October 6, 2021

Kansas Department of Health and Environment
Bureau of Water, Technical Services Section
1000 SW Jackson, Suite 420
Topeka, KS 66612-1367

RE: Lawrence Energy Center (I-KS31-PO09)
Notice of Planned Participation – Electric Generating Unit Permanent Cessation of Coal Combustion

Evergy, Inc. (Evergy) submits this notice to the Kansas Department of Health and Environment (KDHE) to inform that Lawrence Energy Center (LEC) combustion units 4 (LEC4) and 5 (LEC5) will permanently cease the combustion of coal prior to December 31, 2028. As required in 40 CFR 423.19(f), this notice is being provided to inform of our planned participation no later than October 13, 2021.

On September 20, 2021, Evergy filed with the Kansas Corporation Commission (KCC) under Docket No. 22-EKCE-141-PRE a petition for the determination of ratemaking principles and treatment. The filing states Evergy's intentions to retire LEC4 and permanently cease coal combustion through fuel conversion of LEC5 between December 2023 and June 2024. The filing is attached to this notice as required in 40 CFR 423.11(f)(2), to support that the electric generating units will permanently cease coal combustion by December 31, 2028. The timeline for both retirement of LEC4 and fuel conversion of LEC5 is similar and aligned with the construction of solar generation by Evergy. Milestones are defined below:

<u>September 2021</u>
Evergy submits to the KCC, the relevant regulatory body, the predetermination filings for LEC4 retirement, LEC5 fuel conversion, and addition of solar generation.

<u>March 2022</u>
KCC provides final order responding to Evergy's pre-determination filings

<u>March 2022 thru December 2023</u>
Engineering evaluations and plans for fuel conversion of LEC5
Engineering evaluations and plans for decommissioning and demolition of LEC4 and combined coal handling equipment.

<u>January 2024 thru June 2024</u>
Implementation of fuel conversion plans for LEC5
Shutdown of LEC4 and combined coal handling equipment

This timeline is proposed based on current plans and dependent on actions by KCC. The timeline has the potential to vary based on the KCC's response and construction of solar generation; however, Evergy can certify that LEC4 retirement and LEC5 fuel conversion will be complete prior to the ELG deadline of December 31, 2028. As required by 40 CFR 423.11(f)(3) an annual progress report will be submitted to KDHE regarding the status of LEC4 and LEC5 coal cessation. The initial report will be filed prior to October 4, 2022. If there are any questions concerning this notice, please feel free to contact me by email at jared.morrison@evergy.com or phone at (785) 231-9577.

Sincerely,

Jared Morrison

Jared Morrison
Director, Water and Waste Programs

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Petition of Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. for Determination of the Ratemaking Principles and Treatment that Will Apply to the Recovery in Rates of the Cost to be Incurred for Certain Electric Generation Facilities under K.S.A. 66-1239	)))))))	Docket No. 22-EKCE-141-PRE

PETITION OF EVERGY KANSAS CENTRAL, INC. AND EVERGY KANSAS SOUTH, INC. FOR DETERMINATION OF RATEMAKING PRINCIPLES AND TREATMENT

COME NOW Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (together as "Evergy Kansas Central" or "Evergy") pursuant to K.S.A. 66-1239 and any other applicable statutes, rules and/or regulations, and file this Petition with the State Corporation Commission of the State of Kansas ("Commission" or "KCC") for a determination of the ratemaking principles and treatment that will apply to the recovery in rates of the costs to be incurred by Evergy in the purchase of solar generation facilities and the retirement of the coal-fired facilities and Unit 4 at Lawrence Energy Center as discussed herein. In support of this Petition, Evergy states as follows:

I. Introduction

1. Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. are corporations duly incorporated under laws of the State of Kansas and are engaged, among other things, in the business of an electric public utility, as defined by K.S.A. 66-104, in legally designated areas within the State of Kansas. Evergy holds certificates of convenience and authority issued by this Commission authorizing it to engage in such utility business.

