

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Application of Evergy)	
Missouri West, Inc. d/b/a Evergy Missouri West)	
for Permission and Approval of a Certificate of)	Case No. EA-2022-0328
Convenience and Necessity Authorizing It to)	
Operate, Manage, Maintain and Control an)	
Existing Wind Generation Facility in Oklahoma)	
)	

**APPLICATION OF EVERGY MISSOURI WEST FOR AN OPERATING
CERTIFICATE OF CONVENIENCE AND NECESSITY**

Evergy Missouri West, Inc. (“Evergy Missouri West,” “EMW,” or the “Company”), pursuant to Sections 393.170.2 and 393.190.1,¹ 20 CSR 4240-2.060, and 20 CSR 4240-20.045(1), (2) and (5), files this Application to the Missouri Public Service Commission (“Commission” or “PSC”) for a Certificate of Convenience and Necessity (“CCN”) that authorizes EMW to operate, manage, maintain, and control an existing and operational wind generation facility in Oklahoma known as Persimmon Creek.

To the best of the Company’s knowledge, this is the first application to request an Operating CCN under Section (2)(A)3 of the Commission’s CCN Rule, 20 CSR 4240-20.045, for a fully operational electric generating plant that is located outside Missouri.

In support of this Application EMW states:

I. Applicant Evergy Missouri West

1. Evergy Missouri West is a Delaware corporation with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105.² It is engaged in the generation, transmission, distribution, and sale of electricity in western Missouri, including the suburban

¹ All citations are to the Revised Statutes of Missouri (2016), as amended.

² EMW was formerly known as KCP&L Greater Missouri Operations Co. (“GMO”). Office of Public Counsel v. Evergy Mo. West, Inc., 609 S.W.3d 857, 860 n.1 (Mo. App. W.D. 2020).

Kansas City metropolitan area, St. Joseph, and surrounding counties. Evergy Missouri West is an “electrical corporation” and a “public utility” subject to the jurisdiction, supervision, and control of the Commission under Chapters 386 and 393.

2. A certificate of authority for EMW to do business in Missouri as a foreign corporation was filed with the Commission in Case No. EN-2020-0064 and is incorporated by reference pursuant to 20 CSR 4240-2.060(1)(G).

3. Evergy Missouri West is a wholly owned subsidiary of Evergy, Inc. (“Evergy”). The other public utilities wholly owned by Evergy are Evergy Metro, Inc. and Evergy Kansas Central, Inc. EMW has no annual report or regulatory assessment fees that are overdue.

4. Evergy Missouri West has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer services or rates, which action, judgment, or decision has occurred within three years of the date of this application.

5. In addition to serving counsel named below, all correspondence, pleadings, notices, orders, and other communications regarding this proceeding should be sent to:

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6. Evergy Missouri West filed its Notice of Intended Case Filing to comply with the 60-day notice provisions of 20 CSR 4240-4.017(1) on May 24, 2022.

7. Data requests concerning this Application should be addressed to: Regulatory.Affairs@evergy.com.

II. Description of Persimmon Creek Wind Farm and the Transaction

8. Evergy Missouri West seeks a CCN to operate, manage, maintain, and control the Persimmon Creek Wind Farm, an existing and operational electric generating facility of 198.6 megawatts (“MW”) that spans approximately 17,000 acres and is located in parts of Woodward, Ellis and Dewey Counties in Oklahoma, near the town of Vici (“Persimmon Creek” or the “Asset”).

9. This Application is submitted pursuant to the Commission’s rule at 20 CSR 4240-20.045 (“CCN Rule”) which requires a CCN for an electric utility to operate an electric generating plant under Section 393.170.2. Such an Operating CCN is required if an “electric generating plant ... is expected to serve Missouri customers and be included in the rate base used to set their retail rates regardless of whether the item(s) to be constructed or operated is located ... inside or outside Missouri;” See 20 CSR 4240-20.045(1)(A)1 & (2)(A)3. Evergy Missouri West expects that Persimmon Creek will serve EMW’s customers, all of whom are in Missouri, and that the Asset will be included in rate base used to set their retail rates.

10. Section (5) of the CCN Rule requires that an application for an Operating CCN include four categories of information regarding the Asset.

