

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

TRANSCRIPTION OF AUDIO/VIDEO

Friday, September 30, 2022
8:30 a.m.

Missouri Public Service Commission
200 Madison Street, Room 310
Jefferson City, MO 65102
and WebEx

VOLUME 1
Pages 1 - 108

In the Matter of the Application)
of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West for) File No. ER-2023-0011
Authority to Implement Rate)
Adjustments Required by)
20 CSR 4240-20.090(8) and the)
Company's Approved Fuel and)
Purchased Power Cost Recovery)
Mechanism)

KEN SEYER, Presiding
REGULATORY LAW JUDGE

RYAN A. SILVEY, Chairman
JASON R. HOLSMAN, Commissioner
SCOTT T. RUPP, Commissioner
MAIDA COLEMAN, Commissioner
GLEN KOLKMEYER, Commissioner

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1 The following proceeding commencing at 8:30 a.m. was
2 transcribed from an audio/video file as follows:

3 JUDGE SEYER: Let's bring this proceeding to
4 order and go on the record. Good morning. Today is
5 September 30, 2022. The time is 8:30 a.m. The
6 Commission has set this time for an evidentiary hearing
7 in the case captioned as In the Matter of the
8 Application of Evergy Missouri West, Incorporated d/b/a
9 Evergy Missouri West for Authority to Implement Rate
10 Adjustments Required by 20 CSR 4240-20.090(8) and the
11 Company's Approved Fuel and Purchased Power Cost
12 Recovery Mechanism. It is Commission File No.
13 ER-2023-0011.

14 My name is Ken Seyer and I am the Regulatory
15 Law Judge presiding over this hearing. For those that
16 are on via WebEx, could you mute your audio.

17 This hearing is taking place in the Public
18 Service Commission Hearing Room, Room 310, of the
19 Governor Office Building in Jefferson City, Missouri.

20 First let's have counsel for the parties make
21 their entries of appearance starting with Evergy
22 Missouri West.

23 MR. STEINER: Yes. Good morning. Roger
24 Steiner appearing for Evergy Missouri West. My address
25 is 1200 Main Street, Kansas City, Missouri 64105. Also

1 with me today is Jim Fischer, and I'm not sure of his
2 address.

3 MR. FISCHER: Judge, I'm with the law firm of
4 Fischer & Dority, PC, and our address is 101 Madison
5 Street, Suite 400, Jefferson City, Missouri 65101.

6 JUDGE SEYER: All right. For the Staff?

7 MS. ASLIN: Casi Aslin for Commission Staff.
8 My address is 200 Madison Street, PO Box 360, Jefferson
9 City, Missouri 65102.

10 JUDGE SEYER: For Public Counsel?

11 MR. CLIZER: John Clizer on behalf of the
12 Missouri Office of the Public Counsel. My contact
13 information can be found on filings made in the case.

14 JUDGE SEYER: All right. I ask everyone to
15 silence all cell phones and mobile devices. Please be
16 cognizant of when your microphones are on indicated by
17 the lit green light and when they are off. Something
18 unique about today's hearing is that it is not being
19 recorded by a court reporter.

20 Instead, the audio recording of that hearing
21 will later be transcribed by a court reporter.
22 Therefore, please be cognizant of that. Spell names or
23 words that could be misinterpreted and at least
24 initially state what any acronyms stand for. Also,
25 these microphones pick up the audio much better if you

1 are I'll say within four inches of the microphone.

2 And again, for the sake of a court reporter
3 that is transcribing this audio, I'm going to spell the
4 attorneys' names, last names for the court reporter, and
5 correct me if I'm wrong on any of these. So Mr. Steiner
6 is S-t-e-i-n-e-r; Mr. Fischer, F-i-s-c-h-e-r; Ms. Aslin,
7 A-s-l-i-n; and Mr. Clizer, C-l-i-z-e-r.

8 All right. Do any of the parties have any
9 preliminary matters before we get started? Seeing none.
10 And then as far as the order of witnesses, we will
11 follow the order filed by the parties in their Joint
12 List of Issues and Witnesses. So what I have down for
13 that is first for Evergy Missouri West, Lisa Starkebaum.
14 And am I saying that correctly?

15 MR. STEINER: Yes.

16 JUDGE SEYER: Darrin Ives.

17 MR. STEINER: Yes.

18 JUDGE SEYER: And then for Staff, Brooke
19 Mastrogiannis?

20 MS. ASLIN: Mastrogiannis.

21 JUDGE SEYER: -- giannis.

22 MS. ASLIN: -- giannis.

23 JUDGE SEYER: I'm still probably not saying it
24 right, am I? And then for Public Counsel, Lena Mantle.

25 All right. Okay. Then we'll begin with

1 opening statements. For Evergy Missouri West, Mr.
2 Fischer?

3 MR. FISCHER: Thank you, Judge. Yes, my name
4 is Jim Fischer, and I'm appearing on behalf of Evergy
5 Missouri West for the court reporter.