2. Evergy Kansas Central provides electric service at retail throughout the state of Kansas to approximately 720,500 customers. Evergy Kansas Central also provides wholesale service to a number of municipalities and cooperatives which provide retail service to additional

Kansas customers. Evergy Kansas Central currently operates generating capacity consisting of a combination of nuclear, coal, wind, solar, gas and oil-fired generation with a rated capacity of about 5,825 MW. Evergy Kansas Central owns, operates and controls 71% of the generating capacity and takes power subject to performance of third-party entities through power purchase contracts ("PPA") for the remaining 29%. These PPAs expire at various times throughout 2028 – 2040 and, with continued load growth and broader generation fleet maturation, a combination of generation resources, including replacement renewable capacity, will need to be planned for and acquired.

3. Evergy is filing this petition for determination of ratemaking principles and treatment related to its planned investment in approximately 190 MW of solar generation that will be acquired through a build/transfer contract and related to the retirement of Unit 4 at Lawrence Energy Center ("LEC") and related coal handling facilities for LEC Units 4 and 5. For the remainder of this Application, the retirement of LEC Unit 4 will refer to the complete retirement of LEC Unit 4 and the common facilities supportive of LEC 4, including related coal handling facilities for both LEC Units 4 and 5. The solar addition is expected to be reflected in retail rates as the generation is placed in-service which is expected between December 2023 and June 2024. Similarly, LEC Unit 4 is expected to retire on a similar timeline and Evergy proposes customers receive the benefits of this retirement simultaneously with the inception of the securitized utility tariff charges upon completion of the planned securitization financing consistent with Senate Sub for HB 2072. While the retirement of LEC Unit 4, the solar addition, and the securitization financing are all planned to occur around the same time, Evergy has structured its plan to defer the impacts on customer bills until such time that all three events have occurred by deferring the impacts to a regulatory asset/liability account. The result will be the cost and benefits of all these

related events being implemented at the same time to smooth the net impacts on customer bills and alleviate the potential for bill volatility that would result from timing differences.

4. Evergy has chosen to invest in solar generation at this time because solar generation produces a lower net present value of revenue requirement ("NPVRR") for customers and is a key component of the preferred resource portfolio identified in Evergy's Integrated Resource Plan ("IRP") that was filed May 28, 2021, with the Commission in Docket No. 19-KCPE-096-CPL. Additionally, there is strong customer sentiment in favor of investment in renewable generation and a real incremental cost of doing business for utilities without a strong plan to transition to clean energy resources. For example, utilities that are not taking meaningful steps to transition from carbon-heavy generating resources are facing increasing bank financing costs, bond and equity financing costs and insurance costs, as well as a concentration in carbon-heavy generating resources being negatively reflected in utilities' credit ratings. All of these cost impacts, if not mitigated, will increasingly be reflected in customers' bills. While Evergy has existing fossil generation that will undoubtedly retire in the future, Evergy also expects its investment in renewable generation will create new clean energy jobs in Kansas, both during construction and permanently. This is all consistent with Evergy's mission to "empower a better future."

5. Evergy's investment in solar generation is a key component of Evergy's five-year strategic and operating plan, which is designed to continue Evergy's efforts to create a forward-thinking, sustainable energy company and to facilitate the transition to cleaner energy and a more modern electrical grid. IRP modeling demonstrates that this investment in solar generation is expected to reduce long-term customer costs. IRP modeling also demonstrates that the decision to add solar is robust across different scenarios and when evaluated across 15- or 20-year planning horizons.

6. Evergy is planning to retire LEC Unit 4 between December 2023 and the first half of 2024 and retain Unit 5 to operate for reliability purposes only on natural gas. The retirement of LEC was a key component of Evergy's Preferred Portfolio that results in the lowest expected net present value of revenue requirements for customers. However, Evergy continued to review its analysis even after the IRP was filed and has determined that retiring only LEC Unit 4 and continuing to operate LEC Unit 5 for reliability purposes on natural gas will result in essentially the same NPVRR benefits to customers as retiring both units but will also provide additional reliability benefits. Thus, in this predetermination filing, Evergy is only requesting approval of the retirement of LEC Unit 4 and coal handling facilities for both LEC Units 4 and 5.

7. A determination by the Commission related to the planned solar investment and retirement of LEC Unit 4 provides better certainty regarding the ratemaking treatment. Recovery of such costs will significantly improve Evergy's ability to transition away from carbon-heavy resources and meet our customers' ever-growing demands for low/no carbon resources. Additionally, the Commission's approval of Evergy's request would help Evergy customers understand the rate implications of Evergy making investments to meet their desire for cleaner energy resources. Commission approval would also signal to vendor partners, investors, and credit rating agencies that their premise for doing business with and investing in Evergy as an electric utility has been strengthened.

