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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2025-0075

SURREBUTTAL TESTIMONY

OF

J KYLE OLSON

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
May 2025**

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I. INTRODUCTION AND EXECUTIVE SUMMARY

Q: Are you the same J Kyle Olson who filed direct testimony in this case on November 15, 2024, and supplemental direct on February 19, 2025?

A: Yes. I previously submitted direct testimony and supplemental direct on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West” or “EMW” or “West”) and Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro” or “EMM” or “Metro”) (collectively referred to as the “Applicants” or the “Companies”). The Companies, along with Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (“Evergy Kansas Central” or “EKC”), are the operating utilities of Evergy, Inc. (“Evergy”).

Q: What is the purpose of your surrebuttal testimony?

A: The purpose of my surrebuttal testimony is to respond to Staff’s testimony concerning the Generator Interconnection costs, natural gas procurement plan and infrastructure, and future weather events. I will also be responding to the Office of the Public Counsel’s (“OPC”) Witness Seaver’s statement of cost uncertainty risk and Sierra Club’s Witness Goggin’s testimony concerning increasing costs of the projects and congestion pricing.

Q: Staff recommends the Commission adopt several conditions concerning the Companies’ request. Which conditions are you addressing in your testimony?

A: On page 3 of Staff’s Recommendation, Staff lists seven conditions, three of which are relevant to my Direct Testimony:

1 1. Staff condition (e) states that Evergy shall file in this docket a site-specific
2 Emergency Action Plan as well as Operations and Maintenance Plans for
3 the Projects within sixty (60) days of the facility being placed in service.

4 2. Staff condition (f) states Evergy shall provide quarterly reporting of the
5 progress of construction of the Projects. This report shall include, but not
6 be limited to, quarterly progress reports on permitting, plans, specifications,
7 and construction progress for the Projects.

8 3. Staff condition (g) states Evergy shall use the in-service criteria set forth in
9 Confidential Schedule 4 to Appendix A.

10 **Q: Do you agree with Staff condition (e)?**

11 A: In part. The Company agrees to file in this docket a site-specific Emergency Action Plan
12 as well as Operations and Maintenance Plans for the Projects, but requests that those plans
13 be filed within ninety (90) days of the facility being placed in service as opposed to Staff's
14 recommendation of sixty (60) days.

15 **Q: Do you agree with Staff conditions (f) and (g)?**

16 A: Yes.

17 **Q: Staff also recommends the Commission order Evergy to provide the Generation**
18 **Interconnection Agreement (GIA) for each and every project in this case within 30**
19 **days of a signed, executed GIA. Does Evergy agree with this recommendation?**

20 A: Yes. Evergy filed Generator Interconnection Applications for Viola, McNew, and Mullin
21 Creek #1 in October 2024. Executed GIAs for each are expected in late 2026 or early 2027.

1 **Q: Please discuss Staff's concerns on page 28 of Staff's Recommendation about the risk**
2 **of additional cost of interconnecting the Projects impacting economic feasibility.**

3 A: As with any other large utility project, 100% cost certainty is not available and cost
4 estimates must be relied upon to make decisions. Ultimately, the project costs will be
5 subject to Commission oversight and prudence review at a later stage. For these reasons,
6 as with any large construction project, Evergy has levels of contingency reserved for the
7 Projects. As I mentioned in my Direct Testimony, Evergy has proposed a contingency fund
8 which will be used to mitigate unplanned increases in project costs, whether caused by
9 known risks or unforeseen risks. (Olson Direct at 32.) Evergy recognizes that large
10 construction projects that span several years can be adversely affected by events outside
11 the control of Evergy. The proposed contingency fund would provide a reasonable level of
12 mitigation of these risks for each Project. Evergy will ultimately only recover actual costs
13 and not cost estimates, which is why we carry contingency. Evergy will not seek to recover
14 unused contingency funds.

