will stipulate the renewable attribute level
23 based on each customer's eligible annual usage. The Program features a fixed rate
24 per megawatt-hour ("MWh") for up to 10 or 15 years to access the renewable
25 energy attributes from the CCN associated resources. This proposed program and
26 pricing is described in more detail by Company witness Kimberly Winslow.

1 **Q: Why is the Company seeking approval for this new customer program in**
2 **conjunction with this CCN request?**

3 A: While the purpose of these two solar projects is to serve the capacity and energy
4 needs of EMW, the renewable attributes of Solar Projects have the potential to be
5 utilized for the Green Solution Connections program, which would further enhance
6 the economic attractiveness of these otherwise needed resources to the benefit of
7 all customers. This innovative program provides benefits to subscribers and non-
8 subscribers alike. Subscribers have a means of partnering with their utilities to
9 achieve corporate goals that are important to their business strategies with an
10 attribute of local generation that they highly value, and their net payments into the
11 program are proposed to flow through the Fuel Adjustment Clause (“FAC”) and
12 help offset EMW’s fuel costs thereby benefiting non-subscribers.

13 **Q: Are the two solar Projects being built to serve the needs of this new customer**
14 **program?**

15 A: No, the two solar resources are being built because the IRP identified solar
16 resources to serve a clear capacity and energy need for EMW customers. Company
17 witness VandeVelde describes this in great detail in his Direct testimony. The solar
18 resources are needed to serve EMW customers whether or not a program like the
19 proposed Green Solution Connections program is approved by the Commission.
20 The renewable attributes associated with the two resources in this CCN docket are
21 not needed to meet RPS requirements for EMW customers, so the approval of the
22 proposed Green Solution Connections program provides EMW customers an added
23 benefit where the revenues paid by customers for the voluntary subscription

1 program are used to help offset EMW’s fuel costs and thereby provide additional
2 benefit for non-subscribing EMW customers.

3 **Q: Why not keep the RECs to use on behalf of EMW customers who are paying**
4 **for the Assets?**

5 A: The RECs associated with the two solar resources are not needed to meet
6 compliance with the RPS requirements. There is significant value that EMW can
7 realize for the benefit of all customers now by offering a long term, fixed price for
8 the future value of the RECs to be used to help offset EMW’s fuel costs. Company
9 witness Winslow describes how EMW has estimated that Phase 1 of the proposed
10 Program (supported by the two Projects) would provide an estimated \$15.6 million
11 and \$31.7 million of revenues over the 10-year and 15-year agreements,
12 respectively, for Evergy MO West customers, or a total of \$47.3 million.

13 **Q: Why not sell the excess RECs to third parties at a later date and flow the**
14 **revenues back through the fuel clause as Evergy does today with its other**
15 **excess RECs?**

16 A: Excess RECs today are sold as unbundled. In other words, the REC has been
17 severed from the renewable generation, and the REC value is less. Through this
18 proposed program, Evergy would provide the opportunity to eligible customers to
19 subscribe to the renewable attributes of the new renewable generation resources
20 identified through the IRP. The Program ties the renewable attributes to the
21 renewable asset(s) before it is built and customers enter a long-term contract that
22 provides price certainty to them and non-participating customers. Because there is
23 a higher value associated with a REC that is tied to a specific asset, and the

1 renewable energy is generated within a customer's balancing authority, the
2 Program is expected to deliver a higher value for the benefit of all customers rather
3 than selling the RECs at a future point and just selling in the market. Currently,
4 Evergy sells its historical RECs in the market and the revenues from those sales are
5 credited to the FAC. Similarly, under this program, Evergy is proposing to credit
6 the revenues from the sale of the RECs directly to EMW's jurisdictional FAC.

7 **Q: Is there a precedent for approving a similar type program in Missouri?**

8 A: Yes. The Commission has approved a similar program for Ameren Missouri.¹⁶
9 Company witness Winslow describes the similarities and differences between the
10 Ameren program and the Company's proposed program as part of her testimony.

11 **Q: How did the Company ensure it has reflected an appropriate price for the
12 value of the future value of the RECs?**

13 A: Company witness Winslow further describes the process that the Company
14 undertook to price the forward RECs.

15 **Q: If this program is approved, how does the Company intend to use future
16 renewable resources for this program?**

17 A: If the Company determines that future renewable resources are needed to support
18 the Green Solution Connections program, the Company will be required to gain
19 approval of that resource's forward looking REC pricing to include within the
20 program tariff. It should be noted that the existence of this Program in no way
21 commits the renewable attributes of future renewable resources. The determination
22 of whether the renewable attributes of a future renewable resource are needed for

¹⁶ File No. EA-2022-0245, Report and Order, Issued April 12, 2023.

