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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2024-0189

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri

October 2025

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CASE NO. ER-2024-0189

1 **I. INTRODUCTION**

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

3 A: My name is Darrin R. Ives. My business address is 1200 Main St. Kansas City, Missouri
4 64105.

5 **Q: Are you the same Darrin R. Ives who submitted direct testimony in this proceeding**
6 **on September 15, 2025?**

7 A: Yes.

8 **Q: On whose behalf are you testifying?**

9 A: I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West
10 (“EMW,” “Evergy,” or the “Company”).¹

11 **Q: What is the purpose of your testimony?**

12 A: The purpose of my testimony is to respond to the direct testimonies of Commission Staff
13 witness Keith Majors, Office of the Public Counsel (“OPC”) witness Lena Mantle, and
14 Midwest Energy Consumers Group (“MECG”) witness Greg Meyer regarding the
15 Crossroads Energy Center (“Crossroads”).

16 **II. THE PATH FORWARD ON CROSSROADS**

17 **Q: What is your overall response to Staff, OPC, and MECG regarding Crossroads?**

¹ EMW was formerly known as KCP&L Greater Missouri Operations Company (“GMO”).

1 A: Mr. Majors, Ms. Mantle, and Mr. Meyers spend an extraordinary amount of time and
2 testimony discussing what they consider to be the past “sins” of Aquila, Inc. (EMW’s
3 predecessor), with little to no discussion of Issue 5.C in the Unanimous Stipulation and
4 Agreement (“Stipulation”) which the Commission approved in its Report and Order issued
5 on December 4, 2024. However, as the Commission observed in its 2013 Report and Order
6 regarding Crossroads, there will come a time when it must determine “how long the
7 Commission will visit the sins of the predecessor on the successor.”² Given that EMW has
8 been paying the transmission costs of Crossroads without recovery from customers since
9 August 2008 when it was transferred to the regulated books of the Company, and the
10 Company is facing a decision whether to renew those transmission service agreements, that
11 time is now.

12 As I previously testified, EMW is *not* before the Commission to relitigate the results
13 of Crossroads I³ in 2011 or Crossroads II in 2013. Rather, per Issue 5.C of the Stipulation,
14 the parties decided to suspend the litigation and instead agreed to an extension so that “a
15 qualified independent engineering firm” could “evaluate the cost, procedures, and
16 schedule of relocating Crossroads to a site in the Southwest Power Pool (‘SPP’) footprint.”⁴
17 This work was done and resulted in “a Demobilization Study” to determine whether “it is
18 prudent for Evergy to renew its firm point-to-point transmission service agreement with
19 Entergy Corp. before it expires in February 2029.”⁵ Although there are competing
20 recommendations in the direct testimonies of Mr. Majors, Ms. Mantle, and Mr. Meyer, the

² See Report & Order at 57-59, In re KCP&L Greater Mo. Operations Co., No. ER-2012-0175 (Jan. 9, 2013) (“Crossroads II”).

³ Report & Order, In re KCP&L Greater Mo. Operations Co., No. ER-2010-0356 (May 4, 2011) (“Crossroads I”).

⁴ See Stipulation at ¶ 5.a.

⁵ See List of Issues, Issue 5.C at p. 3.

1 additional data that have been gathered and further discussions with the parties have not
2 altered their original opinion that EMW's shareholders should be ordered to continue to
3 pay all of the transmission expenses necessary to deliver Crossroads' benefits to customers
4 simply because of the Commission's decisions in Crossroads I (14 years ago in 2011) and
5 Crossroads II (12 years ago in 2013).

6 No party except Evergy has provided any analysis of the Crossroads transmission
7 issues in the context of the current challenges, if not crisis, that the Company and the entire
8 electric utility industry now face. The Company is before the Commission to address
9 *today's* facts and circumstances regarding Crossroads and the issues now confronting the
10 industry so that the Commission can properly resolve Issue 5.C of the Stipulation. See K.
11 Gunn Direct at 8-9. The status quo of acknowledging the benefits of Crossroads yet
12 requiring EMW's shareholders to pay 100% of its transmission expense is no longer a
13 reasonable outcome. See K. Gunn Direct at 9-16.

14 At a time of rapid load growth and economic development, the need for
15 geographically diverse assets like Crossroads to deliver reliable and affordable energy to
16 customers, especially during extreme weather events, has never been greater. See C.
17 VandeVelde Direct at 6-7. Now is the time for the Commission to conclude that it is
18 prudent for EMW to renew its four transmission service path agreements with Entergy
19 which expire on March 1, 2029, as well as to permit EMW to recover the Crossroads
20 transmission costs in rates.

21 **Q: If the Commission determines that renewing the transmission service agreements is**
22 **imprudent, would it raise serious capacity and energy concerns for EMW?**

1 A: Yes, and this is not in dispute. OPC witness Ms. Mantle stated in her Supplemental Direct
2 Testimony (Sept. 15, 2025) on page 4: “If the transmission contract is not renewed,
3 Crossroads will not be available to meet the capacity requirements of SPP. Losing
4 Crossroads will limit Evergy West’s ability to provide service to large load customers
5 without adding additional capacity.” MECG witness Mr. Meyer stated in his Direct
6 Testimony (Sept. 15, 2025) on page 11: “I believe EMW should negotiate a new 20-year
7 point-to-point transmission contract.”

8 Therefore, if the Commission determines that renewing the transmission service
9 agreements beyond 2029 is not prudent (and, at the same time, that the recovery of
10 transmission costs is not prudent), the Commission must find that a decision by EMW
11 pursuant to its Integrated Resource Planning (“IRP”) process either to build new
12 generation, to relocate Crossroads to the SPP footprint, or to procure other capacity and
13 energy resources will be viewed as prudent.