8. Evergy's requests are based on conventional, well-established regulatory principles. K.S.A. 66-1239, as amended by the legislature in 2021 to include generation retirements as well as generation additions, explicitly permits such a determination of ratemaking principles and treatment. A utility seeking such a ruling from the Commission is required to provide in its petition for a determination: (a) a description of its conservation measures; (b) a

description of its demand side management efforts; (c) its ten-year generation and load forecasts; and (d) a description of all power supply alternatives considered to meet its load requirements. In reviewing the utility's request, the Commission may consider if the public utility issued a request for proposal from a wide audience of participants willing and able to meet the needs identified under its generating supply plan, and if the plan selected by the public utility is reasonable, reliable and efficient.

9. When evaluating Evergy's Petition, the Commission's goal should be to establish a "just and reasonable" rate structure and to allow Evergy to meet its obligations to provide sufficient and efficient service, in part through diversification of its generation portfolio.[1]

10. When considering whether Evergy's proposal is just and reasonable, the Commission can consider matters of policy.[2] Thus, the Commission can and should consider not only the incremental economic cost to customers of not transitioning to a cleaner energy mix (i.e., higher insurance and capital costs), but also growing customer sentiment in favor of being served by increasing amounts of clean energy.

11. Evergy's planned investment in solar generation is reasonably expected "to produce energy from a renewable resource for the use of its customers." Thus, under K.S.A. 66-117(e), Evergy would be entitled to seek "a return on such investment equal to an increment of from ½% to 2% plus an amount equal to the rate of return fixed for the utility's other investment in property found by the Commission to be used or required to be used in its services to the public." This allowed incremental return is equal to approximately $40 million nominally over the expected 30-

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[1] K.S.A. 66-101b.

[2] *Midwest Gas Users Ass'n v. State Corp. Commission*, 5 Kan. App. 2d 653, 659 (1981); *see also Gas Service Co. v. State Corp. Commission of Kansas*, 8 Kan. App. 2d 545, 548 (1983) ("The matter of rate design involves a policy decision which is legislative in nature").

year life on this investment. After giving consideration to the continued regional rate comparisons of Evergy's retail rates, and average customer bills, and despite the significant improvement in these rate comparisons in recent years,[3] Evergy has decided not to pursue this additional rate of return for the proposed solar generation.

12. Evergy is providing testimony from six witnesses in support of its Application:

- David Campbell – provides policy testimony in support of Evergy's Application with an overview of the proposed solar generation, planned retirement of LEC Unit 4, and ratemaking treatment requested

- Kayla Messamore – provides a description of Evergy's IRP process and current Preferred Portfolio and discusses how the proposed solar generation and LEC Unit 4 retirement fit into the Preferred Portfolio; provides a description of the RFP process being used to select solar generation projects; and provides Evergy's ten-year generation and load forecast

- John Grace – provides an explanation of Evergy's proposal to utilize a market-based rate approach with a levelized rate recovered through the RECA to include the pass-through to customers of tax benefits of the project; provides an explanation of the costs associated with imputed debt for PPAs that were considered in Evergy's evaluation of projects; discusses the cost to customers from transitioning too slowly to lower use of carbon-emitting resources; and provides an explanation of Evergy's decision to own the solar generation rather than enter a power purchase agreement ("PPA")

- John Bridson – provides a description of the process Evergy will use to retire and dismantle LEC Unit 4, discusses impacts on employees from the retirement, and discusses steps that Southwest Power Pool will take to ensure the

[3] As Commission Staff explained in a presentation to the Kansas Senate Utility Committee, Evergy did not have the highest rates in the region when Staff analyzed 2017 rates and, since that time, Evergy's rates have declined faster than the regional average. In 2019, across Kansas, rates declined 4.2% over 2018, which was the largest decline in the country.

continued reliability of the bulk electric system after the retirement

- Kim Winslow – provides a description of Evergy's conservation measures and demand side management efforts

- Ron Klote – provides a description of the impact the proposed solar generation and retirement of LEC Unit 4 will have on customers' rates and Evergy's plan for inclusion of the costs related to the solar generation in rates and the planned securitization of energy transition costs associated with the retirement of LEC Unit 4 and removal of costs associated with LEC Unit 4 from rates

13. Evergy has developed a proposed procedural schedule for this docket, which is attached hereto as Exhibit A, and requests approval of that schedule.

