

Exhibit No.:

Issue: Tartan factors; Construction Accounting;
Decisional Prudence

Witness: Kevin D. Gunn

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: Evergy Missouri West

Case No.: EA-2025-0075

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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2025-0075

SURREBUTTAL TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri

May 2025

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SURREBUTTAL TESTIMONY

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KEVIN D. GUNN

Case No. EA-2025-0075

1 **I. INTRODUCTION AND EXECUTIVE SUMMARY**

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 City,
4 Missouri 64105.

5 **Q: Are you the same Kevin D. Gunn who filed Direct testimony in this case on November**
6 **15, 2024, and Supplemental Direct testimony on February 19, 2025?**

7 A: Yes. I previously submitted Direct and Supplemental Direct testimony on behalf of Evergy
8 Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West,” “EMW,” the
9 “Company”) and Evergy Missouri Metro (collectively referred to as the “Applicants” or
10 the “Companies”). The Companies, along with Evergy Kansas Central, Inc. and Evergy
11 Kansas South, Inc. (“Evergy Kansas Central” or “EKC”), are the operating utilities of
12 Evergy, Inc. (“Evergy”).

13 **Q: What is the purpose of your Surrebuttal testimony?**

14 A: The purpose of my Surrebuttal testimony is to respond to various witnesses’ testimony
15 from the Missouri Public Service Commission Staff (“Staff”) set forth in the Staff Report
16 & Recommendation (“Staff Rec.”). Additionally, I respond to testimony submitted by
17 Sierra Club, Renew Missouri Advocates (“Renew Missouri”), and the Office of the Public
18 Counsel (“OPC”). Specifically, my Surrebuttal addresses the following: (1) the Viola
19 Generating Station (“Viola”), McNew Generating Station (“McNew”) and Mullin Creek
20 #1 Generating Station (“Mullin Creek #1”) (collectively, the “Projects”) are prudent,

1 economically feasible, and satisfy all the *Tartan*¹ factors; (2) the Company’s request for
2 construction accounting has been superseded by Senate Bill 4; and (3) the Commission
3 should grant EMW decisional prudence for the Projects. See Mo. Senate Bill No. 4, 103rd
4 General Assembly, Mo. Rev. Stat. § 393.401 (amending Mo. Rev. Stat. § 393.135)
5 (“Senate Bill 4”).

6 **Q: Why is EMW seeking CCNs for the Projects at this time?**

7 A: As discussed throughout the Company’s Application and supporting testimony, the
8 Company is pursuing CCNs for the Projects as a critical step to address the growing
9 demand for both capacity and energy in the region. As the need for reliable power
10 increases, especially with the influx of large-load customers, the Projects are essential to
11 ensuring the Company can continue to deliver safe, reliable, and adequate service. By
12 actively responding to calls from the Commission and opposing parties to own steel-in-
13 the-ground generation resources, the Company is making a forward-thinking investment in
14 long-term infrastructure that will meet both current and future customer needs. This
15 approach not only helps to ensure energy security but also aligns with the broader goal of
16 building a more resilient and sustainable energy grid. The Projects are part of a holistic
17 strategy that incorporates the development of generating assets, which will enable the
18 Company to better serve its customers, contribute to regional economic development and
19 advance a responsible generation portfolio transition. In addition to improving service
20 reliability, the Projects will stimulate local economies by creating jobs and boosting tax
21 revenue, providing a positive economic impact for the surrounding communities.

¹ In re Tartan Energy Co., No. GA-94-127, 1994 WL 762882 (1994).

1 Ultimately, these efforts are designed to position the Company as a key player in driving
2 growth, ensuring energy reliability, and fostering long-term prosperity in the area.