14 **Q: You mentioned the extraordinary amount of time Staff and the other parties spent in**
15 **their testimony discussing the past “sins” of Aquila, Inc. and their respective views**
16 **on that history. Were there inaccurate claims asserted in Staff’s direct testimony**
17 **regarding the history of Crossroads?**

18 A: Yes, there were some inaccurate claims. Although expending the necessary time and
19 resources to rebut each of Staff’s numerous misrepresentations would be pointless, given
20 their lack of relevance to this case and the challenges now facing the Company, I offer two
21 important points for clarity and for the record.

22 First, I am purposely not rebutting point by point the opposing parties’ historical
23 testimony as it is of limited value to the request made in this proceeding by EMW that

1 addresses the future of customer demand and the widely acknowledged pressures on the
2 industry and this region. Therefore, I want to be clear that silence on any point cited does
3 not indicate agreement or alignment with the testimony provided by Mr. Majors, Ms.
4 Mantle or Mr. Meyer.

5 Second, while not rebutting specific points, I am including a list of Company
6 historical cases where I have either sponsored or have directed the Crossroads testimony
7 in Figure 1 regarding the Crossroads facility which the Commission should consider
8 incorporated into this Rebuttal Testimony in this proceeding. I was intimately involved in
9 the acquisition of Aquila, Inc. and, specifically at that time, had primary responsibility for
10 all Finance and Accounting integration activities, all transaction-related SEC and GAAP
11 financial reporting, and direct oversight on completion of the third-party Crossroads
12 valuation report in addition to my day-to-day corporate responsibilities. While EMW does
13 not believe long recitation of the past is relevant to the questions EMW has posed in this
14 proceeding, I will certainly be available to answer any questions from the Commission
15 regarding the historical issues raised by the opposing parties.

16 **Figure 1**

<u>Type of Case</u>	<u>Docket No.</u>
KCP&L and GMO Rate Cases	ER-2009-0089/0090
KCP&L and GMO Rate Cases	ER-2009-0355/0356
KCP&L and GMO Rate Cases	ER-2012-0175/0176
GMO Rate Case	ER-2016-0156
EMM & EMW Rate Cases	ER-2018-0145/0146
EMM & EMW Rate Cases	ER-2022-0129/0130
EMW Rate Case	ER-2024-0189

1 **Q: On pages 47-53 of Mr. Majors’ direct testimony, he claims that EMW’s acquisition**
2 **price of Crossroads was impaired in value because of the transmission constraints**
3 **and also lower than proxy sales used to value Crossroads. Is this true?**

4 A: No. Mr. Majors’ direct testimony is either uninformed by actual transactions or
5 mischaracterizes them to support Staff’s narrative. The allegation that the Crossroads sales
6 price was structured to match the value of specific proxy assets and resources is completely
7 inconsistent with how this transaction occurred, as well as how such transactions occur
8 generally. At the time offers are made, competitive constraints limit the extent of due
9 diligence that can be performed. Additionally, detailed asset valuations or contract reviews
10 are generally not feasible at such an early stage due to the risk of competitive harm. In the
11 context of this transaction, any assertion that specific values were assigned to individual
12 assets in determining prices set in the Aquila, Inc. acquisition is both false and misleading.

13 **Q: Similarly, on pages 47-53 of Mr. Majors’ direct, he asserts that EMW expected a**
14 **material impairment charge at the time of the acquisition of Crossroads, as noted in**
15 **the Company’s Securities & Exchange Commission (“SEC”) filings. Is this true?**

16 A: No. Mr. Majors’ testimony purports to address various scenario values, including teardown
17 and relocation, that were identified in the assessment and decision to acquire Crossroads
18 as a component of the larger corporate acquisition of Aquila by Great Plains Energy Inc.
19 His testimony reflects either a lack of experience with or understanding of SEC financial
20 reporting and GAAP (“Generally Accepted Accounting Principles”) disclosure
21 requirements, or it is intentionally framed to support a predetermined narrative created by
22 Staff. I was personally responsible for SEC financial reporting regarding Crossroads,
23 including oversight of the independent valuation of the facility, as well as the initial and

1 subsequent SEC disclosures of the purchase price. At the time of the initial disclosure,
2 only high-level assessments were available because, due to the high degree of
3 confidentiality and competitive constraints that limited the extent of due diligence that can
4 be performed in the early stages of acquisition negotiations. Therefore, initial SEC
5 financial disclosures regarding the transaction purchase price were necessarily filed before
6 detailed due diligence on Crossroads had been completed.

7 Consistent with accepted SEC practice regarding mergers and acquisitions, the
8 initial valuation disclosure employed the most reasonable conservative estimates which
9 would be refined through the purchase price allocation process that was required to be
10 finalized within one year after closing. This is precisely what was done regarding
11 Crossroads, as described in my prior testimony. To contend that the initial valuation should
12 control the acquisition cost is unrealistic, as well as contrary to SEC disclosure
13 requirements. It is also contrary to the practical constraints on due diligence in merger and
14 acquisition transactions. As I describe in prior testimony, a third-party conducted valuation
15 study was completed on the Crossroads facility subsequent to the acquisition when the
16 practical competitive restraints on due diligence were no longer an issue. That study
17 determined the valuation of Crossroads supported the asset remaining on the books at the
18 original book value and consistent with SEC financial reporting requirements the SEC
19 disclosure was updated to reflect the original book value valuation for Crossroads.