15 **Q: On page 30 of the Recommendation, Staff describes issues of uncertainty from tariffs**
16 **which could affect overall costs or delay the Projects. Are the cost estimates for the**
17 **Projects consistent with current market conditions and costs for construction of**
18 **combined cycle and simple cycle gas turbines?**

19 A: Yes. While Staff rightly points out risks associated with the tariffs, the cost estimates
20 submitted by Evergy are the result of a competitive bidding process by several qualified
21 bidders. The result is a thorough analysis by Evergy and its owner's engineer, Burns &
22 McDonnell. Additionally, Evergy conducted a comprehensive competitive bidding process
23 for the selection of the Owner's Engineer ("OE"), Power Island Equipment ("PIE") and

1 the Engineer, Procure and Construct (“EPC”) contractor. As I described in my
2 Supplemental Direct Testimony, Evergy has now finalized fixed-price PIE Supply
3 Agreements with Mitsubishi Power Americas, and those cost figures are consistent with
4 the estimated costs provided in my Direct Testimony. Also, Evergy is in the final stages of
5 executing a final fixed price EPC agreement and those cost figures are consistent with the
6 estimated costs provided in my Direct Testimony.

7 Furthermore, a key comparison to consider is the current CCGT and SCGT
8 construction costs and cost estimates for projects similar to Viola, McNew, and Mullin
9 Creek #1. For example, on January 23, 2025, Basin Electric Power Cooperative announced
10 it will be constructing a 1,470 MW natural gas fueled generation facility consisting of
11 approximately of two 700 MW units. The reported cost for the plant is nearly \$4 billion or
12 \$2,700 per kW, which is higher than the costs of the Projects in this application.

13 **Q: Staff has concerns of the lack of detailed information around the availability and cost**
14 **of firm transportation of natural gas. What is the status of Evergy’s plan to obtain**
15 **the necessary pipeline capacity to serve the plants?**

16 A: As discussed in my Direct Testimony, Evergy has engaged with interstate pipelines and
17 intrastate pipelines to identify infrastructure upgrades and associated costs necessary to
18 connect the Viola, McNew, and Mullin Creek #1 plants. Evergy is working with potential
19 suppliers to perform Class 4, Class 3 or Gate 1 studies. Once a project is determined to be
20 feasible and necessary for the new generation to be built, the parties would then execute a
21 precedent agreement which allows the pipelines to begin developing infrastructure.
22 Evergy’s objective is to have the pipeline infrastructure in place six months before a plant’s

1 commercial operation date. Evergy remains confident the objective will be reached, and
2 the process will lead to a cost-effective supply for our customer.

3 **Q: Staff cites to the testimony of Kansas Gas Service (“KGS”) in the corresponding**
4 **Kansas Corporation Commission (“KCC”) 25-EKCE-207-PRE docket to highlight**
5 **concerns regarding gas transportation. What is the status of the KCC docket 25-**
6 **EKCE-207-PRE?**

7 A: On April 16, 2025, Evergy Kansas Central Inc. (“EKC”) executed a Non-Unanimous
8 Partial Settlement Regarding Natural Gas Facilities (“Kansas Settlement”) with KCC Staff
9 and other parties including KGS. Along with recommending that the decisions to construct
10 and own 50% of Viola and McNew were prudent, the Kansas Settlement recommends EKC
11 make a compliance filing with the KCC once all gas transportation arrangements have been
12 finalized. The filing would include the financial terms and conditions under which firm
13 natural gas transportation has been secured along with the duration of the transportation
14 arrangement. EKC is awaiting a final order from the KCC which is expected on or before
15 July 7, 2025.

16 **Q: What is the status of EKC’s plan to supply natural gas to the plants?**

17 A: Evergy is currently developing and reviewing a gas supply procurement plan for the plants.
18 Evergy anticipates having a comprehensive gas purchasing plan to minimize exposure to
19 spot pricing conceptually similar to the strategy currently utilized for purchasing coal.