1 meeting RPS compliance of EMW’s regulated customers, or are not needed for
2 compliance and could serve to expand the Program, will be made at the time of any
3 future CCN request.

4 VI. CONCLUSION

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

7 A: EMW respectfully requests that the Commission issue a final order by May 1, 2025,
8 to begin construction on the two solar facilities. A final Commission order by this
9 date will allow the Company to issue the official Notice to Proceed (“NTP”) on the
10 Foxtrot project by no later than June 1, 2025. If the NTP is delayed, there is
11 increased risk that the project will not achieve the commercial operation date
12 (“COD”) target of December 2026. Further, as a result of the delay in COD, the
13 Company may miss inclusion of the project in its 2027 SPP capacity accreditation,
14 which was the timeline specified in the IRP Preferred Plan. For the same reasons
15 stated above, the Company will also need to issue an NTP to the selected
16 Engineering, Procurement, and Construction contractor on the Sunflower Sky
17 project.

18 In addition, the Application seeks certain variances, per 20 CSR 4240-
19 2.060(4) and CCN Rule Section 3(C), so that the Company can provide its plans
20 for restoration of safe and adequate service and as-built design drawings closer to
21 the time when each Project commences commercial operations.

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

2 A: The Commission should grant EMW's request for two CCNs related to the
3 Sunflower Sky solar facility and Foxtrot solar facility, and find that EMW's
4 decision to add these two generation resources for EMW is prudent. The 2024
5 Triennial IRP confirmed the need and customer benefits of additional solar
6 resources over the 20-year planning horizon, as part of a mix of needed resources
7 which also include other near-term additions of one half of an advanced-class
8 combined-cycle combustion turbine by 2029 and a simple-cycle advanced class
9 combustion turbine by 2030. Adding 150 MW of solar provides approximately \$3
10 million in identified EMW customer savings compared to a plan with no new solar
11 additions. After a thorough RFP process, the Foxtrot and Sunflower Sky solar
12 facilities became the obvious choices to provide low-cost renewable energy to
13 EMW customers. When the Company ran a new resource planning scenario
14 replacing the 150 MW of generic solar from the 2024 IRP with these specific two
15 Projects, adding Sunflower Sky and Foxtrot solar facilities provides approximately
16 \$45 million in identified EMW customer savings compared to a plan with no solar
17 additions. Because the expected cost of these projects is below the solar
18 assumptions in the 2024 IRP model, they will deliver a lower expected 20-year
19 NPVRR relative to EMW's Preferred Plan. The Commission should approve the
20 proposed Green Solution Connections voluntary renewable program for
21 commercial and industrial customers, as it provides additional benefits by using the
22 revenues from the sale of the renewable attributes to help offset EMW's fuel costs,
23 thereby reducing overall fuel costs. Finally, the Company requests that the

1 Commission should issue its decision approving the Application by May 1, 2025,
2 including approvals of the Application's requests for waiver and variances.

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

4 **A:** Yes, it does.

**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 Permission and Approval of a)
Certificate of Public Convenience and Necessity) Case No. EA-2024-0292

AFFIDAVIT OF KEVIN D. GUNN

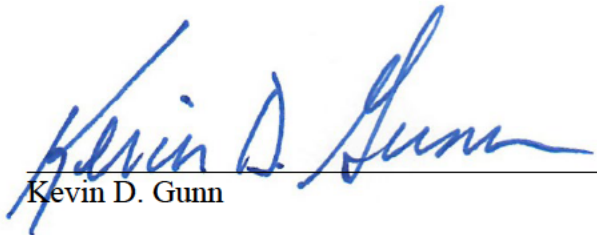
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kevin D. Gunn, being first duly sworn on his oath, states:

1. My name is Kevin D. Gunn. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President – State and Federal Regulatory Policy.

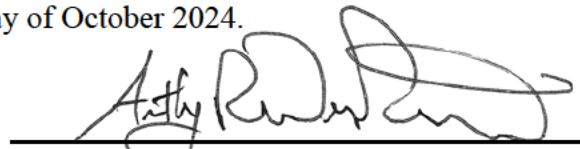
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri West consisting of twenty-five (25) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



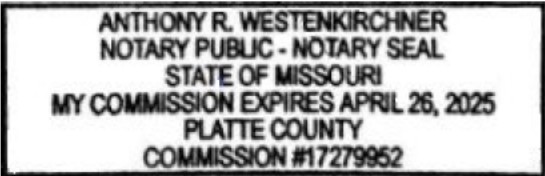
Kevin D. Gunn

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



Notary Public

My commission expires: 4/26/2025



**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
Gunn Direct, p. 5, ln. 6 – Project Cost Estimate	3, 4, and 6
Gunn Direct, p. 11, lns. 18-19	3, 4, and 6
Gunn Direct, p. 13, lns. 5-8; 11-13; and 17	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.