6 May it please the Commission. Today's case
7 involves the plant in service accounting deferral issue,
8 which we discussed with the Commission on September 9 in
9 the context of Evergy Missouri West's general rate case
10 which was File No. ER-2022-0130. That case is now in
11 the briefing stage and is expected to be decided in
12 early November of this year. The operation of law date
13 in that general rate case is December 6, 2022.

14 It's critically important that the Commission
15 keep the big picture in mind when it decides this case,
16 as well as the pending rate case. Both cases will
17 impact the need for a deferral in this case and neither
18 case should be viewed in isolation.

19 Brian, could I have slide number 2, please.
20 This FAC case arises from the confluence of the dramatic
21 and continuing rise of fuel and purchased power prices
22 in 2022 with Missouri West's regularly scheduled tariff
23 changes to its fuel adjustment clause that were required
24 by the FAC rules and its tariffs. Under the FAC
25 tariffs, the company was required to file this case on

1 July 1, 2022. Of course, fuel costs are largely outside
2 the control of the company and have been rapidly
3 increasing during this period due to extraordinary
4 events such as the extraordinary inflationary pressures
5 we've been experiencing, the Russian war in Ukraine,
6 rapidly rising natural gas prices, and severe weather
7 events.

8 As we previously discussed, Missouri West's
9 pending rate case, or in that case, the company elected
10 PISA, well PISA is plant in service accounting and I
11 will refer to that as PISA, P-I-S-A. Anyway, we elected
12 PISA accounting on December 31, 2018, and it is governed
13 by Section 393.1655, among other sections of the plant
14 in service accounting statute which I'm just going to
15 shorthand as the PISA statute.

16 Under the PISA statute, there's a requirement
17 that the company must not increase its base rates by
18 more than 3 percent annually. This is referred to as
19 the statutory cap or sometimes you'll hear it referred
20 to as the compound annual growth rate cap or even
21 shorthanded to CAGR, C-A-G-R.

22 According to the PISA statute, the 3 percent
23 compound annual growth rate cap is determined by
24 starting with the company's most recent general rate
25 case proceeding concluded prior to the date the

1 electrical corporation gave notice that it was electing
2 to use PISA accounting.

3 Now, since Missouri West elected PISA on
4 December 31 of 2018, we go back to its immediately
5 preceding rate case, which at the time the company was
6 known as KCPL Greater Missouri Operations Company, but
7 we go back to that 2018 case which was concluded in File
8 No. ER-2018-0146. That case had new effective rates on
9 December 6 of 2018, and resulted in a 3.2 percent rate
10 reduction in base rates for residential customers.

11 Missouri West has not had an increase in base
12 rates since that 2018 rate case. Rate increases since
13 that time for Missouri West customers have been directly
14 related to fuel and purchased power cost increases under
15 the rate adjustment mechanism which is known as the fuel
16 adjustment clause.

17 This case, as well as the previous FAC case,
18 combined with the company's pending rate case in
19 ER-2022-0130, these cases combined have created a
20 virtual certainty that a change in rates in Missouri
21 West rates under the FAC will cause the company's
22 average overall rate to exceed the statutory cap under
23 the PISA statute. Therefore, on July 1 of 2022, based
24 on the best information available at that time, Missouri
25 West filed this FAC case.

1 As explained by Darrin Ives, the full amount
2 of the FAC related costs incurred by Missouri West
3 during the subject accumulation period was approximately
4 \$44.6 million. But including \$44.6 million in the fuel
5 adjustment rate would cause the company to exceed the
6 statutory cap under the PISA statute when fuel rebasing
7 in the rate case is taken into consideration.
8 Consistent with the PISA statute, Missouri West proposed
9 to include \$13.6 million of FAC related costs in the
10 fuel adjustment rate and defer the balance of \$31
11 million for further treatment in a subsequent general
12 rate case proceeding to avoid exceeding the statutory
13 cap and triggering performance penalties.

14 The \$31 million deferral amount was thought in
15 July to be the minimum required to avoid exceeding the
16 statutory cap given the uncertainties of the pending
17 rate case. But now with the rate case about to be
18 resolved, the Commission and the parties have better
19 information regarding the level of the deferral that
20 will be needed to keep the statutory cap under the PISA.

21 Brian, let's go to slide 3. The provisions of
22 Section 393.1655 subsection 5 state in effect that if a
23 change in any rates under a rate adjustment mechanism
24 approved by the Commission, which in this case would be
25 the fuel adjustment clause, would cause the company's

1 average overall rate to exceed the compound annual
2 growth limitation, then the electrical corporation shall
3 reduce the rates in an amount sufficient to ensure that
4 the compound annual growth rate limitation is not
5 exceeded. This requirement is not discretionary with
6 the company. It is a requirement of the PISA statute.