3 **Q: Does EMW satisfy the *Tartan* factors to purchase, operate, manage, maintain, and**
4 **control the Projects?**

5 A: Yes. EMW and OPC are in agreement that the Projects satisfy the *Tartan* factors; however,
6 Staff, Renew Missouri, and Sierra Club contend that EMW has failed to satisfy one or more
7 of the factors, as discussed herein. See generally J. Seaver Rebuttal (OPC); Staff Rec.; W.
8 Jones Direct² (Renew Mo.); M. Goggin Rebuttal (Sierra Club). Specifically, Staff, Renew
9 Missouri, and Sierra Club contend that EMW has failed to demonstrate that the Projects
10 are economically feasible, for differing reasons that are each unsupported by the record
11 evidence. See Staff Rec. at 4; W. Jones Direct at 3; M. Goggin Rebuttal at 7. Sierra Club,
12 alone, argues that EMW has not demonstrated a need for the Projects and that the Projects
13 are in the public interest. See M. Goggin Rebuttal at 7. However, EMW has shown
14 throughout its Application, Direct, and Surrebuttal testimonies that the Projects satisfy all
15 five (5) *Tartan* factors.

16 In addition, Staff and OPC have raised different issues regarding the Company’s
17 request for decisional prudence. Staff opposes the request but fails to support its position
18 with sufficient evidence or citation to legal authority. OPC supports the Commission
19 granting this Certificate of Convenience and Necessity (“CCN”) but makes allegations
20 regarding “imprudence” in the Company’s resource planning, which it asserts should
21 supposedly “result in consequences for recovery of costs in a future rate case.” See J.

² Mr. Jones Rebuttal testimony is incorrectly labeled as “Direct” testimony. See Order Setting Proc. Sched. (Feb. 26, 2025).

1 Seaver Rebuttal at 1. But, as discussed below, OPC’s analysis is also not in accordance
2 with the Commission’s prudence standard. See Report & Order at 12, In re Evergy Missouri
3 West Eleventh Prudence Review FAC, No. EO-2023-0277 (Aug. 7, 2024).

4 Thus, the Commission, in accordance with the record on the whole and the
5 Commission’s prudence standard, should grant EMW decisional prudence for the Projects,
6 as well as approving the CCN requests.

7 **II. ALL PARTIES ARE IN AGREEMENT ON TWO TARTAN FACTORS**

8 **Q: Is EMW qualified to construct, install, own, operate, maintain, and otherwise control**
9 **and manage the Projects?**

10 A: Yes. All parties are in agreement that EMW is qualified to construct, install, own, operate,
11 maintain, and otherwise control and manage the Projects. See generally App. at 16-17; J.
12 Seaver Rebuttal at 1; Staff Rec. at 4; W. Jones Direct at 6; M. Goggin Rebuttal at 7.

13 **Q: Does EMW have the financial ability to purchase and operate the Projects?**

14 A: Yes. All parties are in agreement that EMW has the financial ability to construct, install,
15 own, operate, maintain, and otherwise control and manage the Projects. See generally App.
16 at 16; J. Seaver Rebuttal at 1; Staff Rec. at 4; W. Jones Direct at 6; M. Goggin Rebuttal at
17 7.

1 **III. CONSTRUCTION ACCOUNTING AND MO. SENATE BILL NO. 4**

2 **Q: Does EMW agree with Staff’s Recommendation on page 4 that the Commission need**
3 **not grant the Company construction accounting for the Projects because Senate Bill**
4 **4 has been signed by Governor Kehoe?**

5 A: Yes. EMW agrees with Staff that “with the passage of Senate Bill 4,³ electric utilities can
6 utilize plant in service accounting (‘PISA’) for new natural gas generating units. Senate
7 Bill 4 will be effective August 28, 2025; therefore, the Commission does not need to grant
8 EMW construction accounting since PISA will now be available for natural gas generating
9 units.” Staff Rec. At 4, 57. Staff is the only party that submitted Rebuttal testimony
10 addressing the issue of construction accounting. Per Missouri Senate Bill No. 4,
11 “construction for work in progress” (“CWIP”) is permitted “for any new natural gas-
12 generating unit in rate base.” See Senate Bill 4; Mo. Rev. Stat. § 393.135.2(1); see also
13 App. at 10. Additionally, as Evergy witness Ron Klote states in his Direct, the
14 “Commission’s approval of construction accounting treatment would also signify its
15 support for Evergy’s investment in necessary dispatchable generation.” See R. Klote Direct
16 at 7. Consistently, EMW intends to seek PISA and CWIP rate treatment pursuant to Senate
17 Bill 4 for the Projects.

