

# Exhibit No. 107

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

Evidentiary Hearing

Tuesday, August 2, 2022  
9:00 a.m. - 4:02 p.m.

Missouri Public Service Commission  
Governor Office Building  
200 Madison Street  
Jefferson City, MO 65102  
and WebEx

VOLUME 2  
Pages 58 - 270

In the Matter of the Application )  
of Evergy Missouri West, Inc. )  
d/b/a Evergy Missouri West for a )  
Financing Order Authorizing the ) File No. EF-2022-0155  
Financing of Extraordinary Storm )  
Costs Through an Issuance of )  
Securitized Utility Tariff Bonds.)

JOHN T. CLARK, Presiding  
SENIOR REGULATORY LAW JUDGE

RYAN A. SILVEY, Chairman  
JASON R. HOLSMAN, Commissioner

Stenographically Reported By:  
Beverly Jean Bentsch, RPR, CCR No. 640

Job No. 262881

1 that Evergy Missouri West should have sufficient  
2 generation to meet the needs of its customers -- should  
3 not -- I apologize -- should not have sufficient  
4 generation to meet the needs of its customers and should  
5 instead depend on the market to meet the needs of its  
6 customers?

7 A. I'm sorry but I need you to repeat that  
8 question from the beginning.

9 Q. Sure. The way I understand it, the central  
10 dispute here is not whether Evergy Missouri West should  
11 be a participant in the RTO market but how much Evergy  
12 Missouri West should rely on the RTO market. The OPC's  
13 position --

14 MR. ZOBRIST: If that's the question, the  
15 witness should be able to answer that. I got lost in  
16 the six sentences too. I apologize. Is that the  
17 question for Mr. Reed to respond to?

18 MS. VanGERPEN: I can try to break it down,  
19 Your Honor.

20 MR. ZOBRIST: Thank you. Appreciate it.  
21 Thank you.

22 BY MS. VanGERPEN:

23 Q. Mr. Reed, is it your position that Evergy  
24 Missouri West should not have sufficient generation to  
25 meet the needs of its customers and should instead

1 **depend on the market to meet the needs of its customers?**

2 Judge John Clark  
August 02, 2022 And by "generation," are you referring to  
3 capacity?

4 **Q. No. The ability -- We are referring to the**  
5 **ability to generate energy.**

6 **A. Energy.** So your question then is do I believe  
7 that Evergy West should -- Evergy Missouri West should  
8 not have sufficient ability to generate energy to meet  
9 its customers needs; is that the question?

10 **Q. Yes.**

11 **A.** I believe that prudent behavior encompasses a  
12 range of acceptable outcomes and that gets applied --  
13 not outcomes, acceptable decisions, and that that range  
14 encompasses utilities that may choose to rely on the  
15 market for energy and others that may choose to be long  
16 on energy. It's a fact specific determination based  
17 upon the circumstances and based upon the resources  
18 available both in the market and directly owned by the  
19 utility. So I don't think there's a universal answer as  
20 to whether you should be long energy or short energy.  
21 In these circumstances, I've made it clear I think  
22 Evergy Missouri West's decision to be short in terms of  
23 expected energy production and to secure that energy  
24 through the SPP market was well within the range of  
25 prudent decision making.

1 Q. So moving on. Turning back to your  
2 ~~surrounding~~ <sup>Judge John Clark</sup> ~~substantive~~ <sup>August 02, 2022</sup> testimony, on page 20, line 17, you were  
3 asked a question about how do you respond to Ms.  
4 Mantle's conclusion that much of the extraordinary costs  
5 Evergy Missouri West incurred because of Storm Uri were  
6 the consequence of imprudent resource planning  
7 decisions. You answered Ms. Mantle reaches this  
8 conclusion based on hindsight. Without knowledge of how  
9 things actually turned out, this statement cannot be  
10 defended; is that correct?

11 A. Correct.

12 Q. Are you aware that the OPC identified concerns  
13 with resource adequacy for Evergy Missouri West in the  
14 2017 resource plan update?