11. Section (5)(A) requires “A description of the asset(s) to be operated;” EMW has agreed to purchase Persimmon Creek from GSQ, LLC, a Delaware limited liability company, pursuant to a confidential Membership Interest and Purchase Agreement (“MIPA”) under which EMW will become the owner of all interests in Persimmon Creek. A copy of the executed MIPA

is attached as Confidential Schedule JH-4 to the Direct Testimony of Company witness Jason Humphrey, the Company's Senior Director of Renewables and Assistant Treasurer. Persimmon Creek consists of 80 General Electric wind turbines (seven units are 2.3 MW 116m and 73 units are 2.5 MW 116m) that became operational in August 2018. The Asset's nameplate capacity is 198.6 MW. Mr. Humphrey provides a detailed description of the Assets to be operated in his Direct Testimony.

12. Section (5)(B) requires "The value of the asset(s) to be operated;" Persimmon Creek is forecasted to reduce costs for EMW customers over the twenty-year planning horizon, as described by Company witness Kayla Messamore, Vice President of Strategy and Long-Term Planning. Persimmon Creek also provides valuable federal production tax credits ("PTCs") that are not currently available, or only available at reduced rates, in wind projects which will go into service in future years. When Evergy Missouri West becomes the owner of this valuable Asset, the Company will control a prime wind location and will be able to improve, repower, and control the site and its interconnection. Under the MIPA, the purchase price of Persimmon Creek is \$245,700,000, plus working capital adjustments and adjustments for PTC value, both to be finalized at closing. This figure was reached through a competitive request-for-proposal ("RFP") process, including comparative valuations of other similar projects that have been offered for sale and unsolicited power purchase agreement ("PPA") offers, as described in Mr. Humphrey's Direct Testimony.

13. Section (5)(C) requires "The purchase price and plans for financing the operation;" Evergy Missouri West has agreed to purchase Persimmon Creek for approximately \$245,700,000, plus working capital adjustments and adjustments for production tax credits ("PTC"), both to be finalized at closing. This amount will be financed through EMW's available utility financing resources with the intent that the Asset will ultimately be included in rate base

through the Commission’s traditional ratemaking and cost of capital procedures. As noted above, a copy of the Membership Interest and Purchase Agreement (“MIPA”) is provided as Confidential Schedule JH-4 to Mr. Humphrey’s Direct Testimony.

14. Under the terms of the MIPA, Evergy Missouri West will acquire all the membership shares in Persimmon Creek Wind Farm 1, LLC (“PC 1”), the project company that owns Persimmon Creek and the shared generator interconnection facilities. Mr. Humphrey describes the details of this transaction in his Direct Testimony. The MIPA was signed by EMW as the buyer and GSQ as the seller on August 8, 2022. GSQ is a joint venture of Scout Clean Energy, LLC (“Scout”) and Elawan Wind Energy North America, Inc. (“Elawan”). Both Scout Energy and Elawan are experienced developers of wind and other renewable energy resources in the United States and abroad.

15. A condition to closing under the MIPA is that EMW acquires all the equity interests in PC 1. Once EMW acquires the equity interests in PC 1 from GSQ, EMW intends to effect a short-form merger of PC 1 with and into EMW, with EMW being the surviving corporation. All of the assets of PC 1 will, therefore, be consolidated with those of EMW. An organizational chart of the transaction is attached as **Exhibit 1**.

16. Section 5(D) requires that an application include “Plans and specifications for the Asset, including as-built drawings.” The Asset Plans and Specifications, attached as Schedule JH-6 to Mr. Humphrey’s Direct Testimony, contain a copy of the general plans and specifications that were followed to construct Persimmon Creek, as well as high-level drawings of the Asset as constructed.

17. Section (3)(B) of the CCN Rule states that “[i]f an asset [is] to be operated or constructed outside Missouri, the application shall include plans for allocating costs, other than regional transmission organization/independent system operator cost sharing, to the applicable

jurisdiction.” Because 100% of the Asset will serve Evergy Missouri West which operates exclusively in Missouri and has no customers outside Missouri, there will be no cost allocation between Missouri and another jurisdiction.