18 **IV. RESPONSE TO STAFF’S RECOMMENDATION**

19 **Q: Do Staff and EMW have areas of agreement from Staff’s Recommendation?**

20 A: Yes. See K. Olson Surrebuttal at 2 (discussing Staff’s engineering conditions (See Staff
21 Rec. at 54)); C. VandeVelde Surrebuttal at 17 (discussing EMW’s need for the Projects);
22 J. Humphrey 2-3 (discussing EMW’s need for the Projects).

1 **Q: Does EMW agree with Staff’s condition for EMW’s requested variance from 20 CSR**
2 **4240-20.045(3)(C)?**

3 A: No. See Staff Rec. at 3. EMW requests to submit its plans for restoration of safe and
4 adequate service after significant, unplanned/forced outages within ninety (90) days of the
5 facility going in service.

6 **A. Tartan Factor – Economic Feasibility**

7 **Q: What is the Commission’s standard for the economic feasibility *Tartan* factor?**

8 A: For a project to be considered economically feasible, the Company should “provide
9 credible evidence regarding the construction costs and revenue expectations associated
10 with the proposed expansion.” Report & Order at 5, In re Empire Dist. Elec. Co., No. EA-
11 99-172, 2000 WL 228658 (Feb. 17, 2000). A witness’s analysis and conclusions relating
12 to economic feasibility may be credible when they contain “levelized cost of energy,
13 levelized avoided cost of energy, loss of load expectation, or production cost model[ing],”
14 and do not contain clear errors or incorrect assumptions. Report & Order on Remand at 27,
15 In re Grain Belt Express CCN, No. EA-2016-0358 (Mar. 20, 2019). As discussed in other
16 Company witnesses’ testimony, and herein, the Company has amply provided such
17 credible evidence of the Projects’ economic feasibility. See K. Olson Surrebuttal at 2-4; J.
18 Humphrey Surrebuttal at 5-9; C. VandeVelde Surrebuttal at 17-18.

19 **Q: Are the Projects economically feasible?**

20 A: Yes. See K. Gunn Direct at 19. As discussed by Evergy witnesses Cody VandeVelde and
21 Jason Humphrey, EMW utilized the Commission-approved Integrated Resource Plan

³ Senate Bill 4 will be effective on August 28, 2025, and will permit PISA and construction work in progress for natural gas generation facilities. See Mo. Rev. Stat. § 393.1400, 393.135.2(1).

1 (“IRP”) process to evaluate the “minimization” of the Projects’ net present value revenue
2 requirement (“NPVRR”). See 20 CSR 4240-22.010(2)(B); C. VandeVelde Direct at 5-8;
3 C. VandeVelde 2-4; J. Humphrey Surrebuttal at 5. As such, EMW does not agree with
4 Staff’s Recommendation that “the IRP analysis should not be conflated as a review of the
5 economic feasibility of individual generating assets.” See C. VandeVelde Surrebuttal at 2-
6 13, 17; Staff Rec. at 26. Additionally, Evergy’s “CCN Supplemental Direct” modeling
7 analysis confirmed that the Projects were prudent, including allocating 50% of McNew to
8 EMW. See generally C. VandeVelde Supp. Direct. Staff has simply not shown otherwise,
9 with sufficient record evidence on the whole. As discussed further by Mr. VandeVelde, the
10 IRP rules clearly establish guidelines for resource planning at the portfolio level, providing
11 a structured approach to evaluate the overall mix of resources. Since these rules define a
12 consistent framework for assessing resource decisions across a portfolio, it is reasonable,
13 and in accordance with the Commission’s rules, to apply the same metrics when evaluating
14 the prudence of an individual asset. Using these standardized criteria ensures that the
15 evaluation of an individual asset aligns with the broader planning objectives, maintaining
16 consistency in the decision-making process.