20 **Q: Finally, in testimony beginning on page 63 of his direct testimony and concluding on**
21 **page 64, Mr. Majors asserts that EMW has not previously considered not renewing**
22 **the transmission agreement and concludes that it was Staff's assumption that**
23 **Crossroads would provide service to EMW through its normal retirement date**

1 **without the looming threat of not obtaining firm transmission service. How do you**
2 **respond?**

3 A: By its very definition an assumption is a something accepted as true or as certain to happen,
4 without proof. By acknowledging that Staff position is based, at least in part, on
5 assumption, Staff tacitly concedes the point is immaterial. Moreover, Staff's claimed
6 assumption would have been categorically unreasonable under these, or any,
7 circumstances. First, the transmission service agreements have always been central and
8 critical to EMW being able to claim the capacity of Crossroads in its resource adequacy
9 requirements at SPP. Those transmission service agreements have been known and
10 available to Staff since executed and it was, thus, well known that the transmission service
11 agreements terminate in 2029 and have never been tied to the expected economic life of
12 the Crossroads facility.

13 Second, through 2024, the Commission has fully disallowed the transmission
14 expense incurred by EMW under the transmission service agreements asserting the
15 imprudence of those costs, and by extension, of the transmission service agreements.
16 Through 2024, the transmission expense disallowed under the service agreements totals
17 \$155 million that has been fully incurred by the Company's shareholders to provide
18 Crossroads capacity and energy to serve EMW's customers. For Staff to assume that
19 EMW, and its shareholders, will execute another round of transmission service agreements
20 that the Commission has determined to be imprudent, and willing execute imprudent
21 agreements spanning potentially another decade or two, is incomprehensible.

22 As EMW has noted over the course of this proceeding, the timing of the expiration
23 of the transmission service agreements in 2029, and the significant changes in

1 circumstances surrounding resource adequacy, generation accreditation and determination
2 of reserve margins at SPP, as well as the resource planning analysis provided by EMW
3 demonstrating extension of the transmission service agreements with allowed recovery of
4 the transmission expenses is the least cost option to meet the EMW resource requirements,
5 all lead to this being the correct time for this issue to be in front of the Commission and
6 parties to resolve this issue. Addressing this prematurely would not have afforded the
7 Commission and parties visibility to the current facts and market conditions under which
8 this decision should be assessed.

9 **III. RESPONSE TO MR. MAJORS (STAFF)**

10 **Q: Mr. Majors proposed three alternative recommendations regarding Crossroads on**
11 **page 4 of his direct testimony. First, he recommended that the Commission find “it**
12 **is prudent for EMW to renew” the Entergy transmission services agreements but**
13 **maintain the status quo that the Company receive “no recovery of transmission costs**
14 **through the cost of service” because the “inclusion of Crossroads as a generation asset**
15 **and no recovery of transmission expenses are inextricably linked” to the**
16 **Commission’s Crossroads I and II report and orders. Does Evergy agree?**

17 **A:** No. This recommendation ignores the significant change in facts and circumstances in the
18 energy landscape since the Commission’s report and orders in Crossroads I and Crossroads
19 II, and EMW’s otherwise undisputed need for Crossroads’ 300 megawatts (“MW”) of
20 geographically diverse capacity.⁶ See K. Gunn Direct at 8-9; C. VandeVelde Direct at 4-

⁶ I also understand there is no legal basis for Mr. Majors’ contention as is well known that the Commission may depart from approaches it has taken in prior cases. See *Spire Missouri, Inc. v. PSC*, 618 S.W.3d 225, 235 (Mo. 2021) (“[A]n administrative agency is not bound by *stare decisis*, nor are PSC decisions binding precedent on” Missouri appellate courts).

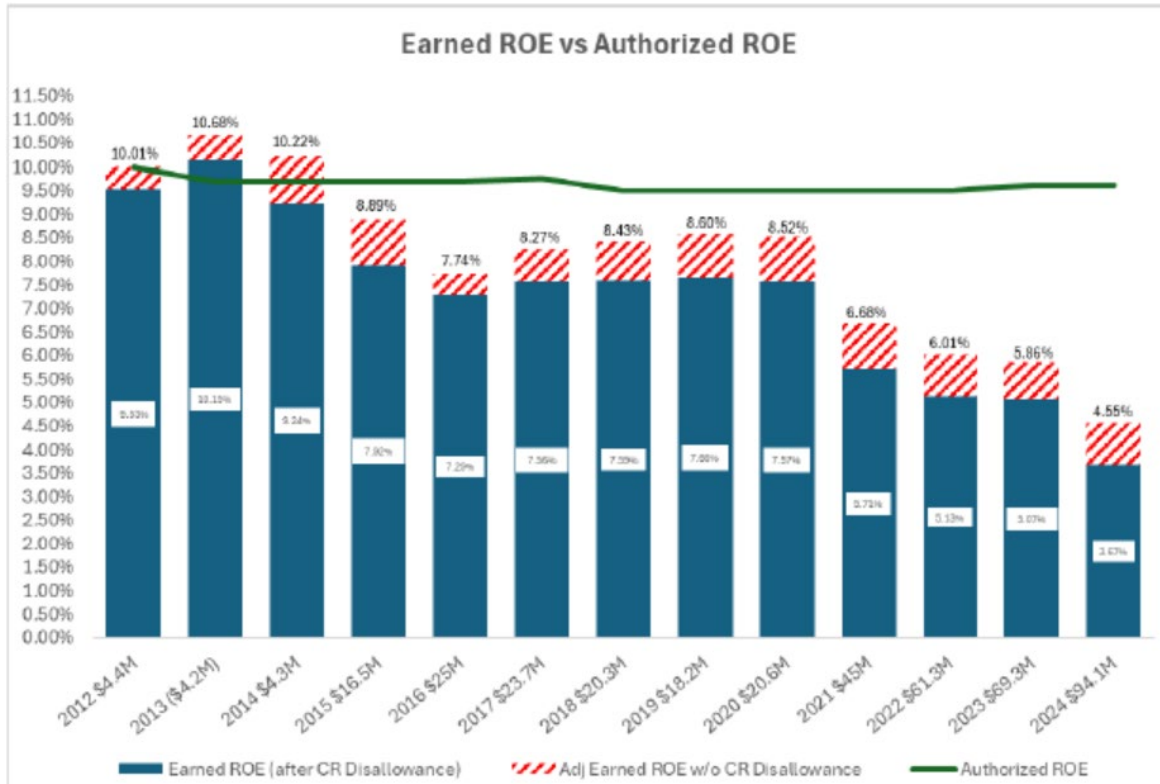
1 6, 10-11. For example, Standard and Poor's ("S&P") December 10, 2024 Ratings Score
2 Snapshot recognized that EMW's limited operations in northwestern Missouri leaves cash
3 flow susceptible to local economic and weather conditions, thereby attributing to the
4 Company's BBB+/Stable/A-2 credit metric. See D. Ives Direct at 10. Additionally,
5 Moody's Investors Service ("Moody's") mentioned "the lack of timely cost recovery
6 mechanisms," as well as issues related to "the recovery of reliability infrastructure
7 investments and costs," specifically noting the Crossroads' transmission expense, in its
8 Credit Opinion downgrade of EMW. Id. at 11-12.

