## BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West, Inc	c.)	
d/b/a Evergy Missouri West's Request for	)	
Authority to Implement A General Rate	)	No. ER-2024-0189
Increase for Electric Service	)	

# EVERGY MISSOURI WEST'S POST-HEARING REPLY BRIEF ON CROSSROADS ISSUES

**COMES NOW**, Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy," "EMW," or the "Company") hereby respectfully submits this Post-Hearing Reply Brief ("Brief") to the Missouri Public Service Commission ("Commission" or "PSC").

#### **INTRODUCTION**

As the parties' initial post-hearing briefs confirmed, Evergy, the Staff of the Commission ("Staff"), the Office of the Public Counsel ("OPC"), and Midwest Energy Consumers Group ("MECG") filed an October 2, 2024, *Unanimous Stipulation and Agreement* ("Stipulation"), expressly reserving Issue 5.C<sup>2</sup> for the Commission to resolve. Issue 5.C states: "In this case should the Commission determine it is prudent for Evergy to renew its firm point-to-point transmission service agreement with Entergy Corp. before it expires in February 2029?"<sup>3</sup>

Notwithstanding, no party other than the Company properly addressed Issue 5.C, adhered to the Stipulation's language in presenting arguments on the issue, or addressed EMW's actual requests pursuant to Issue 5.C. Rather, Staff's brief focused on a wholly irrelevant discussion of the history of the Crossroads Energy Center ("Crossroads"), the Commission's past orders in

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<sup>&</sup>lt;sup>1</sup> Renew Missouri Advocates also signed the Stipulation, but did not participate in these 2025 proceedings related to Crossroads.

<sup>&</sup>lt;sup>2</sup> List of Issues, Order of Opening Statements, Order of Cross-Examination, and Motion for Extension to File Order of Witnesses (Sept. 19, 2024).

<sup>&</sup>lt;sup>3</sup> Stipulation at 3.

<u>Crossroads I</u><sup>4</sup> and <u>Crossroads II</u>, <sup>5</sup> and hindsight-based speculation about supposed "missed opportunities." However, Staff did correctly observe with regard to Issue 5.C: "Staff, Evergy, and the Office of Public Counsel ('OPC') agree, or do not disagree, that Crossroads should continue operating beyond 2028, which would require firm transmission agreements to be renewed for some term past the current expiration date of February 28, 2029."

Meanwhile, OPC, and MECG entirely ignored Issue 5.C, opting instead to argue that any substantive findings on the question presented would be an "advisory opinion" or an effort to "bind" future Commissions regarding Crossroads transmission cost recovery.<sup>8</sup>

As EMW has made clear, the Company is <u>not</u> relitigating past Commission decisions, requesting an advisory opinion, or seeking any cost recovery related to Crossroads' transmission expense in this case. To the contrary, when the Commission issues its Report & Order on Issue 5.C, Evergy Missouri West will have to decide whether to: (1) Renew the transmission service path agreement that brings the energy and capacity benefits of Crossroads to EMW's customers; or (2) Begin developing replacement generation in its service territory.<sup>9</sup>

As the Company's witnesses testified, EMW cannot renew the Crossroads transmission path in a new agreement if that decision would be deemed imprudent by the Commission as it cannot affirmatively act in a way that it knows will be imprudent for many reasons, not the least of which includes that it cannot continue to absorb the costs associated with the existing agreement,

<sup>&</sup>lt;sup>4</sup> See Report & Order, In re KCP&L Greater Mo. Operations Co., No. ER-2010-0356 (May 4, 2011) ("Crossroads I"), aff'd State ex. rel. KCP&L Greater Mo. Operations Co. v. PSC, 408 S.W.3d 153, 164-165 (Mo. App. W.D. 2013).

<sup>&</sup>lt;sup>5</sup> Report & Order, <u>In re KCP&L Greater Mo. Operations Co. Rate Case</u>, No. ER-2012-0175 (Jan. 9, 2013) ("Crossroads II"), *aff'd* KCP&L Greater Mo. Operations Co. v. PSC, 432 S.W.2d 207 (Mo. App. W.D. 2014).

<sup>&</sup>lt;sup>6</sup> <u>See, e.g.,</u> Staff Post-Hearing Brief at 12, 17-18. Because these contentions are not relevant, Evergy does not respond to them here, but nonetheless fully incorporates its associated pre-filed testimony, hearing evidence, and briefing.