17 **Q: Must Evergy Missouri West provide justification of the economic feasibility of the**
18 **Projects when costs increase or revenues decrease from those originally modeled, as**
19 **Staff contends on pages 45 and 46 of its Recommendation?**

20 A: No. Providing ongoing justification for the economic feasibility of the Projects is not in
21 accordance with the Commission’s prudence standard. See Report & Order at 12, No. EO-
22 2023-0277. As discussed in my Direct, Supplemental Direct, and herein, 20 CSR 4240-
23 20.045(2)(C) permits the Commission to determine decisional prudence of the resource

1 generation assets based on the information reasonably known at the time, under all
2 circumstances. Id. Here, the Company has demonstrated that the Projects are prudent
3 throughout the record based upon the reasonable information known at the time EMW
4 decided to request a CCN for the Projects. Additionally, as discussed in the Surrebuttal
5 testimonies of J. Kyle Olson and Jason Humphrey, the cost estimates developed for the
6 Projects not only reflect the best available information known at the time of the CCN
7 requests but also reflect appropriate levels of cost contingency for the state of engineering
8 and procurement in which the Projects reside at time of the development of the cost
9 estimates. See generally J. Humphrey Surrebuttal at 15; K. Olson Surrebuttal at 2-3. Any
10 information or future developments that emerged after EMW's decision to obtain the
11 CCNs, such as the administration's tariffs on steel and aluminum imports, fluctuations in
12 costs or revenues, or shifts in other governmental policies should not be factored into the
13 evaluation of decisional prudence. These external factors can only be understood and
14 analyzed in hindsight, contrary to the Commission's prudence presumption and standard.
15 To include such speculative elements in type of future evaluation as asserted by Staff and
16 OPC would distort the prudence of the judgment, as it would involve information that was
17 not available or foreseeable when the original decision was made. Such requirement would
18 also undermine EMW's long-term resource planning and decision-making processes,
19 especially when short-term changes do not reflect the Projects' overall viability or
20 necessity.

21 The Commission can always exercise their oversight of these potential cost
22 increases and managements' decisions and judgments in the incurrence of any such cost
23 increases when the assets are in service, and the Company seeks recovery through a general

1 rate case. The Commission can both evaluate executional prudence on decisions made by
2 the Company as well as evaluating any rate impact by taking all relevant factors into
3 account. Additionally, and separate from the Commission’s determination of decisional
4 prudence, EMW has provided more than sufficient evidence for the Commission to confirm
5 the economic feasibility of the Projects.

6 **Q: Staff contends on pages 26 and 27 of its Recommendation that additional capacity**
7 **may need to be acquired because of the Southwest Power Pool’s (“SPP”) resource**
8 **adequacy requirement uncertainty, which could impact the economic feasibility of**
9 **the Projects. Does EMW agree?**

10 A: No. Whether additional capacity may be required or acquired in the future does not
11 determine the economic feasibility of these Projects. The Projects should be assessed based
12 on the Company’s need to add additional resource capacity, as determined by modeled
13 variables in the IRP, which includes the SPP’s resource adequacy requirement. As
14 discussed in Cody VandeVelde’s Direct, Supplemental Direct, and Surrebuttal, EMW has
15 demonstrated the need for the Projects’ capacity, and Staff already agrees that “additional
16 capacity is effectively a necessity because the lack of the service is such an inconvenience.”
17 See Staff Rec. at 46. Thus, any uncertainty of the SPP’s resource adequacy requirement
18 criteria, and any consequent obligation to procure additional generation resources, does not
19 and cannot adversely impact the economic feasibility of the Projects, as Staff suggests.

20 Additionally, at the time EMW made the decision to pursue CCNs for the Projects,
21 the uncertainty surrounding the SPP’s resource adequacy requirement was just that—
22 uncertain and undefined. There was no clear guidance or finalized policy in place that could
23 have reasonably informed or altered EMW’s decision-making process at that point.