9 **Q: Does Staff's recommendation hinder the Company's ability to earn its authorized**
10 **Return on Equity ("ROE")?**

11 A: Yes. As discussed in my direct testimony, the S&P Ratings Score Snapshot, Moody's, and
12 as shown in Figure 2, the inability of EMW to recover the firm point-to-point transmission
13 expense necessary to utilize the capacity from Crossroads is a primary issue of why EMW
14 is consistently one of the lower earning utilities in the nation and does not have any
15 reasonable opportunity to earn its allowed ROE. Therefore, the Commission should reject
16 Mr. Majors' first recommendation.

1

Figure 2



2

3 **Q: In the alternative, if the Commission permits EMW to recover any portion of the**
 4 **transmission expense, Staff advocates a sharing mechanism “recommended by EMW**
 5 **in prior rate cases ‘as an equitable allocation of costs.’”⁷ What prior rate cases is Mr.**
 6 **Majors referring to?**

7 **A:** As determined by Staff’s response to Evergy’s data request (“DR”) 476, Staff cites to the
 8 rebuttal testimony of Kansas City Power & Light – Greater Missouri Operations’ (now
 9 known as Evergy Missouri West) witness Mr. Tim Rush’s rebuttal testimony in a prior rate
 10 case, No. ER-2018-0146 (“Rush Rebuttal”):

⁷ See K. Majors Direct at 4.

1 However, GMO proposes to include in rates the increase in transmission
2 cost above the \$4.9 million which was disallowed in the prior two cases,
3 ER-2010-0356 and ER-2012-0175.⁸

4 There, Mr. Rush testified that “the Company’s proposal is to continue with the lower plant
5 value and set the transmission loss at \$4.9 million established in the last Crossroads
6 Commission order.” See Rush Rebuttal at 14.

7 **Q: Does EMW agree with Staff’s “equitable allocation of costs” sharing mechanism**
8 **recommendation regarding the transmission expense?**

9 A: Not entirely. Evergy believes it would be reasonable to consider an alternative approach
10 to recovery of Crossroads transmission costs through February 2029 when the current
11 transmission service agreements expire, where Evergy shareholders would pay a fixed
12 annual amount of \$4.9 million⁹ – the transmission expense at the time of the Commission’s
13 2011 Report and Order in Crossroads I. EMW customers would then be responsible for
14 any remaining annual transmission expense during this period.

15 **Q: Regarding this second Staff alternative recommendation, if Evergy renews or extends**
16 **its transmission service agreements beyond February 2029, how should the**
17 **transmission expense then be evaluated?**

18 A: For any extension or renewal of the transmission service agreements beyond 2029, the
19 Commission should evaluate EMW’s conduct in accordance with the prudence standard,
20 similar to any new resource generation asset or contract such as a purchased power
21 agreement. To determine prudence, EMW’s conduct “should be judged by asking whether
22 the conduct was reasonable at the time, under all the circumstances, considering that the

⁸ See Rush Rebuttal at 13, Ins. 1-3.

⁹ The \$4.9 million represents the transmission expense amount mentioned in No. ER-2018-0146. However, the actual transmission expense in 2011 was \$4.7 million, as discussed on page 6 of Mr. Ives’ direct.

1 company had to solve its problem prospectively rather than in reliance on hindsight.”¹⁰ In
2 other words, the “sins of the [EMW’s] predecessor” Aquila should not be considered.

3 Evergy Missouri West’s decision to renew or extend the transmission service
4 agreements should be evaluated based on the facts known to the Company at the time under
5 the reasonable person standard. If the Commission determines that EMW’s renewal or
6 extension of the transmission service agreements is prudent, then the Crossroads
7 transmission costs should be fully recovered. Otherwise, EMW would not intend to
8 proactively enter new transmission service agreements with the knowledge that the
9 Commission would deem the decision to enter these new transmission service agreements
10 imprudent.

11 **Q: Finally, in Staff’s third alternative recommendation, Mr. Majors stated that if the**
12 **Commission determines that renewal of the transmission service agreements beyond**
13 **February 2029 is imprudent, the cost of the “replacement of Crossroads capacity”**
14 **should be included in rates “at a value no greater than the current gross plant value**
15 **of Crossroads” per the Commission’s Report and Orders in Crossroads I and**
16 **Crossroads II. Does Evergy agree?**

17 A: No. “The current net book value for Crossroads is approximately \$29 million,”¹¹ and the
18 replacement cost of a new build for Crossroads is estimated to be \$620,559,000. See C.
19 VandeVelde Direct at 14. Under Staff’s recommendation Evergy would not be allowed to
20 recover the difference between the current gross plant value of Crossroads and the cost of
21 a new replacement facility, a patently unreasonable, punitive, and confiscatory result.