III. Public Convenience and Necessity under Section 393.170 and Request for Section 393.190 Authority

18. Pursuant to the requirement of the CCN Rule’s Section (3)(A), Evergy Missouri West provides the following “facts showing that granting the application is necessary or convenient for the public service;”

19. The PSC may grant a CCN if the proposed construction is “necessary or convenient for the public service.” See § 393.170.3; CCN Rule § (3)(A). Missouri courts have consistently held that “necessity” does not mean “essential” or “absolutely indispensable.” The concept of necessity is that the additional service “would be an improvement justifying its costs” and be “desirable for the public welfare.” United for Missouri v. PSC, 515 S.W.3d 754, 759 (Mo. App. W.D. 2016); State ex rel. Intercon Gas, Inc. v. PSC, 848 S.W.2d 593, 597-98 (Mo. App. W.D. 1993). If “the public convenience will be enhanced” and “there is [a] reasonable necessity” for the service, then the public “convenience and necessity” and “need” is served by granting the CCN. State ex rel. Beaufort Transfer Co. v. Clark, 504 S.W.2d 216, 219 (Mo. App. K.C. 1973).

20. The Commission generally applies five criteria known as the Tartan factors in CCN cases.³ The Tartan factors are: (1) There must be a need for the service; (2) The proposal must be economically feasible; (3) The applicant must have the financial ability to provide the service; (4) The applicant must be qualified to provide the service; and (5) The proposed service must promote the public interest. Missouri Landowners Alliance v. PSC, 593 S.W.3d 632, 638 & n.6 (Mo. App.

³ In Re Tartan Energy, GA-94-127, 3 Mo.P.S.C.3d 173, 177 (1994). While a project is not required as a matter of law to meet the “Tartan Factors,” the Commission has traditionally used the factors when evaluating CCN applications.

E.D. 2019), affirming Report & Order on Remand at 40-47, In re Grain Belt Express Clean Line LLC, No. EA-2016-0358 (Mo. P.S.C., Mar. 20, 2019). See In re Tartan Energy Co., No. GA-94-127, 1994 WL 762882 (Mo. P.S.C. 1994). An affirmative finding on the first four factors will generally lead to a finding that the requested CCN will promote the public interest. Id. at *14.

21. **Need:** As described in the Direct Testimonies of Mr. Dority and Ms. Messamore, the addition of the Asset to the Company's generation fleet is projected to reduce EMW customer costs through long-term, low-cost energy and capacity to meet EMW's capacity requirements. Persimmon Creek will provide renewable energy certificates and is eligible for 100% of the available federal production tax credits. In addition, as an owned resource, Persimmon Creek will be under Evergy's operational control, and its costs will be recovered through base rates and operations and maintenance expense, as opposed to purchased power costs. Adding Persimmon Creek to Evergy Missouri West's generation portfolio is consistent with positions taken by the PSC, its Staff, and other parties that have encouraged the Company and its predecessors to invest in its own generation, especially renewable resources, instead of relying on power purchase agreements and the wholesale electricity markets.⁴ The Asset is being procured as part of executing Evergy's Preferred Plan as identified through the Integrated Resource Planning process.

22. **Economic Feasibility:** As described in the Direct Testimonies of Mr. Dority and Mr. Humphrey, Evergy Missouri West's decision to add Persimmon Creek to its resources is economically feasible as the Asset is currently producing low-cost wind energy from western Oklahoma. High-capacity factor wind generation from western Oklahoma is one of the cheapest

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

forms of renewable energy in the United States. After the competitive RFP process, Persimmon Creek was selected because it had the lowest levelized cost of energy of all projects. Furthermore, the Project is attractive from a permitting and supply chain perspective because it is already operational with the lowest congestion risk for delivery to Missouri customers. Persimmon Creek is one of the most advanced and efficient wind generating facilities now in operation, with a proven operational Net Capacity Factor of 50.5%.

23. The economic feasibility of EMW's plan to operate Persimmon Creek is also demonstrated by the strong demand for renewable energy from the Company's customers, especially commercial and industrial users. The Asset will broaden the renewable generation portfolio of EMW which currently owns no wind resources. The addition of Persimmon Creek's 198.6 MW will bring Evergy Missouri West in line with Evergy's other public utilities which collectively own and operate over 575 MW of wind resources.

24. **Financial Ability to Provide the Service:** As explained in the Direct Testimony of Mr. Dority, Evergy Missouri West has the financial resources to acquire Persimmon Creek and to operate, manage, maintain, and control the Asset through its rate base at EMW's authorized weighted average cost of capital.

25. **Qualifications to Provide the Service:** As the Direct Testimony of Mr. Dority explains, Evergy Missouri West has operated various electricity generation facilities for many years. EMW's affiliates Evergy Metro, Inc. and Evergy Kansas Central, Inc. have operated and maintained wind generating units in western Kansas for over 10 years. Such experience and expertise will be utilized when EMW begins to operate Persimmon Creek.