7 Now, the second sentence of subsection 5 also
8 requires that any sums not recovered under the rate
9 adjustment mechanism shall be deferred to and included
10 in a regulatory asset arising under Section 393.1400.

11 Brian, let's go to the next slide. Now,
12 Judge, this is a slide I showed the Commission in the
13 Missouri West rate case which showed that rebased fuel
14 costs were \$56.1 million, and the rate case settlement
15 increase is \$42.5 million which is subject to further
16 adjustments depending on how the Commission resolves
17 certain contested issues. This means that there
18 otherwise would have been a \$13.6 million rate reduction
19 in base rates absent the fuel increases that are
20 required to be rebased as required by the FAC rules.

21 Now, as I mentioned in the opening statements
22 in the pending rate case, the Missouri West rate case is
23 entirely driven by the requirement that the company
24 rebase its fuel and purchased power cost as required by
25 the Commission's FAC rules. Without the need to rebase

1 fuel costs in that case, base rates would have again be
2 declining, but fuel cost increases have more than made
3 up for the other efficiencies and cost savings.

4 Brian, let's go to the 5th slide. This is
5 another slide that I showed the Commission in the rate
6 case. This slide shows the total impact of fuel
7 increases on rates. The rate rebasing of the fuel costs
8 in the rate case will impact the rates by approximately
9 7.5 percent. The fuel cost increases during the
10 previous accumulation period was 5.2 percent, and in
11 this case the fuel cost increases accounts for an
12 additional 4.4 percent. So the total, when you look at
13 that slide, the total of all those is a 17.2 percent
14 increase. This would exceed the 12.55 percent statutory
15 cap, and this is the reason the company is required to
16 defer fuel costs to avoid exceeding the statutory cap.

17 Importantly, as I've noted earlier, the rate
18 increase resulting from the company's general rate case
19 would be nowhere close to exceeding the PISA statutory
20 cap and we would not be discussing PISA caps at all but
21 for the impact of fuel and purchased power costs. Under
22 these circumstances, Missouri West followed the PISA
23 statute and has appropriately requested the deferral of
24 fuel and purchased power costs in this case.

25 Further, the proposed deferral in this case is

1 also consistent with the Commission's FAC rules, and
2 that would be fuel adjustment clause rules for the court
3 reporter, given the extraordinary circumstances
4 surrounding the company's fuel cost increases. The
5 General Assembly adopted the PISA deferral provision to
6 ensure that companies electing PISA would not be
7 penalized for fuel and purchased power increases. And
8 as I mentioned earlier, all the changes in rates that
9 have occurred since the company elected into PISA
10 accounting and all the rate changes that will occur in
11 the general rate case are all a direct result of
12 increasing fuel and purchased power costs.

13 So why are we in this case? In this case
14 Staff and Public Counsel do not believe that the
15 deferral is necessary. They argue that if the
16 Commission decides this fuel adjustment clause case
17 before it decides the pending general rate case, then
18 the statutory cap would not be exceeded, at least not
19 yet. But this is a much too narrow view of the facts
20 and the statutory requirements.

21 Of course, if the Commission adds up just the
22 rate increases from the first two accumulation periods
23 and totally ignores the likely result in the general
24 rate case, which will be decided in the next few weeks,
25 then the math would not exceed 12.55 percent, but that

1 would be inconsistent with the requirements of the PISA
2 statute and the requirements of the Commission to
3 balance the interest of the company and its customers.

4 The company originally estimated a deferral of
5 \$31 million was required to avoid exceeding the
6 statutory cap based upon the information in the general
7 rate case that was available at the time of the filing
8 on July 1, 2022.

9 Brian, let's go to the last slide. Now, since
10 we have been through the rate case, this amount has
11 changed based upon the settlement of issues and the
12 true-up positions taken in the case, and it may change
13 further based upon the Commission's decisions in the
14 contested issues which we'll see in the report and
15 order. It's for this reason, Judge, that the company is
16 recommending that the Commission should decide the rate
17 case and then ask the parties to quantify the exact
18 amount of the deferral necessary to comply with the PISA
19 statute's required deferral. This is very similar to
20 what just happened in the Commission's recently decided
21 securitization case where the Commission has requested
22 the parties to calculate the numbers for securitization
23 purposes based upon certain Commission assumptions or
24 scenarios.

25 Staff has argued that the Commission should

1 not make a deferral of fuel costs in this case, but I
2 don't think it's addressed what would happen if the
3 statutory cap is exceeded when the Commission finalizes
4 the pending rate case. Now, as I understand the
5 position of the Public Counsel, that office is arguing
6 that the Commission should issue its decision in this
7 case before it knows the final result in the general
8 rate case and then declare any amount in the rate case
9 -- any rate increase amount in the rate case that
10 exceeded the statutory cap would be disallowed as a
11 performance penalty.