¹⁰ See Report & Order at 12, In re Evergy Missouri West Fuel Adjustment Clause, No. EO-2023-0277 (Aug. 7, 2024).

¹¹ G. Meyer Direct at 11, citing Staff’s True-Up Accounting Sched., No. ER-2024-0189 (Sep. 10, 2024).

1 There is no lawful basis for the Commission to pre-emptively disallow the costs of a future
2 project. The most reasonable and sensible solution is for the Commission to determine that
3 EMW's inclusion of the transmission expense under transmission service agreements
4 necessary to provide capacity and energy to EMW customers is prudent.

5 **Q: Mr. Majors states on page 54 that Crossroads was not purchased with the intent of**
6 **using it as a regulated Missouri generation plant. Is this a true statement?**

7 A: Not exactly, and its original use case is not relevant to the benefit the resource has and
8 continues to provide to EMW customers. Initially, Crossroads was operated as an
9 independent power producer. As I describe below, Crossroads was evaluated on multiple
10 occasions to be utilized as a regulated asset in support of EMW customers and was
11 determined to be the best offered solution. Its original use case had no bearing on the
12 multiple analyses that determined it was the right resource for EMW customers. As
13 discussed on page 4 of Mr. VandeVelde's Direct Testimony (Sept. 15, 2025), Crossroads
14 was contemplated in the Company's resource planning process and was identified by the
15 Commission in its 2011 Crossroads I Report and Order as the lowest cost resource option
16 to meet the capacity and energy needs of EMW. See Crossroads I Report & Order at 85.¹²
17 As stated in the rebuttal testimony of Mr. Crawford in Crossroads I, EMW issued a request
18 for proposal ("RFP") in 2007 for supply resources. See B. Crawford Rebuttal at 8, No.
19 ER-2010-0356 (Crossroads I) (Dec. 15, 2010). The Company then "conducted a 20-year
20 analysis to determine a preferred resource plan. This analysis concluded that the
21 Crossroads Energy Center would result in the lowest 20-year NPVRR." Id. See B.

¹² Footnote 1 in Mr. VandeVelde's Direct Testimony incorrectly cited to page 55 of the Report and Order.

1 Crawford Rebuttal at 3-7, No. ER-2012-0175 (Crossroads II) (Sep. 12, 2012).
2 Additionally, EMW performed an additional analysis in April 2010 on “how best to meet
3 [EMW] capacity requirements.” See B. Crawford Rebuttal at 9, No. ER-2010-0356. “On
4 an expected value basis over the 42 scenarios analyzed, the inclusion of Crossroads resulted
5 in the lowest cost to retail customers over a 20-year period. The overall result of the April
6 2010 analysis is consistent with the earlier analysis presented to Staff in October 2007.”
7 Id. at 9-10. Both analyses included the Crossroads’ transmission expense in their
8 evaluation. See B. Crawford Rebuttal at 5, Crossroads II.

9 Additionally, Crossroads was not considered a distressed asset, nor was the
10 facility’s life to be ended early. Crossroads was an independent power producer held by
11 Aquila prior to being incorporated into EMW’s rate base. And, as a non-merchant energy
12 business, it was not reasonable for EMW to maintain Crossroads as an independent power
13 producer. The fact that Aquila originally built Crossroads as a merchant plant in 2002 has
14 no relevance to the benefits that Crossroads has provided and will continue to provide to
15 EMW customers. This asset has been serving regulated customers for over a decade, so
16 Aquila’s original intent in building the plant is irrelevant. Crossroads is meeting EMW’s
17 operational requirements and customer needs today, as shown by EMW’s 2024 Triennial
18 Integrated Resource Plan (“IRP”) and 2025 Annual IRP Update. See C. VandeVelde
19 Direct at 10-13.

20 **Q: Mr. Majors argues throughout his direct testimony that the “key point for supporting**
21 **Staff’s recommendation to disallow recovery of the transmission costs” is because**
22 **Crossroads is located in Clarkdale, Mississippi, “525 miles away from EMW.”¹³ How**

¹³ See K. Majors Direct at 58, 81-82.

1 **does Evergy respond?**

2 A: Mr. Majors improperly relies on the Commission’s Crossroads II Report and Order where
3 it states: “Crossroads was 500 miles from GMO’s MPS [Missouri Public Service]
4 territory.”¹⁴ The “500 mile” argument is irrelevant and misunderstands regional
5 transmission organizations (“RTOs”). “RTOs collect payment for the transmission of
6 power through their territories,”¹⁵ not transmission to the specific service territory of a
7 particular utility. Therefore, the energy produced by Crossroads, which is located in the
8 Midcontinent Independent System Operator (“MISO”) RTO, would only have to be
9 transmitted to the nearest interconnection point in SPP.

10 **Q: How far is Crossroads located from its point of interconnection with SPP?**

11 A: As discussed on page 15 of Mr. VandeVelde’s Direct Testimony (Sept. 15, 2025),
12 Crossroads is located approximately 150 miles from the Southwestern Power
13 Administration (“SPA”) interface where it interconnects with the SPP system. For
14 comparison, “Plum Point is about 90 miles” to its interconnection point in SPP. See C.
15 VandeVelde Surrebuttal Testimony at 5 (Sep. 10, 2024).

16 **Q: On pages 75–76, Mr. Majors attempts to differentiate the purchase power agreement**
17 **between the municipal utility Columbia Water & Light (located in MISO) for 20 MW**
18 **of Iatan 2 (located in SPP) and Crossroads. Iatan 2, like Crossroads, requires a firm**
19 **point-to-point transmission service agreement to transmit the energy between SPP**
20 **and MISO. However, Mr. Majors reasons that, unlike Crossroads, “Iatan 2 is a**
21 **baseload coal unit that operates much more than any combustion turbine owned by**

¹⁴ Crossroads II Report and Order at 58.