<sup>7</sup> Staff Post-Hearing Brief at 1-2.

<sup>&</sup>lt;sup>8</sup> See OPC Initial Brief at 7; MECG Initial Brief at 2-4.

<sup>&</sup>lt;sup>9</sup> See Evergy Initial Brief at 1-2.

which now exceed \$155 million.<sup>10</sup> Therefore, Evergy Missouri West asks the Commission to conclude that a decision by it to renew the Crossroads transmission path before it expires in 2029 is prudent, pursuant to Issue 5.C. In doing so, the Commission should confirm that it will apply its long-standing prudence standard in any future rate proceeding where EMW seeks to recover Crossroads-related transmission costs, and that it will not automatically or prospectively impose any penalty, disallowance, or asset replacement value cap in a future rate case.

Based on all parties' agreement in the Stipulation and established legal principles, Issue 5.C presents a proper question for resolution by the Commission. A substantive, affirmative response to Issue 5.C is well within the PSC's broad authority to provide guidance and direction essential to the Company's resource planning efforts, as it fulfills its statutory obligation under Section 393.130.1 to "furnish and provide such instrumentalities and facilities as shall be safe and adequate and, in all respects, just and reasonable." 11

#### **ISSUES PRESENTED**

### I. <u>Deciding Issue 5.C Does Not Require An Advisory Opinion</u>

As discussed in EMW's Initial Post-Hearing Brief at 7-11, the Commission's resolution of Issue 5.C would not result in an advisory opinion, as OPC and MECG argue. <sup>12</sup> In purporting to define what constitutes an advisory opinion, OPC omits key portions of the Supreme Court's reasoning in <u>Trenton Farms RE, LLC v. Hickory Neighbors United, Inc.</u>, 603 S.W.3d 286, 293 (Mo. en banc 2020). <sup>13</sup> While the parties agree that an "opinion is advisory if there is no justiciable controversy," OPC failed to acknowledge that "[a] justiciable controversy exists if the petitioner has a legally protectable interest at stake, a substantial controversy exists between parties with

<sup>&</sup>lt;sup>10</sup> <u>Id.</u>

<sup>&</sup>lt;sup>11</sup> All statutory citations are to the Missouri Revised Statutes (2016), as amended, unless otherwise noted.

<sup>&</sup>lt;sup>12</sup> See OPC Initial Brief at 8; MECG Initial Brief at 2.

<sup>&</sup>lt;sup>13</sup> See OPC Initial Brief at 8.

genuinely adverse interests, and that controversy is ripe for judicial determination." <u>Id.</u> (citation omitted). Issue 5.C is plainly a justiciable controversy.

#### A. The Commission's Determination of Issue 5.C Is Essential to This Case

The Commission's determination of Issue 5.C is essential to concluding this rate case, given the genuinely adverse positions of EMW and the opposing parties regarding Crossroads. If it were not so, the parties would not have expressly agreed to attempt to resolve Crossroads issues in the Stipulation, especially as they reserved Issue 5.C for a subsequent evidentiary hearing which occurred on November 4, 2025. The Stipulation thus stated: "Issue 5.C. and any other issues related to the relocation or sale of Crossroads will be heard at a separate hearing in this docket .... At the time of such hearing the Signatories will not be limited in presenting their arguments on the Crossroads issues [emphasis added]." By now mischaracterizing Issue 5.C as seeking an advisory opinion, OPC and MECG avoid any substantive analysis of the prudence of a decision by EMW to renew the transmission service path (or any other option), despite the language and intent of the Stipulation.

Moreover, contrary to OPC's post-hearing claim, <sup>16</sup> the Company's request for guidance on whether a decision to renew the Crossroads transmission path is prudent or a reasonable alternative under Issue 5.C is ripe and essential for Evergy Missouri West to determine its next steps to ensure that "safe and adequate" resources are available to serve customers. As discussed in Evergy's Initial Post-Hearing Brief at 13-14, when Missouri-American Water Company ("MAWC") sought a certificate of convenience and necessity ("CCN") to build a new water treatment facility, the

<sup>&</sup>lt;sup>14</sup> See Stipulation at 3-4; Staff Initial Brief at 1; Evergy Initial Brief at 8-10.

<sup>15</sup> See Stipulation at 3-4; Staff Initial Brief at 1.