26. **Public Interest:** In addition to the factors discussed above which demonstrate that approval of this CCN application is in the public interest, having EMW operate the Persimmon Creek Wind Farm aligns with Missouri's renewable energy policies, including the Renewable

Energy Standard Law, Section 393.1020, et seq., and provisions of the Plant in Service Accounting Law.⁵ The addition of the Asset to Evergy Missouri West's resources will provide environmental benefits and provide a diversified energy resource to serve the community as Evergy transitions its generation fleet to achieve net-zero CO₂ emissions by 2045, with an interim goal of a 70% reduction in such emissions from 2005 levels by 2030.

27. As described above, under the MIPA's terms Evergy Missouri West will acquire from GSQ 100 percent of the membership interests in Persimmon Creek Wind 1, LLC and will then own Persimmon Creek. Immediately upon the closing of this acquisition, Evergy Missouri West will merge Persimmon Creek Wind 1, LLC into the Company. Therefore, EMW requests that under Section 393.190.1 the Commission authorize the Company to consummate the asset purchase and the subsequent merger, and that it find that the transactions are not detrimental to the public interest.

28. Pursuant to Section (1)(A) of the Commission's filing requirements rule regarding mergers or consolidations, 20 CSR 4240-10.115, Evergy Missouri West has provided a copy of the proposed plan and agreement related to the merger of Persimmon Creek Wind 1, LLC into the Company pursuant to the MIPA which is attached as Confidential Schedule JH-4 to Mr. Humphrey's Direct Testimony. Organizational charts depicting the relationship of the merging entities before and after the transaction are attached as **Exhibit 1** to this Application.

29. Similarly, pursuant to Section (1)(B) of 20 CSR 4240-10.115, EMW has attached as **CONFIDENTIAL Exhibit 2** a certified copy of the resolution of the board of directors of the Company authorizing the proposed merger. Pursuant to Sections 1(C) and (3) of this rule, the

⁵ See, Section 393.1400.4.(3).

balance sheet and income statement of the applicant EMW, both pre-merger and post-merger, are attached as **CONFIDENTIAL Exhibit 3**.

30. Both the Application and the Direct Testimony of Mr. Humphrey, Ms. Messamore, and Mr. Dority provide the reasons why the proposed merger is not detrimental to the public interest, pursuant to Section (1)(D) of 20 CSR 4240-10.115. The Application and the supporting direct testimony discuss the positive impact of the merger on the Company's Missouri operations, pursuant to Section (1)(E) of 20 CSR 4240-10.115. With reference to Section (1)(F) of this rule, EMW does not believe at this time that the transaction will have a material impact on the tax revenues of any political subdivision in which the Company's Missouri structures, facilities, or equipment are located. However, EMW is continuing to assess this tax aspect of the transaction and will advise the Commission once it has reached a conclusion.

31. This Application is consistent with the Commission's order approving the solar pilot project of EMW (formerly known as KCP&L Greater Missouri Operations or "GMO") at the Greenwood Energy Center: "GMO's customers and the general public have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere." In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar Generation Facilities in Western Mo., Report & Order at 15, No. EA-2015-0256 (March 2, 2016). The PSC has stated that "the State of Missouri and this Commission in particular firmly support the expansion of renewable energy as a resource to provide clean energy to Missourians."⁶

⁶ Report & Order at 14, Office of Public Counsel v. KCP&L Greater Mo. Operations Co., No. EC-2019-0200 (Oct. 17, 2019).

IV. Conclusion and Request for Approval

32. Evergy Missouri West's Application seeks an Operating CCN for the fully operational, high performance Persimmon Creek Wind Farm in Oklahoma which it has agreed to purchase and merge into its corporate structure. Unlike other CCN applications which have proposed the construction and siting of new projects in Missouri, with complex technical, economic, and land use issues, this Application is a straightforward acquisition of an out-of-state renewable energy resource which will provide immediate benefits to customers and enhance the Company's generation portfolio, consistent with its Integrated Resource Plan.

33. As with any commercial transaction, there will be issues associated with implementing the Membership Interest and Purchase Agreement, transitioning the ownership of Persimmon Creek, and integrating the Asset into EMW's operations. However, it is in the best interest of all parties to ensure that benefits of Persimmon Creek flow to Missouri customers in a timely manner, given that the is producing 100% production tax credits and renewable energy credits. The Company, therefore, urges the Commission to issue a final order no later than December 31, 2022.