¹⁵ Id. (emphasis added).

1 **EMW; thus, the economics of incurring substantial transmission costs for this**
2 **resource are justified.” Is Mr. Majors’ justification reasonable?**

3 A: No. Mr. Majors improperly relies on the Commission’s Crossroads II report and order on
4 page 58 where the Commission states that “Crossroads provides power for [EMW] only
5 during half of the days in the summer,” but EMW “pays about \$5.2 million to transmit
6 power from Crossroads all year round.”

7 Importantly, the facts and circumstances regarding Crossroads’ dispatch frequency
8 have significantly changed since 2013. Crossroads does ***not*** only run “half of the days of
9 summer.” As discussed on page 6 of Mr. VandeVelde’s direct, Crossroads was dispatched
10 730 times, with a 100% reliability, and operated 5,474 hours over the past five summers
11 (June – August). Additionally, Crossroads was a reliable resource in helping to offset
12 extremely high wholesale market energy costs during Winter Storm Uri in February 2021
13 and Winter Storm Elliot in December 2022 because of its geographic location. Therefore,
14 Staff’s claim that Columbia Water & Light may reasonably incur substantial transmission
15 costs regarding Iatan 2 because it supposedly operates more frequently than Crossroads is
16 misguided.

17 **Q: Does the SPP need dispatchable generation capacity like Crossroads?**

18 A: Yes. SPP needs “dispatchable generation for times when the wind isn’t blowing and the
19 sun isn’t shining” to counteract “renewables’ variability.”¹⁶ The demand for dispatchable
20 generation capacity was recently underscored by SPP Senior Vice President of Operations
21 Bruce Rew at the Commission’s May 21st public meeting. He stated that “load-responsible

¹⁶ See Schedule CV-2, Southwest Power Pool, “Our Generational Challenge: A Reliability Future for Electricity” at 3, 12 (Summer 2024).

1 entities [like Evergy Missouri West] are identifying ... resources that can come on at any
2 time, that there's a need for that and a benefit going forward. And I think that's why we're
3 seeing an increase in the natural gas generation that's in our queue. And there's a lot of
4 growth in that particular area.”¹⁷ He concluded: “So, I think the load-responsible entities
5 are responding based on what we see in the real-time operations, and the need for additional
6 gas and other generation that can be run at any time, whether ... that's summer and winter,
7 and at all temperatures.”¹⁸

8 **Q: Does the current federal Administration recognize the benefits of dispatchable**
9 **generation like Crossroads?**

10 A: Yes. The Administration has reinforced a policy of promoting dispatchable generation
11 assets like Crossroads to secure energy dominance and independence, thereby embedding
12 a strong federal imprimatur favoring natural gas. For example, the Executive Order
13 “*Unleashing American Energy*” directs expedited natural gas export approvals and
14 regulatory rollbacks that burden domestic energy production.¹⁹ Additionally, Executive
15 Orders “*Protecting American Energy From State Overreach*” and “*Zero-Based Regulatory*
16 *Budgeting to Unleash American Energy*” have further eliminated state-level barriers and
17 imposed recurring deregulation mandates, reinforcing federal support for natural gas and
18 other carbon-based resources.²⁰

19 **Q: Is it time for the Commission to fully recognize the benefits of Crossroads?**

¹⁷ Statement of Bruce Rew at 1:25:44-26:54, Public Meeting MTGR-2025-0005 (Mo. P.S.C., May 21, 2025).

¹⁸ Id.

¹⁹ See Executive Order, *Unleashing American Energy*, No. 14,154, 90 Fed. Reg. 8353 (Jan. 29, 2025).

²⁰ See Executive Order, *Protecting American Energy From State Overreach*, No. 14,179, 90 Fed. Reg. 27564 (Apr. 8, 2025); Executive Order, *Zero-Based Regulatory Budgeting to Unleash American Energy*, No. 14,180, 90 Fed. Reg. 27610 (Apr. 9, 2025).

1 A: Yes. Now is the time for the Commission to recognize the benefits Crossroads provides to
2 EMW's customers notwithstanding its out of state location. EMW's shareholders have
3 more than borne the cost of their predecessor's "sins" by paying the accumulated
4 transmission disallowance of approximately \$155 million incurred since the Commission's
5 report and order in Crossroads I. See D. Ives Direct at 6. It is appropriate for EMW's
6 customers to now bear the costs of prudently incurred resources and expenses that ensure
7 their safe and adequate service. As such, it is just and reasonable for EMW customers to
8 be responsible for the benefits provided by Crossroads—a dispatchable generation resource
9 that has consistently been evaluated, with all expenses considered, as the lowest net present
10 value revenue requirement ("NPVRR") resource necessary to serve and best meet the needs
11 of EMW's customers. See C. VandeVelde Direct Testimony (Sept. 15, 2025) at 11-12.

12 As discussed by Mr. VandeVelde in his direct testimony, Crossroads, as an
13 established steel-in-the-ground generating facility located outside Missouri, provides both
14 capacity (reliability and certainty) and energy (dispatchable electricity) value. This value
15 is particularly significant during peak load periods on hot summers and during extreme
16 winter events such as Winter Storms Uri (February 2021) and Elliott (December 2022).
17 Including Crossroads in EMW's generation portfolio leverages its Mississippi location,
18 which, amid pricing fluctuations and severe weather, can help shield customers from
19 weather-related risks in Missouri. See C. VandeVelde Direct Testimony at 15-17 (Sept.
20 15, 2025).

21 Specifically, Crossroads permits EMW to take advantage of the natural gas
22 transmission pipelines from Louisiana and Texas, which has resulted in cheaper all-in
23 natural gas costs because of lower transportation fees. Id. at 15-16. Crossroads' geographic

1 diversity has permitted EMW to hedge against higher locational marginal prices in SPP
2 when compared to MISO. *Id.* at 17-18.