<sup>&</sup>lt;sup>16</sup> See OPC Initial Brief at 10.

Commission determined that the facility constituted a "reasonable alternative." That finding of reasonableness informed the cost recovery issues that the Commission decided in a later rate case where it concluded that the project's costs should be included in rate base. <sup>18</sup>

This demonstrates the pragmatic framework that the Commission has employed by first evaluating the prudence or reasonableness of a proposed alternative in one proceeding and then reviewing cost recovery requests in a subsequent rate case. See Report & Order at 111, In re Ameren Mo. Tariff to Increase Revenues, No. ER-2011-0028 (July 13, 2011) (holding that "the Commission can only order Ameren Missouri to track any possible refund" regarding its property taxes, but a "decision about how any such tax refund is to be handled must be left to a future rate case")<sup>19</sup>; Report & Order at 5, 9-20, In re Proposed Regul. Plan of Kansas City Power & Light Co., No. EO-2005-0329 (July 28, 2005) (proposed coal and wind generation, environmental controls, and other programs "a reasonable and adequate resource plan").

Following this proceeding, EMW will take action regarding its resource strategy because even if the Commission declines to address Issue 5.C substantively, such an outcome is still a decision.<sup>20</sup> If the PSC fails to find that renewing the Crossroads transmission path is prudent or reasonable, the Company will not renew the arrangement which the Commission has previously determined to be imprudent. To do so without a finding that a renewal is prudent or reasonable would be absurd and would parallel the Commission's prior refusal to address recovery of a \$92 million acquisition premium when approving UtiliCorp United's acquisition of St. Joseph Light & Power Company.<sup>21</sup> The Missouri Supreme Court held that the PSC's failure to decide "a relevant

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<sup>&</sup>lt;sup>17</sup> In re Mo.-American Water Co. Applic. for a Certif. of Conven. & Necessity, 1997 Mo. PSC LEXIS 179 at 14, Report & Order at 10-11, No. WA-97-46 (Oct. 9,1997).

<sup>&</sup>lt;sup>18</sup> In re Mo.-American Water Co.'s Tariff Sheets to Implement a Gen'l Rate Case, 2000 Mo. PSC LEXIS 1267 at 72-73, 9 Mo. P.S.C.3d 254, Report & Order at 45-46, No. WR-2000-281 (Aug. 31, 2000).

<sup>&</sup>lt;sup>19</sup> See OPC Initial Brief at 16.

<sup>&</sup>lt;sup>20</sup> See Evergy Initial Brief at 7.

<sup>&</sup>lt;sup>21</sup> <u>Id.</u> at 7-8. <u>See</u> Report & Order at 40-41, <u>In re Joint Applic. of UtiliCorp United Inc. and St. Joseph Light & Power</u>

and critical issue" at the time was error, even if recoupment could be addressed later in a rate case. State ex rel. Ag Processing, Inc. v. PSC, 120 S.W.3d 732, 736 (Mo. 2003).<sup>22</sup> Likewise here, although Crossroads' transmission-cost recovery is not being litigated in this case, Issue 5.C presents a "relevant and critical" substantial controversy in this rate case.

#### Issue 5.C is a Ripe, Non-Hypothetical Situation B.

The Commission's decision regarding Issue 5.C is a ripe, non-hypothetical situation with an immediate practical effect on the Company's long-term resource planning and associated actions.<sup>23</sup> EMW continues to evaluate its resource planning as a whole, including renewal of the Crossroads transmission service path. A decision on whether the renewal is prudent or reasonable will provide certainty and legal relief to EMW.<sup>24</sup> A Commission decision on Issue 5.C would resolve an issue of "sufficient immediacy," rather than a hypothetical question.<sup>25</sup>

The claim by OPC, Staff, and MECG that the Commission may not make hypothetical assumptions regarding the upcoming term length of the Crossroads TSA and/or prospective transmission costs is a red herring, at best.<sup>26</sup> As Evergy witness Mr. VandeVelde testified at hearing, it would be best for the Company to renew the transmission service path for five years or more in order to maintain roll-over rights and to avoid a potential re-study of the path by the Midcontinent Independent System Operator ("MISO") that could involve costly "network upgrades."27 Indeed, MECG and OPC already recommended that EMW secure a renewal of the Crossroads transmission path before it expires in February 2029.<sup>28</sup> Accordingly, a decision by

Co. for Auth. to Merge, No. EM-2000-292 (Dec. 14, 2000).