15 A. Yes.

16 Q. Are you aware that the OPC identified concerns  
17 as a special contemporary issue in Evergy Missouri  
18 West's 2017 special contemporary issues case?

19 A. Without the label of special contemporary  
20 issue, the answer is yes.

21 MS. VanGERPEN: One moment, Your Honor.

22 BY MS. VanGERPEN:

23 Q. Are you aware that the OPC identified concerns  
24 with resource adequacy for Evergy Missouri West in the  
25 2018 general rate case?

1 A. Yes.

2 Judge John Clark  
August 02, 2022 Q22 **Are you aware that the OPC --**

3 JUDGE CLARK: Would you say that again,  
4 please? I didn't hear it.

5 MS. VanGERPEN: Sure.

6 BY MS. VanGERPEN:

7 Q. **Are you aware that the OPC identified concerns**  
8 **with resource adequacy for Evergy Missouri West in the**  
9 **2018 general rate case?**

10 A. Yes was my answer.

11 Q. **Are you aware that the OPC identified concerns**  
12 **with resource adequacy for Evergy Missouri West in the**  
13 **triennial resource compliance filings in 2018?**

14 A. I'm aware that it raised or continued to raise  
15 concerns in 2018. I can't be sure that it was in that  
16 compliance filing. Generally, yes.

17 Q. **And you would agree that all of those filings**  
18 **predate Winter Storm Uri, correct?**

19 A. I agree.

20 MS. VanGERPEN: No further questions, Your  
21 Honor.

22 JUDGE CLARK: Any Commission questions? I've  
23 just got one that occurred to me.

24 QUESTIONS  
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25 BY JUDGE CLARK:

1           Q.    In response to questioning on whether or not  
2           it was prudent to be long or short on resources and  
3           whether or not were dependent on the market, the RTO,  
4           you indicated that under these circumstances you believe  
5           Energys acted prudently.  Were you -- What circumstances  
6           are you referring to?

7           A.    The circumstances surrounding the retirement  
8           of the Sibley coal unit, the entering into of contracts  
9           for wind resources as well, and the entering into of a  
10          contract for capacity with its Metro affiliate.  So it  
11          knew it was meeting the SPP resource reliability  
12          requirement and that the market was fully capable of  
13          meeting energy needs to ensure that reliability of  
14          deliveries to their customers would be maintained.  So  
15          here you had a liquid market and to be clear, Judge, all  
16          of the energy delivered for load to a load-serving  
17          entity like Energys Missouri West is delivered by SPP.  
18          You essentially buy all of your needs from SPP whether  
19          you're long or short of generation.  That doesn't -- The  
20          fact that you're long or short of generation doesn't  
21          affect reliability.  Reliability comes from the  
22          transmission reliability to get the power from SPP to  
23          the distribution system.  So under those circumstances  
24          you have an active liquid market in which energy will be  
25          there.  And the separate requirement of the capacity

1 obligation was met through the bilateral PPA with Evergy  
2 ~~Missouri~~ Metro.

3 Q. Thank you. By getting all of your energy from  
4 SPP, you're referring to the fact that you have to bid  
5 your capacity into the market, correct?

6 A. Two different things. You bid your capacity  
7 on the generation side into the market and that  
8 determines whether your units are dispatched and that  
9 determines your transaction on the generation side. On  
10 the load side, all load is met through power taken out  
11 of SPP and you essentially -- just as you essentially  
12 sell all of your generation into SPP at the locational  
13 price, you buy all of your load requirements from SPP at  
14 the locational price. So it's two separate transactions  
15 but you do bid generation and separately you procure  
16 energy for load. But you do that, Evergy Missouri Metro  
17 did that. All utilities. Empire did that. So all  
18 utilities in SPP procure their energy from SPP to meet  
19 their load-serving obligation and that's independent of  
20 the generation you have on the generation side of the  
21 equation.

22 JUDGE CLARK: Thank you. I think I went  
23 further away from my question than I intended but thank  
24 you. Any recross based upon Commission questions?  
25 Velvet.