1 Therefore, Staff's attempt to retroactively weigh uncertainty against the economic
2 feasibility of the Projects at this time involves speculation and does not align with the
3 Commission's prudence standard.

4 **Q: Does EMW agree with Staff's Recommendation on page 28 that the "full financial
5 impact," including potential transmission upgrades, of the Projects is currently
6 unknown, thus impacting the economic feasibility of the Projects?**

7 A: No. EMW will only recover the actual costs of the Projects and not the "current estimated
8 interconnection and upgrade cost estimate" for Viola and Mullin Creek # 1, as Staff
9 discusses. See Staff Rec. at 28. Additionally, this is why EMW carries contingency for the
10 Projects. As discussed by Everygy witness Kyle Olson, EMW's contingency fund mitigates
11 unplanned increases in the Projects' costs, such as potential transmission upgrades. See K.
12 Olson Direct at 32; K. Olson Surrebuttal at 3-4, 6-7. The Company acted reasonably, and
13 in accordance with the Commission's prudence standard, in its decision to include a
14 contingency fund, given the circumstances and information available at the time. While the
15 Company will later be subject to processes overseen by the Commission, it is important to
16 recognize that only a certain level of cost estimation was possible when the decision was
17 made, which is why a contingency was included for the Projects.

18 **Q: Please elaborate on Staff's discussion on pages 42-45, pertaining to EMW's load
19 growth increase via economic development and/or large load customer
20 interconnection and the impact on the cost of capacity.**

21 A: EMW and Staff are in agreement that the Company is experiencing an influx of large load
22 customers to EMW's service territory, thus "additional capacity is effectively a necessity"
23 to provide safe and adequate service. See C. VandeVelde Supp. Direct at 7-9; Staff Rec.

1 at 46; Mo. Rev. Stat. § 393.130. However, Staff attempts to conclude without adequate
2 support that the Projects are not economically feasible because EMW’s increased load from
3 these large load customers required the “additions of the two combined cycle plant,” which
4 will “potentially double the revenue requirement of the production fleet and increasing
5 the utility-owned cost of capacity. . . .” See Staff Rec. at 45. The cost of the two combined
6 cycle facilities is the price to pay for providing safe and adequate service to the Company’s
7 customers. Mo. Rev. Stat. § 393.130. The Commission has established reliable
8 procedures for addressing the costs, or changes in costs, of the Projects. Such costs do not
9 affect the CCN process or hinder the Commission's ability to assess decisional prudence
10 for the Projects.

11 However, as discussed in Cody VandeVelde’s and Jason Humphrey’s Surrebuttal
12 testimonies, the Projects were identified in EMW’s 2024 IRP, prior to the influx of most
13 of the Company’s expected large load customers. See C. VandeVelde Surrebuttal at 2-3; J.
14 Humphrey Surrebuttal at 4-5. The IRP evaluated EMW’s need for capacity based upon the
15 increased SPP resource adequacy requirements, the responsible generation transition to
16 provide safe and adequate service, and the Commission’s, as well as opposing parties,’
17 requests for EMW to decrease its reliance on the SPP market and build generation, as
18 discussed herein.

1 V. **RESPONSE TO RENEW MISSOURI**

2 **Q: Renew Missouri witness Jones suggests at p. 50 of his Rebuttal Testimony that EMW**
3 **should evaluate the potential to expand customer subscription programs to fund**
4 **incremental renewable projects. Has EMW already evaluated the potential expansion**
5 **of customer subscription programs?**

6 A: Yes. As discussed in Case No. EA-2024-0292 and Case No. EO-2025-0154, EMW offers
7 several renewable energy resource customer subscription programs. See B. Lutz Direct at
8 42-54, No. EO-2025-0154; K. Winslow Surrebuttal at 5-31.