3 **Q: In light of the General Assembly’s passage of Senate Bill 4 in 2025, which was signed**
4 **by Governor Kehoe and has become law, are there any provisions in that legislation**
5 **that reflect state policy regarding reliable electric generation assets that are not**
6 **located Missouri?**

7 A: Yes. Section 393.401.5 states that “reliable electric generation may be constructed in
8 Missouri *or in a state that neighbors Missouri*, if the generation [a.] is connected to the
9 electric grid of the regional transmission operator [RTO] of which the electrical corporation
10 is a member or [b.] *is located in a neighboring regional transmission operator [RTO]*
11 *which also operates in Missouri and shares a seam with that member’s regional*
12 *transmission operator* [emphasis added].”

13 If EMW were to build Crossroads today in Clarksdale in northeastern Mississippi
14 which is in the MISO footprint, because MISO also “operates” in Missouri as the RTO that
15 Union Electric Company, d/b/a Ameren Missouri is a member of and because MISO has a
16 seam with SPP, Crossroads would qualify as “reliable electric generation.” Given that
17 Section 393.401.5 contains the phrase “a state that neighbors Missouri,” rather a state that
18 is “adjacent” to Missouri, the policy of this law appears to encourage the construction of
19 generation assets in states that are nearby or relatively near to Missouri as long as the RTO
20 in that state also operates in Missouri and shares a seam with the utility’s RTO. Research

1 shows that the Missouri state line is only 68 miles from the Mississippi state line, a
2 relatively short distance.²¹

3 **IV. RESPONSE TO MS. MANTLE (OPC)**

4 **Q: What is Ms. Mantle’s recommendation regarding Crossroads?**

5 A: Ms. Mantle recommends the current status quo where the transmission expense is excluded
6 from EMW’s rate base and borne by the Company’s shareholders. See L. Mantle Direct
7 at 2. Contrary to Issue 5.C of the Stipulation, Ms. Mantle takes “**no position** with regard
8 to the prudence of the renewal of the Crossroads transmission contract,” as the parties
9 agreed to evaluate. Id. However, she recommends that the Commission “issue a strong
10 warning to” EMW that if it “follows through on its threat to not renew its transmission
11 contract, the current cost of capacity for Crossroads will be imputed for the revenue
12 requirement after the contract ends regardless of the replacement capacity cost at that point
13 in time.” Id.

14 **Q: Is perpetuating Crossroads’ status quo a true future option?**

15 A: No. As discussed in Mr. Gunn’s direct testimony, the energy landscape in the SPP region
16 has changed dramatically, with rapidly increasing demand from new large load users, a
17 reduction in dispatchable generation, and greater reliance on intermittent renewables, all
18 of which heighten the need for reliable, dispatchable resources like Crossroads. See K.
19 Gunn Direct at 8-9.

²¹ See <https://statedistance.com/from-mississippi-to-missouri>

1 Ms. Mantle's myopic and excessive focus on the decisions made by EMW's
2 predecessor close to twenty years ago is not appropriate in light of the significant and
3 ongoing changes in SPP. Indeed, the \$155 million "penalty" borne by EMW's
4 shareholders from accumulated transmission expense since 2011 is more than sufficient to
5 reflect and rectify Aquila's supposed "imprudent management decisions" regarding
6 Crossroads. See D. Ives Direct at 6; L. Mantle Direct at 6. Continuing to deny EMW
7 recovery of the transmission expense is not a viable option moving forward given the
8 critical value Crossroads provides as the lowest NPVRR resource in ensuring grid
9 reliability amid rising demand and operational uncertainties.

10 Due to current market conditions, it is necessary to move beyond retrospective
11 assessments and warrantless "penalties," to instead wholly acknowledge the substantial
12 benefits that Crossroads provides to the Company's customers. If the Commission orders
13 that recovery of the transmission expense is imprudent, EMW will not be able to renew its
14 transmission service agreements, foregoing access to a vital resource for its customers.

15 **Q: Is EMW "threatening" the Commission that it will not renew its transmission service**
16 **agreements if the Commission deems the transmission expense imprudent, as Ms.**
17 **Mantle is suggesting on page 2 of her direct testimony?**

18 A: Emphatically, no. Rather, the Company is openly assessing its realistic path forward
19 regarding Crossroads; while ensuring it continues to make informed and prudent
20 management decisions based upon the Black & Veatch Crossroads Relocation Study, as
21 outlined in Mr. Gunn and Mr. VandeVelde's direct testimonies, and those results compared
22 to other alternative options for EMW customers. See K. Gunn Direct at 9-10; C.
23 VandeVelde Direct at 14-15.

1 Unlike EMW and contrary to the Stipulation, Ms. Mantle takes no position on
2 building a new plant in SPP or relocating Crossroads to Kansas (the Tecumseh option
3 identified in the Black & Veatch Relocation Study).²² Once again, Ms. Mantle “ignores
4 both the resource planning and the financial issues related to the Company’s failure to
5 recover any transmission expenses since 2011,” along with EMW’s 2025 Annual IRP
6 Update and Crossroads Relocation Study. See D. Ives Surrebuttal at 15 (Sep. 10, 2024).
7 “Instead, she characterizes EMW’s proposed decision regarding the dilemma that it faces
8 with Crossroads as a ‘threat.’” Id.

9 Mr. Gunn, Mr. VandeVelde, and I have explained that “the mounting financial
10 burden on EMW from the lack of cost recovery, now approaching [\$155 million] presents
11 a choice” in reality “between (1) continuing to own and operate Crossroads in a deficit
12 position in order to retain its capacity and energy benefits, or (2) planning to build or
13 acquire a comparable gas unit in the Company’s Missouri service territory that would
14 [hopefully] be operational when the Crossroads transmission path agreements expire in
15 February 2029.” Id. Therefore, the Commission should evaluate the prudence of EMW’s
16 ongoing resource planning conduct based upon the facts and circumstances presented here
17 today and not continue to penalize EMW for Aquila’s “imprudent management decisions,”
18 as Ms. Mantle suggests.