II. Evergy's Decisions to Invest in Solar Generation and Retire LEC Unit 4

14. The Commission implemented an IRP process for Evergy as part of its Order approving the merger between Westar Energy, Inc. and Great Plains Energy, Inc. in Docket No. 18-KCPE-095-MER. Evergy filed its triennial IRP in Docket No. 19-KCPE-096-CPL on May 28, 2021. The objective of the IRP process is to use stakeholder input and multi-scenario analysis and arrive at a preferred resource portfolio to provide the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a manner that serves the public interest and is consistent with state energy and environmental policies. In order to achieve these objectives, as part of its planning process, Evergy:

- Considers demand-side resources, renewable energy, and supply-side resources on an equivalent basis;

- Uses minimization of the present worth of long-run utility costs as the primary selection criteria; and

- Identifies, and where possible, quantitatively analyzes any other considerations which are critical to meeting the fundamental objective of the resource planning process.

15. Other considerations analyzed as part of Evergy's most recent triennial IRP filing included maintaining both the reliability and flexibility of the system, ensuring affordability for customers, particularly given the growing reality of increased insurance, financing and other costs that would be passed along to customers if Evergy does not complete a timely transition of its generation portfolio, pairing energy efficiency investments that lower costs for all customers along with supply side investments, ensuring environmental stewardship while managing financial risk and providing flexibility, and maintaining a safe operating environment for all employees. As part of the IRP process, Evergy sought and received feedback from numerous stakeholders and considered a wide range of plausible scenarios and alternative resources.

16. The triennial IRP filed on May 28, 2021, includes Evergy's Preferred Portfolio, which resulted in the lowest expected 20-year and 15-year NPVRR when considering multiple uncertain factors. Evergy's objective in the IRP process is to present its "Preferred Portfolio of resources that meets customer requirements at the lowest reasonable cost given an uncertain future," using sensitivities and scenario analysis to ensure the selected portfolio is flexible and robust. In order to achieve this goal, Evergy develops multiple Alternative Resource Plans ("ARP") that are made up of a combination of various supply-side resources, demand-side resources, and resource retirement / addition timing. These plans include (through a mix of existing generation, new generation, and DSM) sufficient generating capacity to meet Evergy's reserve margin requirements for the next 20 years based on expected load growth over that time period. Evergy evaluates the economics of each of the ARPs by calculating the NPVRR for each ARP under multiple variations of each uncertain factor it determines to be critical – load growth,

natural gas prices, and CO_2 prices in the most recent IRP filing. Typically, the plan with the lowest NPVRR on an expected value basis is selected as the Preferred Portfolio and this is the case with the 2021 Preferred Portfolio. The approximately 350 MW of solar generation, to be in service by December 31, 2023, and the retirement of LEC were key components of Evergy's preferred resource plan. Though Evergy planned for 350 MW of cost-effective solar in the filed IRP, the results of the RFP process discussed further below, yielded only 190 MW of cost effective solar. Evergy found that many of the solar projects submitted were immature in their development and lacked clear cost and timing aspects related to land control and interconnection of the solar generation to the transmission system. The 350 MW identified in the IRP were intended to be representative and this reduction in MW is simply a reflection of the transition from "generic" solar additions to a specific solar project.

17. Evergy issued a Renewable Energy Request for Proposals on February 5, 2021, soliciting offers from interested parties with the intent to secure proposals for the acquisition of all types (e.g., wind, solar, storage) of long-term renewable resources with a minimum size of 50 MW together with all associated environmental and renewable energy attributes. The RFP indicated that preference would be given to projects that attain a Commercial Operation Date ("COD") in the second half of 2023, that solar generation projects owned by Evergy deemed economic are preferred,[4] and that only projects evaluated as being most economically beneficial to Evergy's customers could result in executed agreements. Evergy indicated that it would accept bids for ownership based on construction services and asset purchase agreements ("build/transfer") and for

[4] Solar generation projects were preferred in the RFP process because known resource modeling outcomes demonstrated that solar resources were producing superior customer economics (i.e., NPVRR) than wind resources.