9 VI. **DECISIONAL PRUDENCE**

10 **Q: What is decisional prudence?**

11 A: As discussed in the Company's Application and Direct testimony, decisional prudence
12 refers to the Commission's evaluation pursuant to its CCN Rule of whether **a utility's**
13 **decision** was reasonable and well-judged, based on the facts and circumstances known at
14 the time it was made. The Commission's standard focuses on the **process and rationale**
15 behind the decision, ensuring that it aligns with sound judgment and **avoids hindsight bias**.
16 Decisional prudence assesses decisions based on available information, without factoring
17 in unforeseen developments or speculative elements that emerged after the decision was
18 made to obtain CCNs for the Projects.

19 **Q: Please define the Commission's prudence standard.**

20 A: In Report & Order at 12, No. EO-2023-0277, the Commission defined the prudence
21 standard as the following:

22 A utility's costs are presumed to be prudently incurred. However,
23 the presumption does not survive "a showing of inefficiency or
24 improvidence. Where some other participant in the proceeding
25 creates a serious doubt as to the prudence of an expenditure, then the

1 applicant has the burden of dispelling these doubts and proving the
2 questioned expenditure to have been prudent. The company's
3 conduct should be judged by asking whether the conduct was
4 reasonable at the time, under all the circumstances, considering that
5 the company had to solve its problem prospectively rather than in
6 reliance on hindsight. In effect, our responsibility is to determine
7 how reasonable people would have performed the tasks that
8 confronted the company.

9 Id. at 12.

10 **Q: Can the Projects' costs be deemed imprudent?**

11 A: No, not under the Commission's well-established prudence presumption and standard. The
12 costs of the Projects could be reviewed by the Commission in a future rate case for potential
13 disallowance, but "[c]osts themselves are neither prudent nor imprudent." J. Reed Direct
14 at 8-9, EO-2023-0277. Decisional "prudence relates to actions and decisions," based on
15 information reasonably known to EMW at the time the decision was made to pursue CCNs
16 for the Projects. Id. "One cannot reach a conclusion of imprudence based on retrospective
17 review of prices." Id. at 9; see generally Staff Rec.; J. Seaver Rebuttal. Decisional prude-
18 must be based entirely off of the information known to EMW when the Application was
19 filed on November 15, 2024.

20 **Q: When evaluating whether the Projects are economically feasible, did Staff adequately**
21 **apply the prudence standard in its Recommendation?**

22 A: No. Staff did not discuss the standard by which it considered the prudence of the
23 Company's actions. Staff does not discuss the Company's decision-making process
24 pursuant to EMW's 2024 IRP, CCN Supplemental Direct modeling analysis, the range of
25 reasonable conduct based on other electric utilities' conduct, or even prior EMW CCN
26 requests regarding gas generation facilities, and does not evaluate the quality of the
27 Company's decisions for the CCNs based on what was reasonably known at the time any

1 decision was made. See Staff Rec. at 54-57. Instead, Staff makes broad, unsupported
2 statements claiming the Projects are not economically feasible, while inadequately
3 applying the decisional prudence standard:

4 EMW’s analyses fail to properly account for the currently expected
5 costs of the project and the revenues that may result from the SPP
6 integrated marketplace. Unfortunately, EMW’s decision-making
7 process appears to be agnostic to actual revenues that are expected
8 to result from generation assets.

9 Id. at 54.

10 Of course, EMW’s decision-making process is not “agnostic,” as it is founded on
11 the Commission-approved IRP process. As discussed by Evergy witness Cody
12 VandeVelde, the Company’s 2024 IRP did include the “costs of building an electric
13 generating resource, the cost of fuel provision, and the expected market revenues,” and the
14 analysis concluded that the Projects were the most prudent resource generation facilities to
15 pursue. See Staff Rec. at 54. Additionally, Staff’s contention that EMW failed “to properly
16 account for the currently expected costs of the project and the revenues that may result
17 from the SPP integrated marketplace” does not coincide with the prudence standard. Id.
18 (emphasis added). To properly rebut the prudence presumption and then apply the prudence
19 standard, Staff must determine whether the Company’s “conduct was reasonable at the
20 time, under all the circumstances, considering that the company had to solve its problem
21 prospectively.” Report & Order at 12, No. EO-2023-0277. The Company has provided the
22 Commission with adequate economic justification for the Projects based on complete and
23 reliable information reasonably known at the time, under all circumstances, the decision
24 was made to obtain the CCNs.