19 **V. RESPONSE TO MR. MEYER (MECG)**

20 **Q: At pages 10-11 of his direct testimony Mr. Meyer suggests that EMW has been**
21 **imprudent for not relocating Crossroads and has chosen “to do nothing for over 15**

²² The Crossroads Relocation Study prepared by Black & Veatch is attached as Schedule PR-2 to the Direct Testimony (Sept.15, 2025) of Evergy witness Peter Rogge.

1 **years since the Commission initially rejected recovery of transmission expense costs.”**

2 **Has Evergy Missouri West been imprudent by not relocating Crossroads?**

3 A: No. Mr. Meyer appears to recognize this later in his testimony where he states: “Based on
4 the new [Black & Veatch Crossroads Relocation] study, it is clear [that] relocation is no
5 longer a reasonable approach Evergy can pursue” See Meyer Direct Testimony (Sept.
6 15, 2025) at 13. As I noted above, he also recommended on page 11 that the Company
7 negotiate a new 20-year point-to-point transmission contract for Crossroads to continue to
8 serve EMW’s customers.

9 As I and other EMW witnesses discussed in our direct testimony, the electric utility
10 industry, and the issues it faced in 2008 when Crossroads was transferred to the regulated
11 books of the Company were far different from today’s the daunting challenges. Moreover,
12 it made sense at that time to place Crossroads in EMW’s rate base when Aquila’s assets
13 were acquired, given the Company’s need for generating resources and its location which
14 provided geographic and fuel diversity.

15 Of course, if the Company had the benefit of a crystal ball and had foreseen in
16 2007-2009 that Entergy would join MISO in April 2011, rather than SPP, and integrate its
17 system into the MISO footprint in late 2013 – years after signing the transmission service
18 agreements in 2009 – this proceeding might look very different. Such omniscience is not
19 possible.

20 **Q: What is your response to Mr. Meyer’s suggestion in his direct testimony at pages 10-**
21 **11 that the Company should have relocated Crossroads to its service territory in 2007**
22 **when the costs would have been much lower?**

1 A: Taking such a position is nothing more than engaging in impermissible speculation and
2 20:20 hindsight. Mr. Meyer seeks to equate the 2007 cost estimate of \$15 million to
3 relocate Crossroads with the highly detailed and well documented 2025 Crossroads
4 Relocation Study by Black & Veatch that pegged those costs at \$487 million. There is
5 simply no comparison between the high-level 2007 assessment, which Staff witness Keith
6 Majors described as a “rough estimate,” when compared to the Black & Veatch study
7 which Mr. Majors called “the most comprehensive evaluation of relocation” at page 20 of
8 his Direct Testimony (Sept. 15, 2025). Because the 2007 cost estimate was never
9 confirmed by a subsequent study that examined the expense of dismantling, transporting,
10 and reconstructing Crossroads, there is no rational basis to compare it with the rigorous
11 analysis of the 2025 Black & Veatch study.

12 However, there are two essential facts that have remained consistent from 2007 to
13 today. First, EMW’s IRP Preferred Plans in 2007, 2010, 2024 and 2025, which included
14 Crossroads and its transmission expense, all resulted in the lowest 20-year NPVRR. See
15 Crossroads I Report & Order at 85; C. VandeVelde Direct at 4, 11-13. Secondly,
16 Crossroads provides numerous benefits to EMW customers because of its geographic
17 diversity. See C. VandeVelde Direct at 15-17. Because of these significant facts, as well
18 the recent and likely continuing increases in SPP planning reserve margins, “it would be
19 imprudent not to keep Crossroads where it is.” See G. Meyer Direct at 11.

20 **VI. CONCLUSION**

21 **Q: What does Evergy Missouri West ask the Commission to do in this case?**

22 A: The Company requests that the Commission recognize the valuable capacity and energy
23 benefits that Crossroads provides and will continue to provide in these challenging times

1 as fundamental shifts occur in the electric utility industry and the American economy.
2 Crossroads, as an established steel-in-the-ground generating facility located outside
3 Missouri, provides both capacity (reliability and certainty) and energy (dispatchable
4 electricity) value. This value is particularly significant during peak load periods on hot
5 summers and during extreme winter events such as Winter Storms Uri (February 2021) and
6 Elliott (December 2022). Including Crossroads in EMW's generation portfolio leverages
7 its Mississippi location, which, amid pricing fluctuations and severe weather, can help
8 shield customers from weather-related risks in Missouri.” See C. VandeVelde Direct
9 Testimony at 15-17 (Sept. 15, 2025). With the demand for electricity continuing to grow,
10 the value of dispatchable resources like Crossroads is clear, especially given the fuel and
11 geographic diversity that it offers, and as SPP reserve planning margins increase. Now is
12 the time for the Commission to recognize the security and reliability that Crossroads has
13 provided to customers at a significant discount for the past 15 years and to reflect those
14 benefits and their costs in rates.

15 EMW requests that the Commission issue an order that determines it would be
16 prudent for the Company to extend the transmission path agreements with Entergy before
17 they terminate on March 1, 2029 and that authorizes EMW to recover Crossroads'
18 transmission costs which are charged under a FERC-approved transmission tariff. Given
19 the more costly alternatives of relocating Crossroads to the SPP footprint or building new
20 generation to replace Crossroads, as shown by the Company's Integrated Resource Plans
21 and the Relocation Study, the request of Evergy Missouri West is the most logical, cost-
22 effective and compelling solution.

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

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

ANTHONY R WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2029
PLATTE COUNTY
COMMISSION #17279952