20 **Q: How do you respond to Staff’s concerns over future weather events like Winter Storm**
21 **Uri?**

22 A: In Evergy’s experience, weather events like Winter Storm Uri require significant liquid
23 fuel reserves. Mullin Creek #1 will have the option to run on liquid fuel for 48 hours at full

1 load with capability to truck in and unload additional fuel while the unit is online. The IRP
2 also plans for another unit at Mullin Creek capable of running on liquid fuel. As discussed
3 above, Evergy plans on procuring firm transportation for all three plants which will help
4 avoid outages at the Viola and McNew plants which will not have the ability to run on
5 liquid fuel.

6 **Q: Do you agree with OPC Witness Jordan Seaver who states domestic and global**
7 **uncertainties will result in high final costs for the Projects?**

8 A: While OPC and Mr. Seaver supports approval of the Certificate of Convenience and
9 Necessity (CCN), his comments are only speculation, and no further analysis is provided.
10 As I discussed earlier, Evergy has now finalized fixed-price PIE Supply Agreements with
11 Mitsubishi Power Americas, and those cost figures are consistent with the estimated costs
12 provided in my Direct Testimony. Also, Evergy is in the final stages of executing a fixed
13 price EPC contract.

14 **Q: According to Sierra Club Witness Goggin, Evergy did not evaluate transmission**
15 **congestion or LMPs at the proposed gas generator sites. How does Evergy respond to**
16 **this statement?**

17 A: Evergy commissioned a comprehensive Conventional Generation Siting Study from Power
18 Engineers Inc. which Staff has reviewed and concluded “Evergy has done its due diligence
19 in evaluating, assessing, and selecting its proposed sites for the electrical generation
20 facilities in Kansas and in Missouri.” This study analyzed a variety of different factors,
21 characteristics, and locations to determine the best location for these plants. For example,
22 a non-exhaustive list of factors and characteristics considered included natural gas supply,
23 distance to bus, transmission interconnectivity, and property ownership. Sixty-two (62)

1 different Potential Site Locations were evaluated and studied. The Conventional
2 Generation Siting Study eventually resulted in recommending the Viola site location, a
3 location in or near the existing Hutchinson Power Plant for McNew, and a location near
4 the Mullin Creek substation. Mr. Goggin ignores the majority of the siting study to cherry
5 pick one factor out of the 100-page study.

6 **Q: Does Evergy agree with Sierra Club and Mr. Goggin's criticism of the increased costs**
7 **of the Projects?**

8 A: No. Mr. Goggin highlights my Supplemental Direct Testimony on the costs of the Projects
9 but makes no comparison to other gas plants being built today. As discussed above, Basin
10 Electric Power Cooperative will be constructing a natural gas fueled generation facility
11 consisting of two approximately 700 MW units. The reported cost for the plant is nearly
12 \$4 billion or \$2,700 per kW, which is higher than the costs of the Projects in this
13 application. Mr. Goggin's suggestion for the addition of batteries instead of gas is discussed
14 by Company witness Cody VandeVelde.

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

16 A: As explained by Company witnesses Kevin Gunn and Jason Humphrey, Evergy is seeking
17 a certificate to address the need for energy and capacity in the region including SPP
18 resource adequacy rules. This is responsive to both the increasing stringency of SPP rules
19 and growing demand for capacity and energy in the region. Given, the need and the fact
20 that these units are supported by the IRP and supplemental analysis, these Projects are
21 essential to ensure reliability on our system. My Direct, Supplemental Direct, and the filing
22 of the above captioned Surrebuttal Testimony explains the thorough and prudent steps the
23 company has taken to prepare for construction, ownership, and operation of these Projects.

1 The Company has prudently selected locations for the Projects, estimated costs, planned
2 for procurement of materials, selected contractors, planned for risk, and planned for
3 supplying fuel to the Projects. Ultimately, Staff and OPC agree these Projects are necessary
4 to ensure future reliable service for Evergy customers.

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

6 A: Yes.