1 **Q: Did OPC adequately apply the prudence standard when evaluating whether the**
2 **Projects are prudent?**

3 A: No. But, unlike Staff who provided no quantification exercise or analysis to evaluate what
4 a “range of reasonable behavior” would constitute for the Projects’ economic feasibility,
5 OPC provides such analysis, although it is entirely based in improper hindsight. See J.
6 Seaver Rebuttal at 17-18, OPC. OPC inappropriately and retrospectively compares an
7 approximately 10-year capital cost pricing difference for combined cycle combustion
8 turbines to EMW’s updated pricing provided in its Supplemental Direct. Id.; K. Olson
9 Supp. Direct at 2-3. OPC alleges that the Company could have saved customers on capital
10 costs had they heeded warnings from the OPC and Staff and decided to build firm,
11 dispatchable, reliable generation in between 2018 and 2021. See J. Seaver Rebuttal at 17-
12 18, OPC.

13 However, a comparison of current market results to the “current period ‘harm’ from
14 a decision that was made ten-plus years ago is not a factor in assessing prudence on that
15 decision. That’s a hindsight view because you’re looking today at where the market ended
16 up when you couldn’t have known that when you made that decision ten years ago.” See
17 In Re: Sixth Prudence Rev. of Costs Subject to the Comm’n-Approved Fuel Adjustment
18 Clause of the Empire Dist. Elec. Co., No. EO-2017-0065, 2018 WL 1452749, at *13 (Feb.
19 28, 2018) (stating: “It is very easy to look back at [market prices] with perfect 20-20
20 hindsight to say that [an electric utility’s] decision . . . has cost its ratepayers a definite
21 amount of money.”).

22 Through this unavoidably hindsight-based analysis, OPC attempts to re-package its
23 argument that because of the “Company’s strategy of buying energy off the market, EMW

1 customers have had losses related to fuel costs and purchased power costs since 2019.”
 2 See J. Seaver Rebuttal at 3, OPC. Again, the “Commission has never found EMW
 3 imprudent for resource planning decisions that rely on the SPP integrated energy
 4 marketplace to meet the Company’s energy needs in lieu of building or acquiring cost-
 5 effective generation,” **as shown in the table below.** See Report & Order at 9, In re EMW
 6 Rate Case, No. ER-2024-0189 (Dec. 4, 2024); see also EMW Initial Post-Hearing Brief at
 7 10-11, No. EO-2023-0277 (July 8, 2024) (citing L. Mantle Direct at 16, No. EO-2023-
 8 0277); D. Ives Direct at 8, EO-2023-0277 (referencing No. EF-2022-0155 and No. EO-
 9 2022-0040 where the Commission found no imprudence by EMW).

Case No.	Case Description	Did the Commission determine EMW to be imprudent?
EO-2027-0230	2017 Annual Resource Plan Update	No
EO-2017-0232	FAC Prudence Review	No
EO-2018-0045	Contemporary Resource Planning Issue	No
ER-2018-0146	General Rate Increase Case	No
ER-2018-0180	FAC Rate Change Case	No
EO-2018-0269	EMW Triennial Resource Planning Compliance Filing	No
ER-2021-0312	General Rate Increase Case	No
ER-2022-0130	FAC Rate Change Case	No
EF-2022-0155	Securitization of Storm Uri Costs	No
EO-2023-0213	2023 Annual Resource Plan Update	No
EO-2023-0277	FAC Prudence Review	No
ER-2024-0189	EMW 2024 Rate Case	No

10 See L. Mantle Direct at 16, No. EO-2023-0277; Report & Order 14, No. EO-2023-0277;
 11 Report and Order at 9, No. ER-2024-0189.

13 The Commission should reaffirm its prior twelve determinations finding no
 14 disallowance or imprudence regarding EMW’s resource planning and rely upon the
 15 substantial record evidence provided by EMW in this proceeding to grant the Company
 16 decisional prudence for the Projects.