PPAs. The build/transfer approach requires the respondent to furnish Evergy with a 100% ownership interest in a newly constructed, fully interconnected generation facility.

18. On March 5, 2021, Evergy received over 180 proposals for approximately 50 projects from 21 different developers. Responses were received for solar, wind, battery storage, and hybrid (solar plus storage or wind) resources and both build/transfer arrangements and PPAs.

19. Evergy evaluated these responses using an established set of criteria and determined a shortlist of projects from which to pursue negotiations for final agreements. Evergy continued negotiations with the developers on the shortlist and ultimately selected one project, 190 MW, for which it has a near final term sheet. Evergy plans to sign an agreement for this project in the near future and will file information detailing the project selected with the Commission by October 29, 2021, which is in advance of the deadline for Staff and intervenor testimony contemplated in Evergy's proposed procedural schedule (Exhibit A). To the extent signed agreements are not executed at this time, Evergy will notify the Commission with an expected date and file shortly after execution. Information to be provided includes:

i. Description of project(s) selected, including location, MW amount and developer
ii. Description of build/transfer arrangement
iii. Updated customer cost rationale with analysis for specific projects
iv. Executed agreement(s)

20. Evergy's proposal is to own a solar facility totaling approximately 190 MW which will be acquired through a build/transfer approach as described in the testimony of Mr. Campbell. It is reasonable for Evergy to own this generation, rather than enter a PPA, because there are numerous benefits for customers associated with Evergy's ownership of this generation. Currently, about 80% of Evergy Kansas Central's renewables are under PPAs, which creates asset replacement risk for customers. Of Evergy Kansas Central's entire generating fleet, 22% of its

total generation nameplate capacity is under contract for energy rather than owned, operated, and controlled by the utility, creating significant price and availability risk as each of these agreements expire beginning in 2028. This also results in many prime interconnection sites falling under the control of entities outside Kansas, and outside the purview of the Commission. On the other hand, local utility ownership of solar generation reduces the long-term price risk for customers, gives the Commission jurisdiction over these valuable assets – the value of renewable generation to be constructed will represent billions of dollars of energy infrastructure investment in Kansas – and provides attractive customer economics over both the short- and long-term.

21. Additionally, in order to reduce the initial cost of the new solar generation for customers, Evergy is planning to utilize a market-based rate approach to set rates associated with the solar project, using a fixed levelized rate per MWh of produced energy for the life of the investment to recover from customers the costs of the proposed solar generation. This approach will allow Evergy to take full advantage of the tax benefits of the investment tax credit ("ITC"), associated with the investment, and share these benefits with customers. Evergy proposes to recover its levelized rate per MWh times the MWh's of generation produced by the solar facility through its Retail Energy Cost Adjustment ("RECA") tariff. This levelized approach to recovery of the solar investment bears some similarity to how the Western Plains Wind Farm is recovered in Evergy Kansas Central's current retail rates as a result of its 2018 rate review. Evergy witness Mr. Grace discusses this further in his direct testimony.

22. Evergy will need to obtain a private letter ruling ("PLR") from the Internal Revenue Service ("IRS") that confirms that Evergy's market-based structure is appropriately designed and achieves the desired beneficial result and ensures that Evergy complies with the IRS's normalization requirements so that Evergy and its customers do not incur a normalization violation

penalty. As Mr. Grace explains, the imposition of a normalization violation penalty would have a detrimental effect for customers; so Evergy's use of the market-based structure is conditioned on receiving the PLR from the IRS or the IRS's issuance of general guidance on the definition of "public utility property" before the end of April 2022. Grace explains, the imposition of a normalization violation penalty would have a detrimental effect for customers so Evergy's use of the market-based structure is conditioned on receiving the PLR from the IRS or the IRS's issuance of general guidance on the definition of "public utility property" before the end of April 2022.

23. The levelized revenue requirement for Evergy's proposed solar generation investment is $46 per MWh. This price is very competitive with the prices we received for PPAs after those prices are adjusted to reflect the cost associated with the imputed debt that would be associated with a PPA. Evergy's proposal to own the solar generation is more economically advantageous to customers than entering into a PPA. Mr. Grace discusses the rationale for this added economic cost of PPAs in his direct testimony. As mentioned briefly above, there are also many qualitative reasons for Evergy to own a much larger portion of its renewable generation that both Mr. Campbell and Mr. Grace address in more detail.