See Evergy Initial Brief at 8.

<sup>&</sup>lt;sup>23</sup> Id. at 8-10.

<sup>&</sup>lt;sup>24</sup> See Evergy Initial Brief at 9-10.

<sup>&</sup>lt;sup>26</sup> See OPC Initial Brief at 14-15; Staff Initial Brief at 18; MECG Initial Brief at 3-4.

<sup>&</sup>lt;sup>27</sup> See Tr. 96:1-97:1 (C. VandeVelde).

<sup>&</sup>lt;sup>28</sup> See Evergy Initial Brief at 16-17; Ex. 505, G. Meyer Direct at 11 (Sept. 15, 2025); Ex. 324, L. Mantle Supp. Rebuttal at 3-4 (Oct. 15, 2025).

EMW to renew the path in a range of five to 20 years has been blessed by all parties, notwithstanding that no one can accurately predict future transmission costs. The Commission thus has a basis to find that a decision to renew the path is prudent or reasonable which will allow the Company to exercise its discretion in selecting an appropriate renewal term. Any request to recover Crossroads transmission costs will be subject to the PSC's well established prudence standard in a later proceeding.

Because EMW has a vital interest in its customers continuing to receive Crossroads' energy and capacity benefits from Mississippi, it is essential to resolve Issue 5.C in this proceeding. A Commission decision on whether it is prudent for EMW to renew the transmission path is ripe for adjudication and would not be an advisory opinion.

# C. <u>The Commission May Determine EMW's Decision to Renew is Prudent and Defer Cost Recovery to a Future Rate Case</u>

The Company does not attempt to "bind future Commissions" regarding issues in prospective rate cases, and does not request that the PSC determine in this case whether it is prudent for the Company to recover future transmission costs.<sup>29</sup> EMW simply requests that the Commission make a similar determination as it did in <u>In re Missouri-American Water Co.</u>, 1997 Mo. PSC LEXIS 179 at 9-11, No. WA-97-46 (1997). When the Commission found that MAWC's decision to proceed with the St. Joseph water treatment plant was "a reasonable alternative," it explicitly made "no finding regarding the prudence of the actual costs and the management of [the] construction of the proposed project."<sup>30</sup> EMW similarly requests that the Commission find that renewing the Crossroads transmission path is a prudent and reasonable alternative. Especially

<sup>&</sup>lt;sup>29</sup> Cf. OPC Initial Brief at 11, 15-18; Staff Initial Brief at 18-19; MECG Initial Brief at 2-4.

<sup>&</sup>lt;sup>30</sup> See Report & Order at 10-11, <u>In re Mo.-American Water Co. Applic. for a Certif. of Conv. & Necessity</u>, 1997 Mo. PSC LEXIS 179 at 14, No. WA-97-46 (1997).

in this rate case, such a conclusion would be consistent with the Commission's obligations under Chapter 393.

Section 393.130.1 mandates that "electrical corporations ... shall furnish and provide such service instrumentalities and facilities as shall be safe and adequate and, in all respects, just and reasonable." The PSC's confirmation of the prudence of a decision by EMW to renew the Crossroads transmission and thereby to secure an instrumentality that provides "safe and adequate" service to its customers is well within the Commission's statutory powers.

The fact that the Commission may have "fail[ed] to exercise the full extent of that authority from time to time" "does not divest itself of the authority granted to it by its enabling statutes." Kansas City Power & Light Co. v. PSC, 618 S.W.3d 520, 525 (Mo. en banc 2021). In that case the Missouri Supreme Court declared that "the General Assembly has vested the PSC with 'all powers necessary or proper to enable it to carry out fully and effectually' the agency's mission." Id., quoting Section 386.040. When an action of the Commission "does not contravene the plain language of an enabling statute, the Court recognizes the General Assembly's broad grant of authority to the PSC consistent with that agency's mission ...." Id. (emphasis added).

In this regard, there exists "a <u>wide discretion</u> on the part of the Commission" which "has been liberally recognized by the courts." <u>State ex rel. Laclede Gas Co. v. PSC</u>, 535 S.W.2d 561, 568 (Mo. App. K.C. 1976) (emphasis added). When it exercises "such considerable discretion and expertise," the courts "will not second-guess" the Commission. <u>Kansas City Power & Light Co. v. PSC</u>, 509 S.W.3d 757, 768-70 (Mo. App. W.D. 2016).