12 Now, this approach is not appropriate, it's
13 not an appropriate balancing of the interest of the
14 consumers and the company, and it's certainly not
15 consistent with PISA statute. All of the rate increases
16 in both the general rate case and the FAC cases are
17 resulting from and are under the Commission approved
18 rate adjustment mechanism, the fuel adjustment clause.
19 When Missouri West exceeds the statutory cap as a result
20 of either the general rate case, which is driven
21 entirely by increases in fuel and purchased power or in
22 this FAC case, it's required by the statute to defer the
23 fuel and the purchased power cost to a regulatory asset
24 to avoid exceeding the statutory cap and ensure that
25 performance penalties are not triggered.

1 The company believes that it is most
2 appropriate for the deferral to occur after all the
3 facts are known. The company would be penalized for
4 fuel and purchased power increases if the amount of the
5 rates exceed the statutory cap and is treated as a
6 performance penalty as argued by Public Counsel.
7 This is exactly what the PISA statute attempts to avoid
8 by requiring the deferral of fuel costs.

9 Now, Darrin Ives will be here and he'll
10 explain the negative impacts of the Public Counsel's
11 proposal on the company, and I would encourage you,
12 Judge, or any Commissioners that are on line to ask him
13 any questions that you might have related to this
14 matter. But from a legal perspective, Public Counsel's
15 approach would be unlawful and unreasonable given the
16 fact that fuel increases are driving the rate increase
17 in all these cases. Both the general rate case increase
18 and the increase in this case are under the rate
19 adjustment mechanism rules and requirements and Missouri
20 West is following the mandates of the FAC rules and the
21 PISA statute to reflect these fuel costs in rates.

22 In closing, let me just reiterate one point.
23 The Commission needs to keep the big picture in mind as
24 it addresses the issues in these cases. It would be a
25 mistake to treat these cases in isolation as if they

1 were not directly related. It would also be a mistake
2 not to consider all the facts and arguments in both
3 cases as the Commission implements the PISA statute.
4 With that, Judge, I'd take any of your questions or any
5 questions from Commissioners.

6 JUDGE SEYER: Thank you, Mr. Fischer. Are
7 there any questions from the Commissioners?

8 CHAIRMAN SILVEY: No questions, Judge.

9 COMMISSIONER HOLSMAN: No questions at this
10 time. This is Commissioner Holsman.

11 MR. FISCHER: Thank you very much.

12 JUDGE SEYER: Thank you. I am having a bit of
13 a technical problem here with my feeds on my computer.
14 So we will go off the record for I'll say maybe five
15 minutes to see if we can get that straightened out. So
16 going off the record.

17 (Off the record.)

18 JUDGE SEYER: All right. Ms. Aslin, would you
19 like to make an opening statement on behalf of the Staff
20 of the Commission?

21 MS. ASLIN: Good morning. May it please the
22 Commission. My name is Casi Aslin and I am representing
23 the Commission Staff.

24 JUDGE SEYER: All right. Again, if there are
25 people on WebEx, please mute your feed.

1 MS. ASLIN: The primary question before you
2 today --

3 JUDGE SEYER: Again, if there are people on
4 WebEx, please mute your feed. Let's go off the record.

5 (Off the record.)

6 JUDGE SEYER: All right. Let's go back on the
7 record. If you don't mind, Ms. Aslin, let's start from
8 the top.

9 MS. ASLIN: Okay. Good morning. May it
10 please the Commission. My name is Casi Aslin, and I am
11 representing Commission Staff. The primary question
12 before you today is whether or not to defer \$31 million
13 of FAC fuel and purchased power cost to a subsequent
14 general rate case. There's several reasons that such a
15 deferral should not be granted.

16 First, the Commission should not consider the
17 fuel adjustment clause, or FAC, rate adjustment
18 mechanism's requirement that fuel and purchased power
19 costs will be rebased in Evergy's current general rate
20 case. To determine the amount of the deferral in
21 question, according to Section 393.1655 sub 3, RSMo, the
22 computation of plant in service accounting, or PISA,
23 shall use the electrical corporation's average overall
24 rate as of the date new base rates are set in the
25 electrical corporation's most recent general rate

1 proceeding concluded prior to the date the electrical
2 corporation gave notice under 393.1400.

3 While some stipulations have been approved in
4 Evergy's current rate case, the Commission has not yet
5 issued an order on issues that were litigated. Most
6 importantly, new base rates will not be in effect until
7 December 6 of this year. Second, allowing for recovery
8 of the full fuel and purchased power adjustment, or FPA,
9 for the 30th FAC accumulation period without deferral
10 will not cause the company's overall rate to exceed the
11 3 percent annual growth cap set forth in Section
12 393.1655.3.

13 Third, the company has presented testimony
14 that the costs incurred during the 30th accumulation
15 period are extraordinary due to the ongoing pandemic and
16 Russia's war on Ukraine. Unfortunately, increased fuel
17 costs are currently the norm for all utilities, not just
18 Evergy Missouri West. It is also worth noting that
19 Evergy Missouri West's 29th accumulation period had an
20 FPA of over 47 million which is nearly \$3 million higher
21 than the current accumulation period. To Staff's
22 knowledge, Evergy Missouri West did not present an
23 argument that the FPA from the previous accumulation
24 period was extraordinary.