24. LEC is a 485 MW coal-fired generating facility that has been in operation for 50 (Unit 5) to 60 (Unit 4) years and has been serving customers well past its initially expected useful life. Evergy proposes to retire LEC Unit 4 between December 2023 and the first half of 2024, consistent with the Preferred Portfolio in its IRP and the subsequent analysis conducted regarding operation of Unit 5 exclusively on natural gas. As Ms. Messamore explains, initial analysis shows that transitioning LEC Unit 5 to gas only operations and retiring just Unit 4 is breakeven (i.e., same NPVRR) when compared to the Preferred Portfolio where both units were retired, while also providing ongoing reliability benefits. Because of the strong link between the goals and contents

of the IRP process and the predetermination statute requirements, as discussed by Ms. Messamore, the IRP is effective in demonstrating that Evergy's Preferred Portfolio – including the solar additions and the retirement of LEC Unit 4 – is a reasonable, reliable and efficient plan which has been identified through extensive evaluation of potential alternatives. Thus, the Commission should find that Evergy's planned retirement of LEC Unit 4 is reasonable and prudent.

25. Evergy plans to file an application with the Commission pursuant to the recently passed securitization legislation, Senate Sub for HB 2072, for a financing order for the recovery of energy transition costs associated with the retirement of LEC Unit 4 so that the timing of the imposition of the securitized utility tariff charges and the related removal of costs in retail cost of service from LEC Unit 4 will begin about the time of the retirement. Evergy intends to file a general rate case in April 2023 so that rates would be effective in December 2023. In addition, at the time of retirement and securitization of LEC, Evergy proposes to provide customers a credit in its RECA calculation for the capital costs and operating and maintenance costs up until the point these costs are removed from base rates in a subsequent rate case filing.

26. The addition of the proposed solar generation and retirement of LEC Unit 4 will benefit customers. As part of the IRP process, Evergy analyzed the impact on the NPVRR of multiple plans and the plan that result in the lowest NPVRR included both the addition of the proposed solar generation and the retirement of LEC. This means that the Preferred Portfolio selected by Evergy results in the lowest expected cost for customers over the 15-year period the Kansas IRP considers and for the 20-year period modeled for the Missouri IRP. Subsequent analysis done by Evergy after the IRP was filed, as discussed by Ms. Messamore, indicated that that retiring only LEC Unit 4 and continuing to operate LEC Unit 5 solely on natural gas will result in essentially the same NPVRR as the Preferred Portfolio which retired both units, but will also

provide additional customer reliability. As Mr. Campbell explains, operating LEC Unit 5 on natural gas provides Evergy with additional flexibility that will allow the company and our customers to take advantage of future developments in technology, additional reliability in light of the experience with the regional power grid in 2021, and will still reduce carbon emissions by 95% at LEC, all with no additional capital investment to operate on natural gas.

27. The addition of the proposed solar generation reduces the NPVRR for customers across the planning period and across different assumptions and scenarios – a reduction in the NPVRR for Evergy Kansas Central customers by about $99 million over a 20-year period. The retirement of LEC results in a reduction to the NPVRR of about $37 million for Evergy Kansas Central customers. Finally, retiring only LEC Unit 4 and operating LEC Unit 5 on gas results in the same NPVRR over 20 years as the Preferred Portfolio which included the retirement of both LEC units.

28. Additionally, the impacts of securitization on the recovery of the retirement of LEC Unit 4 and the market-based recovery structure for the solar addition with the associated tax benefits of ITC are not modeled in the IRP. These both create additional NPVRR benefits for customers above and beyond what is seen in the IRP modeling supporting the Preferred Portfolio. As a result, the analysis conducted in Evergy's IRP and subsequent analysis clearly demonstrates that the addition of the proposed solar generation and retirement of LEC Unit 4 will result in reasonable, reliable and efficient service for customers and will reduce costs for customers over the 15 and 20-year planning periods.

29. Furthermore, as Mr. Klote discusses, in combination, the retirement of LEC Unit 4 and related securitization, the operation of LEC Unit 5 on natural gas, and the addition of the

proposed solar generation will result in an overall year one reduction in the revenue requirement for customers.