WHEREFORE, Evergy Missouri West respectfully requests that the Commission:

(1) Grant an Operating CCN pursuant to Section 393.170.2 and the Commission's CCN Rule, 20 CSR 4240-20.045, that authorizes EMW to operate, maintain, manage and control the Persimmon Creek Wind Farm, along with all existing facilities, structures, fixtures, and other equipment related to the Asset;

(2) Find that the granting of the authority requested by this Application is required by the public convenience and necessity;

(3) Grant EMW authority and permission under Section 393.190.1 to complete the asset transfer and merger described in this Application and the Membership Interest Purchase

Agreement, and find that the completion of the asset transfer and merger is not detrimental to the public interest;

- (4) Issue its Order, as requested above, no later than December 31, 2022; and
- (5) Provide any further relief, findings, or orders that the Commission believes just, reasonable, and in the public interest.

/s/ Roger W. Steiner

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Attorneys for Evergy Missouri West

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed, or mailed, postage prepaid, to the Staff of the Commission and to the Office of the Public Counsel this 18th day of August 2022.

/s/ Roger W. Steiner

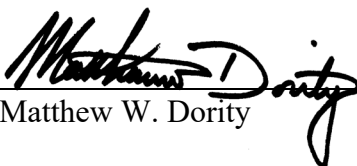
Attorney for Evergy Missouri West

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Matthew W. Dority, state that I am Director of Regulatory Affairs for Evergy, Inc., that I have reviewed the foregoing Application, that I am familiar with its contents, and that the statements contained therein are true and correct to the best of my knowledge and belief.

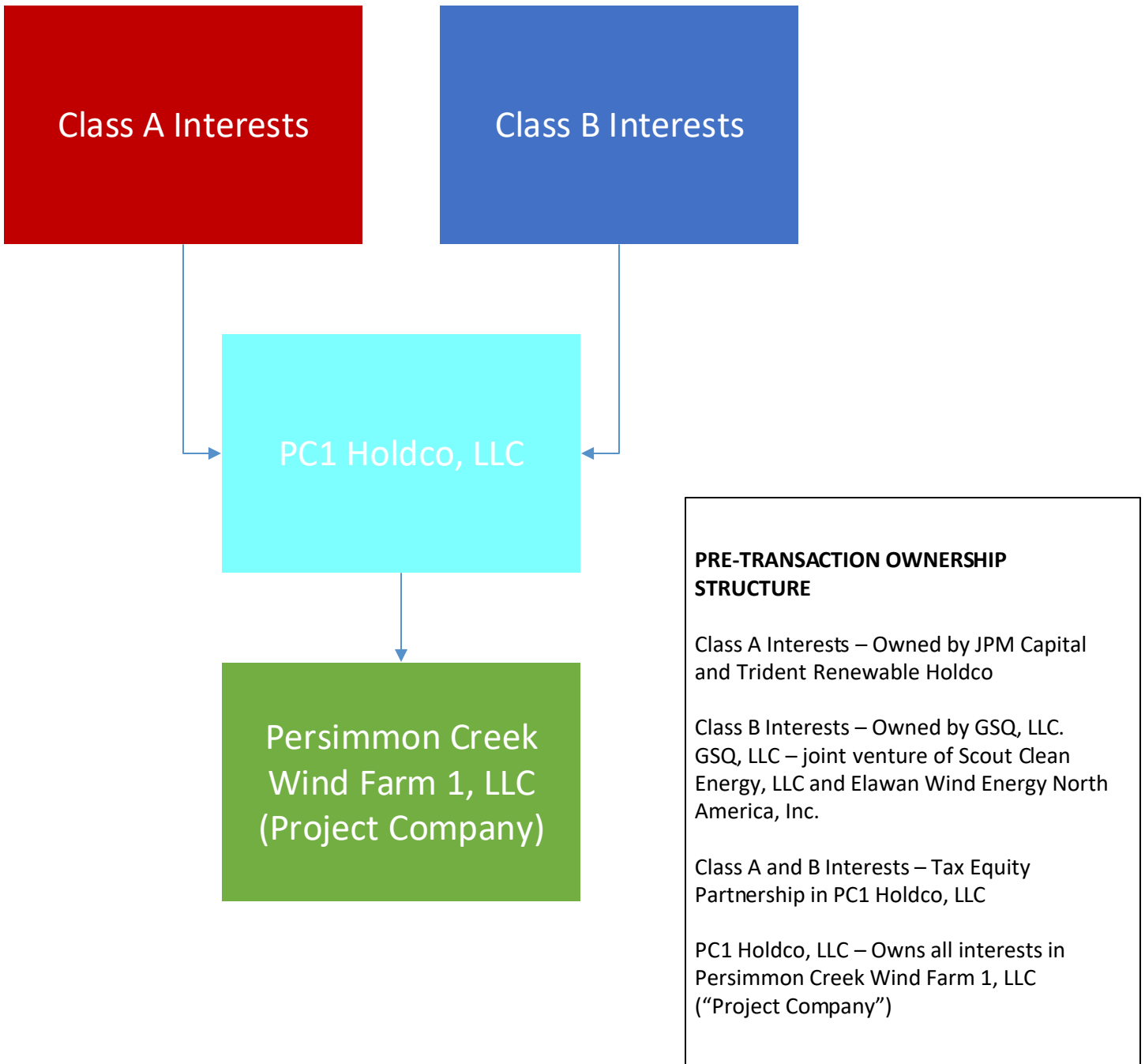
Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.⁷