25 This case, like many before this Commission,

1 involves a confusing combination of industry acronyms,
2 dense statutory language, and my least favorite,
3 mathematical calculations. However, the issues involved
4 can be simply restated. Should the Commission approve a
5 deferral that is not extraordinary, does not meet
6 statutory requirements, and would cost ratepayers more
7 money if approved? The answer is no.

8 Staff Witness Brooke Mastrogiannis is here
9 today to testify and answer any questions you may have
10 relating to this case. I'm also happy to answer any
11 questions to the best of my ability. Thank you.

12 JUDGE SEYER: All right. Are there any
13 questions from the Commissioners?

14 COMMISSIONER HOLSMAN: No questions, Judge.

15 CHAIRMAN SILVEY: No questions, Judge.

16 JUDGE SEYER: And could you identify yourself,
17 please.

18 CHAIRMAN SILVEY: Sure. This is Chairman
19 Silvey.

20 JUDGE SEYER: All right. Thank you.

21 COMMISSIONER HOLSMAN: This is Commissioner
22 Holsman.

23 JUDGE SEYER: All right.

24 COMMISSIONER KOLKMEYER: Commissioner
25 Kolkmeier is here.

1 JUDGE SEYER: All right. Mr. Clizer, would
2 you like to give an opening statement?

3 MR. CLIZER: I've been informed that I don't
4 have control over the power points. You're going to
5 hear me saying "forward" a lot. Just ignore that.

6 If it would please the Commission. John
7 Clizer on behalf of the Missouri Office of the Public
8 Counsel. Forward.

9 There was a lot of information provided by
10 counsel for both Evergy and Staff. In my opinion, this
11 is a very, very simple case. It's a case of basic
12 statutory interpretation. And the question in front of
13 you really has to do with the application of a single
14 statute. Forward, please.

15 That is Section 393.1655 sub 5, or .5, and the
16 question before the Commission is quite simply has that
17 provision been triggered. Forward. If it has been
18 triggered, then you are free to find for Evergy; and if
19 it has not been triggered, forward, you should be
20 finding for the Staff and the OPC. So let's take a
21 quick look at the actual language itself. Forward,
22 Brian. Forward again.

23 The triggering mechanism in question states if
24 a change in any rates charged under a rate adjustment
25 mechanism approved by the Commission under Sections

1 386.266 and 393.1030 would cause an electrical
2 corporation's average overall rate to exceed the
3 compound annual growth rate limitations set forth in
4 subsection 3 or 4 of this section, et cetera. Now, this
5 is what I referred to as the triggering mechanism, which
6 means this is the condition that needs to be met legally
7 before any deferral takes place under this provision.
8 So we need to first determine whether or not this
9 triggering mechanism has been met.

10 And in order to do that, let's take a moment
11 to break down some of the terms in this statute to
12 provide a clearer understanding of what's going on here.
13 Forward, Brian.

14 So let's start with some translation. Forward
15 again. Let's start with the phrase a rate adjustment
16 mechanism approved by the Commission under Section
17 386.266 and 393.1030. Forward. This, in essence, is
18 the FAC, or fuel adjustment clause, and the RESRAM, or
19 renewable energy standard rate adjustment mechanism.
20 Forward.

21 386.266 is the FAC. Forward. And 393.1030 is
22 the RESRAM. Forward again. If we return to our
23 statute, we can basically plug in the FAC and RESRAM for
24 that part of the section -- forward, please -- which you
25 can see I've done here. Also, just to make things

1 easier, we can replace electric corporation with Evergy
2 West since that's the only electric corporation we have
3 in this case. Forward, please.

4 Now, let's translate a little bit more.
5 Forward again, please. Forward again. The second part
6 that we talked about is the compound annual growth rate
7 limitation set forth in subsection 3 or 4 of this
8 section. Now, which subsection applies is dependent on
9 when exactly the company elected for PISA deferral. In
10 this case, there's no dispute that the company elected
11 for PISA deferral at such a time that subsection 3 would
12 apply. Forward again.

13 So we know that it's subsection 3 that
14 applies. Again, not in dispute. As a result of that,
15 the compound annual growth rate limitation is 3 percent.
16 Forward again, please, Brian.

17 So if we go back to our statute and we plug in
18 3 percent, we can see that it changes as thus. Forward
19 again, please. This is the translated effective statute
20 in question that we need to be interpreting. If a
21 change in any rates charged under Evergy West's FAC or
22 RESRAM would cause Evergy West's average overall rate to
23 exceed the compound annual growth rate limitation of 3
24 percent. So based on that, the big question before us
25 is rather simple. Forward, please, Brian. Forward

1 again.