III. Other Statutory Requirements

30. As required by K.S.A. 66-1239, Evergy is providing a description of its conservation measures and demand side management efforts in the direct testimony of Ms. Winslow. Evergy's ten-year generation and load forecast is provided in the testimony Ms. Messamore, who also explains the power supply alternatives considered.

IV. Request for Determination of Ratemaking Principles and Treatment

31. Evergy seeks the determination of the following ratemaking principles and treatment to be applied to its proposal in this Application:

a. That Evergy's proposal to own approximately 190 MW of solar generation, acquired through a build/transfer contract as described in the Application, is prudent;

b. That the approximately 190 MW of solar generation that Evergy will own will be considered used and useful for the provision of service to Evergy customers;

c. That Evergy's levelized revenue requirement related to the solar additions of $46 per MWh will be included in customer rates through the RECA for the life of the plant consistent with the timing discussed below and in Mr. Klote's Direct Testimony. Any future capital investments related to these solar generation facilities will be subject to future prudence review and treated as any other capital investment Evergy makes in its generation facilities;

d. That Evergy's decision to retire LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5 between December 2023 and the first half of 2024 is reasonable and prudent;

e. That Evergy should be permitted to defer the ratemaking impacts of the retirement of LEC Unit 4, related coal handling facilities for LEC Units 4 and 5, and the addition of new utility-scale solar to align customer bill impacts of the generation transition plan outlined in this Petition to the timing of the energy transition charge on customer bills with the completed securitization of LEC Unit 4 energy transition costs:

1. For the retirement of LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5, that Evergy should be permitted to establish rates in the Evergy Kansas Central 2023 rate case with LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5 costs included in base rates based upon the update date in the case. Upon retirement and removal from service, LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5 costs reflected in rates but not being incurred will be recorded to a regulatory liability with a carrying cost included at Evergy's short-term cost of capital until such time that the energy transition charge from securitizing the energy transition costs for LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5 is applied to customer bills. At that time, the LEC Unit 4 and related coal handling facilities for LEC Units 4 and 5 costs reflected in rates but no longer being incurred

will be flowed through the RECA, as well as the amortization of any regulatory liability, to provide the benefit of the retirement to customers;

2. For the 190 MW addition of the new utility-scale solar generation, Evergy should be required to defer the costs of the new solar generation incurred upon in-service that are not reflected in rates and record those costs to a regulatory asset with a carrying cost included at Evergy's short-term cost of capital until such time that LEC Unit 4 is retired and the energy transition charge from securitizing the energy transition costs for LEC Unit 4 is applied to customer bills. At that time, the new solar generation costs being incurred but not reflected in rates will be flowed through the RECA, as well as the amortization of any regulatory asset, to appropriately reflect the costs of the new solar generation in customers rates; and

f. Any such other and further relief as the Commission deems may be appropriate.

Respectfully submitted,

_/s/ Cathryn J. Dinges

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/s/ Glenda Cafer

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ATTORNEYS FOR
EVERGY KANSAS CENTRAL, INC., AND
EVERGY KANSAS SOUTH, INC

VERIFICATION

ST A TE OF KANSAS)
) ss
COUNTY OF SHAWNEE)

The undersigned, Cathryn Dinges, upon oath first duly sworn, states that she is Corporate Counsel for Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., that she has reviewed the foregoing pleading, that she is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of her knowledge and belief.

Cathryn Dinges
Cathryn Dinges

Subscribed and sworn to before me this 17 th day of September 2021.

Leslie R. Wines
Notary Public

My appointment expires:
May 30, 2022

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
My Appt. Exp. 5/30/22

Exhibit A

File request with KCC (with term sheet)	9/20/2021
Update filing with signed agreement	10/29/2021
Staff and Intervenor Direct testimony	12/1/2021
Staff and Intervenor Cross Testimony	12/8/2021
Evergy Rebuttal testimony	12/22/2021
Settlement Conference	1/10/2022
Settlement Agreement Due	1/14/2022
Testimony in Support or Opposition to Settlement	1/18/2022
Discovery Cutoff	1/18/2022
Prehearing Conference	1/18/2022
Hearings	1/24/2022
Initial Briefs	2/9/2023
Responsive Briefs	2/23/2021
Final Order	3/19/2022