Matthew W. Dority

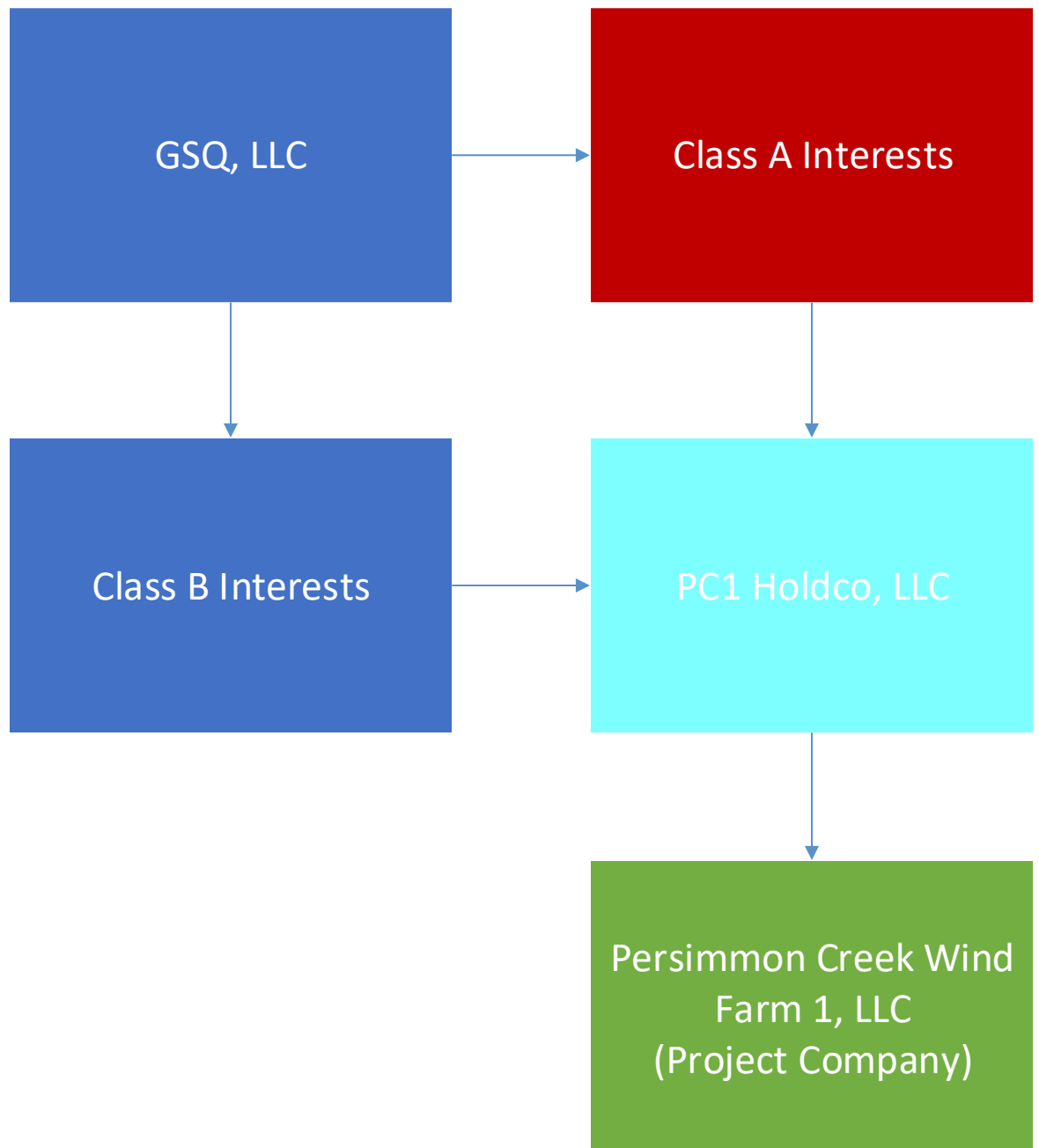
⁷ Relying on Section 509.030, the Commission has stated that “any person may file an affidavit in any matter before the Commission without being notarized so long as the affidavit contains the following declaration: ‘Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.’” See Commission Letter to Whom it May Concern (Mar. 24, 2020).