2 Does inclusion of the full amount that Evergy
3 West stands to collect in this FAC case cause their
4 average overall rate to exceed the 3 percent compound
5 annual rate growth limit? Forward. And the answer is
6 no, it does not. No question of that.

7 Let's walk through exactly how we get there.
8 We need to do three things. We need first to consider
9 what's the amount to be collected, then figure out what
10 percentage increase that will result in, and then
11 compare that to the 3 percent compound annual growth
12 rate limit. We'll do all of them in turn. It's very
13 simple. Forward, please, Brian.

14 Let's start with what is the amount to be
15 collected. Forward again. I want to introduce a term
16 to you, FPA. That stands for fuel and purchased power
17 adjustment. That is a defined term in the Commission's
18 FAC rules. It is defined as -- forward, Brian -- the
19 dollar amount intended to be recovered from or returned
20 to customers during a given recovery period for the FAC.
21 So that's the amount you're collecting through the FAC.
22 Forward, please, Brian.

23 In this case, it's \$44,604,020. That's for
24 accumulation period 30, the current accumulation period.
25 We're going to round that -- forward, Brian -- to just

1 44.6 million. And you will note that that is the exact
2 same number that you saw in Evergy's opening. Again, no
3 dispute. Forward, please, Brian.

4 So what is the percentage increase of average
5 overall rates if that 44.6 million is fully recovered?
6 Forward, please. The answer is a total of 9.14 percent.
7 If you include all of the current base rates, the
8 current RESRAM, and both the prior and current FAC
9 accumulation periods current in this case being the one
10 at question here, the total increase is 9.14 percent.
11 Forward, please, Brian.

12 And this is taken directly from Evergy West's
13 own workpapers. I want to stress this point. Forward,
14 Brian. This is a copy of the workpapers. I appreciate
15 that it's probably a little bit difficult to read from
16 where you're sitting. Forward, please.

17 You can see here that we have the base rates,
18 the RESRAM, and the FAC for both the 29th and 30th
19 accumulation period. Forward, please, Brian.

20 And the amount in total to be collected for
21 the 30th accumulation period you can see is 66.4
22 million. Forward again. And the end result, again 9.14
23 percent. So there's no question that that is the
24 percentage increase of the full amount of the FPA for
25 this accumulation period is collected. Forward, Brian.

1 So we have to come to the third and final part
2 of the question, does that 9.14 percent exceed the 3
3 percent compound annual growth rate limit? Now, what
4 that 3 percent compound annual growth rate limit is
5 depends on when you look at it. I'm going to give you
6 four possible dates. Forward, please.

7 The first is September 1. That's the date
8 that rates would have gone into effect for the FAC rate
9 case had nothing happened. At that point, the CAGR
10 limit was 11.69 percent. Forward again. As of
11 September 21, the date that we filed rebuttal testimony,
12 it was 11.87 percent. Forward. As of December 1, the
13 date that we're asking the Commission to ensure that new
14 rates for the FAC case goes into effect, it will be
15 12.51 percent. Forward again. As of December 6, the
16 date that rates will become effective in the general
17 rate case, it is 12.55 percent. Forward again.

18 What is important and obvious here is that at
19 no point under no circumstances does that 9.14 percent
20 exceed the 3 percent compound annual growth rate limit.
21 Forward again. So we can reach our conclusion and it's
22 very simple. As we've already seen and established --
23 forward, Brian -- the inclusion of the full amount that
24 Everygy West stands to collect in the FAC rate increase
25 case in this proceeding does not result in a change to

1 Everygy West's overall average rates that exceeds a 3
2 percent compound annual growth rate limit. Forward
3 again.

4 And what's more important, all the facts that
5 we can use to determine this are established exclusively
6 by the evidence provided by Everygy West. This, in
7 essence, was the reason why the OPC sought summary
8 determination. But there's still some confusion. Go
9 ahead and forward again.

10 It brings us to the important question, why
11 are we here today? If it's so obvious that we're not
12 going to hit the compound annual growth rate limit, what
13 has gone wrong that caused all of us to be here in this
14 courtroom today? Forward again.

15 And the simple answer is that Everygy West is
16 committing plain legal error. Forward again, please,
17 Brian. That plain legal error is that Everygy West is
18 attempting to include amount that would be collected in
19 base rates through a future general rate case in its
20 calculations for the effect of changing the FAC charge
21 in this case. Now I say plain legal error. There are
22 actually two errors we need to consider.

23 The first -- forward, Brian -- is that a
24 future general rates are not included in determining the
25 effects of an immediate FAC rate increase. And the

1 second -- forward, Brian -- is that a change in base
2 rates is not a change in the amount to be charged under
3 the FAC. I'm going to walk through both of these
4 relatively quickly. Forward again, please.

5 The first error is rather self-explanatory.
6 Forward again, Brian. Evergy West argues that changes
7 in the current FAC rate would exceed the 3 percent
8 compound annual growth rate limit because it's including
9 what will happen in a future rate case. Forward again.
10 There is no legal support for this position. Absolutely
11 none. Forward again.