When the Commission chose to revise its CCN Rule in 2018, there had been no change in the rule's enabling statute, Section 393.170. The PSC's action simply made clear the authority that it knew it had, and as the Supreme Court confirmed. Kansas City Power & Light Co. v. PSC,

618 S.W.3d 520, 527-31 (Mo. en banc 2021). During the CCN rulemaking, Staff supported the Commission's proposal, citing State ex rel. Ag Processing v. PSC, 120 S.W.3d 732, 735-36 (Mo. en banc 2003), where the Supreme Court held that the Commission erred in *not* deciding the reasonableness of an acquisition premium in a proposed merger even if recovery of such a premium was to be determined in a future rate case.<sup>31</sup>

As such, and consistent with <u>State ex rel. Laclede Gas Co. v. PSC</u>, 392 S.W.3d 24 (Mo. App. W.D 2012), Evergy Missouri West is in "the proper forum for resolving" Issue 5.C.<sup>32</sup> There is ample authority for the Commission to determine whether a decision by EMW decision to renew the Crossroads transmission path is a prudent, reasonable course of action.

#### II. It Is Prudent for EMW to Renew the Crossroads TSA

As all parties explained in their testimony and their initial briefs, EMW should renew the Crossroads transmission path before it expires in February 2029 so its customers may continue to receive the capacity and energy benefits provided by Crossroads.<sup>33</sup> In fact, no party offered any credible evidence showing that renewal would be imprudent<sup>34</sup> or that another option would be preferable.

Both OPC and MECG abandoned any opportunity to dispute the prudence of EMW's renewal of the Crossroads transmission path by electing not to present substantive arguments or evidence regarding such issue in their respective post-hearing briefing and so have conceded it.

See In re KCP&L Greater Mo. Operations Co., 408 S.W.3d 175, 190 n.19 (Mo. App. W.D. 2013)

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<sup>&</sup>lt;sup>31</sup> <u>See</u> Staff's Comments at 2-3 (pages not numbered), <u>In re Amend. of Rule regarding Certif. of Conv. & Necessity</u>, No. EX-2018-0189 (June 14, 2018). <u>See also</u> Staff Report at 79-80, <u>In re Working Case to Consider Policies to Improve Elec. Util. Regul.</u>, No. EW-2016-0313 (Oct. 17, 2016) (supporting a decisional pre-approval process for new projects with a post-construction review of costs and time to complete).

<sup>&</sup>lt;sup>32</sup> See OPC Initial Brief at 11 (citing same).

<sup>&</sup>lt;sup>33</sup> See Evergy Initial Brief at 11-12, 16-25; Staff Initial Brief at 1-2; MECG Initial Brief at 1-2; Ex. 505, G. Meyer Direct at 11 (Sept. 15, 2025); Ex. 324, L. Mantle Supp. Rebuttal at 3-4 (Oct. 15, 2025).

<sup>&</sup>lt;sup>34</sup> See Tr. 144: 7-12 (Majors).

("A claim that is not addressed or developed in the argument" section of a party's brief "is abandoned").

As discussed in Evergy's Initial Post-Hearing Brief at pages 11-12 and 18-25, retaining Crossroads in Mississippi, even with its transmission expense being recovered in rates, is the "least cost option compared to the alternatives presented." Using the 20-year Net Present Value of Revenue Requirement ("NPVRR") analysis called for by the Commission's Integrated Resource Planning rules, Evergy's Mr. VandeVelde testified that continuing to operate Crossroads in Mississippi is an approximately \$343.4 million NPVRR. This is materially below both the \$525.9 million NPVRR to relocate the plant to the Southwest Power Pool ("SPP") footprint and the \$620.6 million NPVRR to sell Crossroads and build replacement generation in EMW's territory. Translated into customer impacts, the Company's modeling indicates an approximate \$0.002/kWh (2%) rate effect of renewing the transmission path and retaining Crossroads, compared with \$0.006–\$0.008/kWh (7%–9%) for the relocation or the sell-and-replace alternatives. This demonstrates that renewing the transmission path is prudent, reasonable, and cost-effective. See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 14-15; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 15.