1 **Q: Does OPC inappropriately and prematurely attempt to assert a proposed**
2 **disallowance for the Projects?**

3 A: Yes. OPC apparently attempts to set the stage for a thirteenth time that it “will likely bring
4 up prudence issues for the recovery of costs in future rate cases,” along with cost
5 disallowance recommendations because of “EMW’s delay in adding dispatchable
6 generation resources.” See J. Seaver Rebuttal at 8, OPC. As summarized in the table above,
7 the Commission has not found a single disallowance, or any finding of imprudence based
8 on OPC’s contentions in the prior twelve proceedings and should discourage OPC from re-
9 litigation of these issues for a thirteenth time.

10 **Q: Has the Commission granted decisional prudence to Evergy Missouri West before?**

11 A: Yes. The Commission granted “Evergy Missouri West’s request for a determination under
12 Commission Rule 20 CSR 4240-20.045(2)(C) that the decision to acquire and operate the
13 Dogwood Energy Facility, pursuant to the terms of this Agreement, is prudent.” See Order
14 Approving Stip. & Agree. and Granting CCN at 3-4, In re Evergy Missouri West Dogwood
15 CCN, No. EA-2023-0291 (Mar. 21, 2024); K. Gunn Direct at 19.

16 **Q: Why is now the right time to determine decisional prudence for the Projects?**

17 A: Evergy Missouri West made a prudent decision, through its IRP and Request for Proposal
18 (“RFP”) process, to request a CCN for the Projects based on the variables that were
19 reasonable at the time, under all the circumstances, regarding costs, material supply chain,
20 tariffs, and need for the Projects. The Company’s “Application, supporting exhibits,
21 testimony and schedules contain every piece of evidence needed to evaluate and make a
22 determination whether it is prudent for the Company to build these gas facilities for the
23 benefit of EMW customers.” See K. Gunn Direct at 24, K. Gunn Supp. Direct at 16.

1 Additionally, EMW supplied “updated cost estimates, updated resource planning modeling
2 and analysis, and other significantly important information in its supplemental direct
3 testimonies. The Commission has all the necessary information to issue an order of
4 decisional prudence pertaining to these facilities.” See K. Gunn Supp. Direct at 16. All the
5 information related to the IRP analysis, RFP process and evaluation, technical due
6 diligence, ownership, operational model, and specific final transaction price are included
7 in this filing. The Commission has all the necessary information to determine that the
8 Projects satisfy the *Tartan* factors and issue an order approving the request of CCNs for
9 the Projects and a determination that the decision to construct and own the Projects is
10 prudent.

11 **VII. CONCLUSION**

12 **Q: Please provide any essential updates from Evergy’s parallel proceeding with the**
13 **Kansas Corporation Commission (“KCC”), docket No. 2025-EKCE-207-PRE.**

14 A: The parties have submitted a Non-Unanimous Partial Settlement Agreement Regarding
15 Natural Gas Facilities, Docket No. 25-EKCE-207-PRE to the KCC for its approval. The
16 following is the remaining procedural schedule for the docket:

17	05/14/2025	Evergy Initial Brief
18	05/28/2025	Staff and Intervenors Briefs Due
19	06/06/2025	Evergy Reply Brief Due
20	07/07/2025	Commission Order Due

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

22 A: EMW has satisfied all the *Tartan* factors and established that the decision to construct and
23 own the Projects is prudent, despite the oppositions’ testimony discussed above. See K.
24 Gunn Direct at 33. These Projects are part of EMW’s larger resource generation plan, as
25 discussed by Evergy witnesses Cody VandeVelde and Jason Humphrey. The Projects are

1 needed to “strengthen the capacity and reliability of its system, meet and supply the needs
2 of a growing economy with additional demands on Evergy’s system, but do so
3 competitively and affordably for its customers.” See K. Gunn Direct at 33-34. Thus, the
4 Commission should grant EMW decisional prudence for the Projects, as well as the CCN
5 request.

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

7 A: Yes, it does.