12 More importantly, this is and will result in
13 an arbitrary determination by the Commission. And why
14 what will it be arbitrary? Well, I pose to you a simple
15 question. Name one other FAC rate increase case where
16 future rate increases has been considered as part of
17 these determination. It has never been done before for
18 Evergy West, nor Evergy Metro, nor Ameren, nor Empire,
19 and there's no reason to expect it will be done again
20 otherwise. In other words, Evergy West is asking for
21 unique circumstances applied exclusively to this case
22 without legal support. That is the definition of
23 arbitrary.

24 But there's an even greater problem at play
25 here. Forward again, please. That's the second error.

1 I'd like to bring us back to the language of the statute
2 that we're applying here. Forward, please, Brian.

3 Most importantly, I'd like to draw your
4 attention to the phrase charged under. Forward, please,
5 Brian. It is exceptionally important that you
6 understand that this mechanism only applies if the rates
7 charged under the FAC, or RESRAM, would cause the
8 increase over the annual growth rate limit. Forward,
9 please. Amounts charged under the FAC however does not
10 include the amounts that would be collected for fuel and
11 purchased power through base rates.

12 Let's walk through really why that's the case.
13 Forward, please, Brian. Forward again. The FAC charge
14 is a defined term in the FAC rules. It is defined as
15 the amount on bills which in the aggregate will be
16 allowed to recover the FPA, which I remind you is the
17 fuel and purchased power amount, or adjustment,
18 apologies.

19 The FAC charge is also quite obviously the
20 amount charged under the FAC. There's no dispute about
21 that. Now, forward again, Brian. The FPA, as we've
22 already discussed, is the amount to be collected, but
23 how is that amount determined? Well, it primarily
24 reflects the difference between the actual net energy
25 costs and the net base energy costs during the

1 accumulation period. Forward again.

2 And the net base energy costs are the amounts
3 billed, or sorry, included in base rates. So to
4 demonstrate this visually -- forward, please -- consider
5 a graph. Forward, please. We start with the net base
6 energy costs. Forward. That is what's included in base
7 rates. Then you look at the actual costs incurred.
8 Forward again. You take the difference of these two --
9 forward, please -- and that amount, the difference is
10 the fuel and purchased power adjustment. Forward.

11 Now, why am I harping on this? Why is this so
12 critically important? Well, let me walk you through.
13 It's a very simple argument. Forward, please.

14 If the FAC charge is the amount designed to
15 collect the FPA -- forward -- and the FPA is the
16 difference between the actual fuel and purchased power
17 costs and the amounts for fuel and purchased power
18 included in base rates -- forward -- then fuel and
19 purchased power found in base rates cannot be included
20 in the FAC charge itself.

21 Again, the FAC charge collects the difference.
22 It doesn't collect the amount included in base rates.
23 And as we've already established, the statute only
24 applies if it's a change to the amount being charged
25 through the FAC that causes you to trigger the cap,

1 nothing else. So when counsel for Evergy tells you it
2 doesn't matter whether or not it's the FAC or base rate
3 fuels that cause you to go over the amount, they both
4 have to be deferred, that is completely wrong. Legally
5 speaking, only the amount collected through the FAC
6 itself can possibly trigger the deferral mechanism.
7 Forward again, please, Brian. What we see here is that
8 -- forward again -- Evergy West is trying to rewrite the
9 PISA legislation. Forward, please. Returning to what
10 the language actually says, as I just stated, it's the
11 rates charged under the FAC that cause you to go over
12 the cap to trigger this provision.

13 What Evergy West wants to do -- forward,
14 please -- is include an entirely new provision in the
15 statute that would add on the amount to be included in
16 base rates in a future case. This again has no legal
17 support. It requires a complete rewriting of the rule.

18 I just want the Commission to consider for a
19 second imagine if this case were brought up on appeal.
20 Let's assume for a second that the Commission decides to
21 agree with its own Staff and OPC and Evergy brings the
22 appeal. All the Commission has to do is stand up and
23 say we followed the statute exactly as they were
24 written, we followed our rules exactly as they were
25 written and we applied the status quo. And then what's

1 to happen, the Court will quickly affirm. Easy.

2 What happens if the Commission agrees with
3 Evergy and the OPC brings the appeal? At that point,
4 the Commission is going to have to explain how when
5 calculating the amount charged under the FAC it included
6 costs that literally are not charged under the FAC.
7 It's going to have to explain why it didn't follow its
8 own rules and their definitions. This makes no sense.
9 The Commission needs to apply the law as written and
10 consider only the costs charged under the FAC itself
11 which does not include fuel and purchased power
12 recovered through base rates.

13 I want to move on to one final argument.
14 Forward, please, Brian. This is what I would
15 characterize as the sort of "Hail Mary" argument by the
16 company who realizing that their legal argument may not
17 be the best has decided to also try and argue that the
18 costs must be deferred because they are extraordinary.
19 Forward, please, Brian. That is simply not the case.
20 Forward again.