Persimmon Creek Wind Farm 1, LLC – Transaction



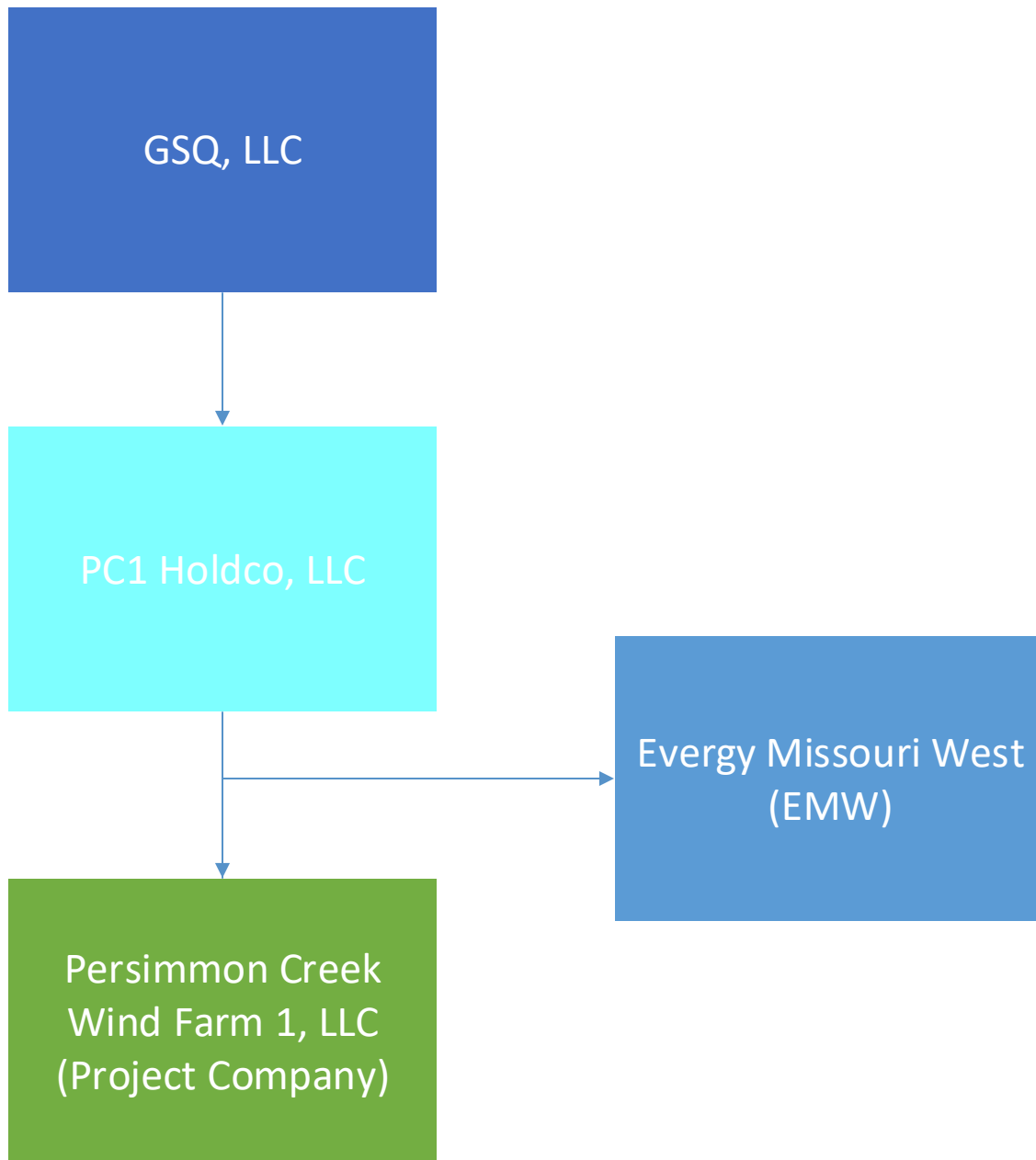
STEP ONE

GSQ, LLC acquires all Class A Equity Interests, owning all interests in PC1 Holdco, LLC, which owns all interests in Persimmon Creek Wind Farm 1, LLC (“Project Company”)



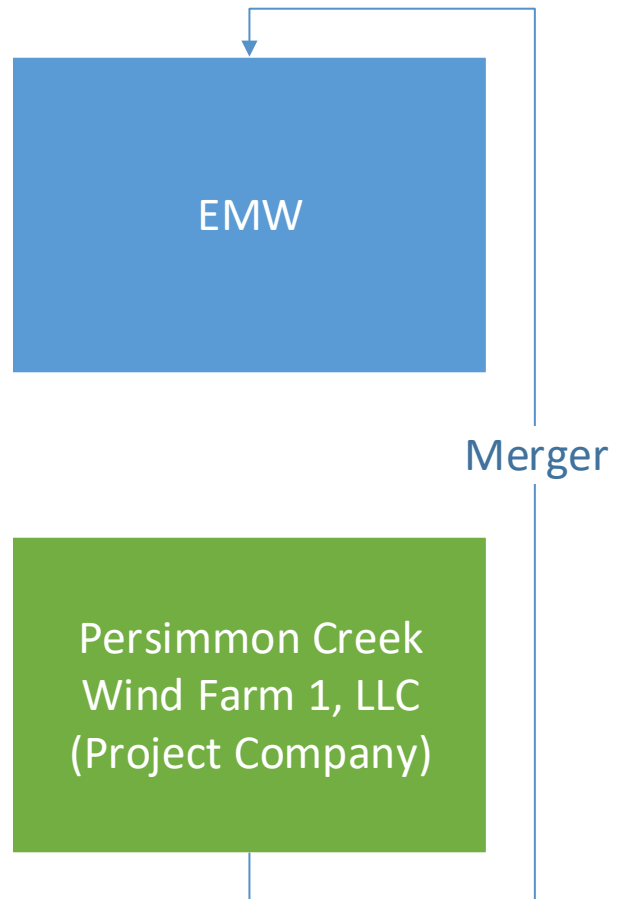
STEP TWO

GSQ, LLC causes PC1 Holdco, LLC to sell and assign all interests in Persimmon Creek Wind Farm 1, LLC (“Project Company”) to EMW



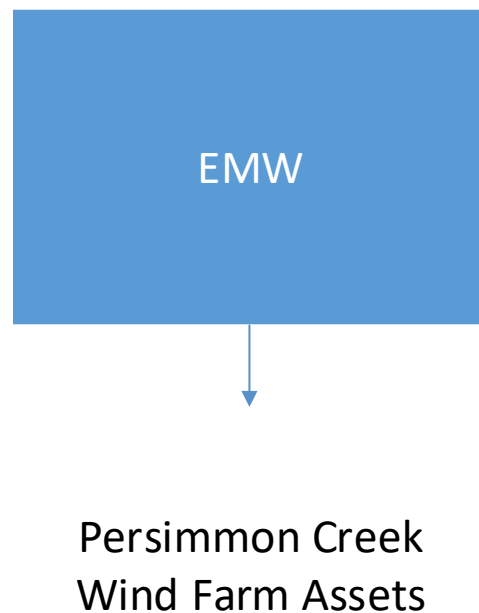
STEP THREE

EMW causes Persimmon Creek Wind Farm 1, LLC (“Project Company”) to distribute the Project and related assets to EMW by merging the Project Company into EMW



POST-TRANSACTION OWNERSHIP STRUCTURE

EMW owns the Persimmon Creek Wind Farm directly by consolidating all assets into EMW ceasing the need for a separate legal entity for Persimmon Creek Wind Farm 1, LLC



EXHIBITS 2 and 3

**CONTAIN CONFIDENTIAL
INFORMATION
NOT AVAILABLE TO THE PUBLIC.**

ORIGINALS FILED UNDER SEAL.