It is also clear that Crossroads' location in Mississippi enhances the Company's portfolio value by delivering geographic diversity and a hedge against SPP market stress, particularly when SPP's evolving resource mix and weather volatility heighten the premium on dispatchable gas resources.<sup>38</sup> Crossroads is only about 150 miles from the SPP interconnection point, as reflected

<sup>&</sup>lt;sup>35</sup> See MECG Initial Brief at 3.

<sup>&</sup>lt;sup>36</sup> See Elec. Util. Resource Planning, 20 CSR 4240-22.010(2)(B) & 22.070(1)-(3); Ex. 160, C. VandeVelde Direct at 11-14 (Sept. 15, 2025).

<sup>&</sup>lt;sup>37</sup> <u>See</u> Ex. 160, C. VandeVelde Direct at 14 (Sept. 15, 2025).

<sup>&</sup>lt;sup>38</sup> See Ex. 156, C. VandeVelde Surrebuttal at 1-3; Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 19; Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 17-18; Report & Order at 35-36, In re Evergy Mo. West CCN App. for Nat. Gas

in Exhibits 163 and 164. Additionally, because Crossroads is sited on the Texas Gas Transmission pipeline, it benefits from being closer to natural gas production zones than pipelines in EMW's Missouri territory, has less congestion and lower reservation fees, and is able to rely on delivered gas call options rather than year-round firm transportation, improving cost control and resilience during constraints.<sup>39</sup> Operationally, Crossroads has exhibited high start reliability, frequent dispatch during tight conditions, and positive locational marginal price ("LMP") margins that flow back to customers through the fuel adjustment clause. See Evergy Initial Brief at 20-21.

No party disputed Crossroads' superior performance during Winter Storm Uri in 2021 and Winter Storm Elliott in 2022 which illustrates its unique value proposition. The plant generated critical energy when SPP gas and power prices spiked, enabling EMW to sell into the market and to help offset extreme wholesale energy costs to customers. During Winter Storm Uri, Crossroads produced approximately 26,000 MWh at gas costs of roughly \$111/MWh, while capturing average day-ahead prices near \$974/MWh, yielding over \$25 million in market revenues that materially mitigated customer exposure. These outcomes are not accidental. They arise from the combination of geographic diversification, pipeline positioning, and dispatchable capability that is increasingly valuable as SPP experiences generation retirements and faces sharper winter peak risks.

In this context, Staff's comparisons to the Company's South Harper and Greenwood units, which focused on commodity and variable transport charges, overlooked the system-level hedge

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Facilities, No. EA-2025-0075 (July 31, 2025).

<sup>&</sup>lt;sup>39</sup> See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 16-17; Ex. 161, D. Ives Direct (Sept. 15, 2025) at 10-11.

<sup>&</sup>lt;sup>40</sup> See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 6.

<sup>&</sup>lt;sup>41</sup> Id.

<sup>&</sup>lt;sup>42</sup> See Southwest Power Pool, "Our Generational Challenge: A Reliability Future for Electricity" at 3-4 (Summer 2024), Sched. CV-2, Ex. 160, C. VandeVelde Surrebuttal (Sept. 10, 2024).

value that matters most during scarcity. <sup>43</sup> That is when the cost of unserved energy, market price spikes, and reliability penalties far exceed incremental fuel savings. Even if Greenwood or South Harper have shown lower average delivered gas prices in many years, as Staff suggests, Crossroads' storm-time arbitrage, congestion-resilient fuel logistics, and ability to export at high LMPs provide insurance that cannot be replicated by cheaper-gas metrics alone. <sup>44</sup>

Moreover, Crossroads' 300 MW capacity value remains essential as SPP's planning reserve margins rise and accredited capacity methodologies tighten, making bilateral capacity purchases less viable and new-build options longer-dated and riskier. If Crossroads was unavailable by 2029, EMW would face capacity shortfalls subject to deficiency assessments priced at 125% to 200% of the SPP Cost of New Entry, translating to roughly \$32 million to over \$50 million per year. These costs far exceed Crossroads' all-in annual expense, including transmission service. A6

Given this, retaining Crossroads in Mississippi is the least-cost, lowest-risk alternative that ensures capacity and planning reserve margin compliance, promotes reliability, lowers customer bills relative to alternatives, and provides a durable hedge against SPP's fuel and power volatility.<sup>47</sup> Crossroads' geographic diversity, proximity to the SPP interconnection, demonstrated operational reliability, and winter-storm performance together deliver value that Staff's fuel-price snapshots cannot capture, making renewal of the transmission path the most prudent and customer-beneficial decision. Simply put, no party has shown otherwise.

<sup>&</sup>lt;sup>43</sup> See Staff Initial Brief at 8-9.

<sup>&</sup>lt;sup>44</sup> See generally Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 17-20.

<sup>&</sup>lt;sup>45</sup> See Tr. 109:1-21 (D. Ives); Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 4, 17-19.

<sup>&</sup>lt;sup>46</sup> See Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 5.

<sup>&</sup>lt;sup>47</sup> <u>See</u> Ex. 160, C. VandeVelde Direct (Sept. 15, 2025) at 14-15, 19; Ex. 162, D. Ives Rebuttal (Sept. 15, 2025) at 17-18; Report & Order at 35-36, No. EA-2025-0075.

#### III. Moving Beyond the Status Quo

Staff properly observed that all parties agreed (or, at least, did not disagree) that Crossroads should continue to operate beyond 2028 which would require the renewal of a firm transmission path. See Staff Brief at 1-2. However, it is disappointing that Staff concluded its largely irrelevant historical discussion by recommending a "status quo" approach. Id. at 18. For nearly two decades, Evergy has borne the Crossroads-related transmission disallowance, which began at \$4.7 million and is currently at approximately \$18.1 million annually. The transmission expense totals about \$155 million since 2011, even though it is necessary to deliver Crossroads' capacity and energy benefits to EMW's customers.

EMW cannot reasonably be expected to renew a path for transmission service that has been previously labeled "imprudent" without an assurance that recovery of transmission expense will be evaluated under the Commission's established prudence standard in a future rate proceeding, without any automatic or prospective penalty or disallowance. <sup>50</sup> Equally, Staff's attempt to utilize speculation and hindsight, and to misapply the doctrine of *stare decisis* <sup>51</sup> are contrary to the Commission's standards and Missouri's regulatory compact, and ignore the measurable benefits that Crossroads provides. Staff's position should be rejected.

Given that the current Crossroads transmission service agreement expires at the end of February 2029 and the renewal of the transmission path is due no later than February 2028, as well as the lead time required to secure replacement generation, the Commission should resolve Issue 5.C now and find that a decision by Evergy Missouri West to renew the Crossroads transmission

<sup>&</sup>lt;sup>48</sup> See Evergy Initial Brief at 25.

<sup>&</sup>lt;sup>49</sup> <u>Id.</u>

<sup>&</sup>lt;sup>50</sup> See Ex. 158, K. Gunn Direct (Sept. 15, 2025) at 11.

<sup>&</sup>lt;sup>51</sup> <u>See Spire Missouri, Inc. v. PSC</u>, 618 S.W.3d 225, 235 (Mo. 2021) ("an administrative agency is not bound by stare decisis, nor are PSC decisions binding precedent on" Missouri appellate courts).

path is prudent and reasonable. Furthermore, the Commission's order should confirm that: (1) any future Crossroads-related cost recovery request will be reviewed under the PSC's longstanding prudence standard<sup>52</sup>; and (2) no prospective penalty, disallowance, or an asset replacement value cap will be automatically imposed in a future general rate case where all relevant facts will be considered regarding Crossroads or any replacement resource.

#### **CONCLUSION**

For the foregoing reasons, the Commission should determine under Issue 5.C of the Stipulation that it is prudent for Evergy Missouri West to renew the firm point-to-point Crossroads transmission path agreement before it expires in February 2029 to ensure that the Company's customers may continue to receive the benefits of the capacity and energy of the Crossroads Energy Center.

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<sup>&</sup>lt;sup>52</sup> <u>See State ex rel. Assoc. Nat. Gas v. PSC</u>, 954 S.W.2d 520, 528-29 (Mo. App. W.D. 1997); Report & Order at 12, <u>In re Eleventh Prudence Rev. of Costs Subject to Evergy Mo. West Fuel Adj. Clause</u>, No. EO-2023-0277 (Aug. 7, 2024).

#### Respectfully submitted,

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## ATTORNEYS FOR EVERGY MISSOURI WEST

#### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon counsel for all parties on this 5<sup>th</sup> day of December 2025, by EFIS filing and notification, and/or e-mail.

### s Roger W. Steiner

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**Attorney for Evergy Missouri West**