21 More importantly, these costs are not
22 extraordinary whether considered on an Evergy West
23 individual basis or when considered and compared to its
24 sister utility Evergy Metro. Forward again. And I want
25 to stress this point. This is very important. This

1 case has absolutely nothing to do with Winter Storm Uri.
2 Winter Storm Uri occurred in February of 2021. The
3 accumulation period for this case is December of 2021
4 through May of 2022. There are no Winter Storm Uri
5 costs involved in this case flat out.

6 Now, why is this not extraordinary when
7 considered based just on Evergy West? Forward, please.
8 The simple answer is that if you look at the fuel and
9 purchased power adjustment for Evergy West's last
10 accumulation period, it was \$2.9 million or 6.1 percent
11 higher than the FPA in this accumulation period.
12 Forward, please.

13 What that means is that Evergy West actually
14 recovered more costs in its last accumulation period but
15 made no attempt to declare any of those costs
16 extraordinary. And that at heart demonstrates what the
17 company's true position as to these costs being
18 extraordinary is. Forward, please. Evergy clearly does
19 not consider that the costs that it incurred are
20 extraordinary and would not have made that argument but
21 for its fear of hitting those statutory caps in this
22 case. Their own past practice dictates their true
23 beliefs. Forward again.

24 But what if Evergy Metro and why do I bring it
25 up? Forward again, please. Evergy Metro did not ask

1 for a deferral of extraordinary costs even though it
2 experienced the exact same high fuel and purchased power
3 costs over the same six-month period. Forward, please.
4 In fact, according to the OPC's calculations, Evergy
5 Metro's fuel costs were \$105 million, four times what
6 Evergy West incurred. Forward again, please. And its
7 purchased power costs were nearly 13 percent of Evergy
8 West's. Forward, please.

9 That raises an interesting question. Forward,
10 please. Why is it -- I forgot to mention, sorry, even
11 though its costs were so much higher, Evergy Metro's FPA
12 for its accumulation period was less than \$2 million.
13 That's what raises the interesting question. Why is it
14 that Evergy Metro's FPA is so much lower than Evergy
15 West's if both companies are experiencing the same high
16 fuel and purchased power costs? Forward, please.

17 The answer is that Evergy Metro has generation
18 where Evergy West doesn't. I want to be clear I'm not
19 saying that Evergy West doesn't have generation. I'm
20 saying that Evergy Metro has substantially more
21 generation and as a result it can sell its generation
22 into the market to offset the fuel and purchased power
23 costs it incurs.

24 Evergy West by contrast doesn't have that
25 capability. But that means that the high FPA costs that

1 it's experienced for this accumulation period aren't the
2 result of high fuel and purchased power costs which
3 Evergy West is experiencing -- sorry, Metro is also
4 experiencing. Evergy West's high FPA is the result of
5 its lack of generation. Forward again, please. Forward
6 one more time. And that lack of generation is the
7 product of Evergy West's management decisions. This is
8 not again the result of events beyond Evergy West's
9 control. Evergy Metro experienced the exact same
10 phenomenon that Evergy West did but it was able to keep
11 its FPA low. The only difference between these
12 companies that really matters in this case is the amount
13 of generation, and that's a decision that Evergy West's
14 management made. Frankly, it's actually the management
15 of both companies or the same company. Regardless, the
16 point here is that it's entirely within the control of
17 Evergy West to manage its FPA by securing generation to
18 offset its fuel costs like its sister utility. It chose
19 not to. That's its choice. It's not extraordinary.

20 One last forward, one last slide. I want to
21 leave the Commission with one last thought. Forward,
22 please, Brian. The OPC and the Staff of the Commission
23 is not asking for any disallowance in this FAC case. I
24 want to stress that. Forward, please. What we are
25 requesting is for Evergy West to be made whole to

1 receive all of the amount that it needs for its FPA and
2 receive it as quickly as possible.

3 I want you to consider the implications of
4 that. You have the consumer advocate for the state
5 standing up here and telling you please make the company
6 whole as fast as possible. On the other hand, the
7 company -- forward, please, Brian -- is telling you that
8 it doesn't want to be made whole as fast as possible
9 because it's trying to avoid statutory safeguards that
10 were put in place to protect consumers.

11 This is a violation of the status quo. It is
12 contrary to the written language of the law and the
13 Commission should not accept this. Forward, please. To
14 do what Evergy West is requesting would require this
15 Commission to go above and beyond out of its way to
16 avoid the status quo and rewrite the law in a manner
17 that would help the company and harm customers. I urge
18 you not to do this. This is the one case where the OPC
19 is telling the Commission follow the exact written
20 language of the law. Do what you have done in every
21 prior case. Make the company whole. Give them every
22 cent of what they need and do it as quickly as possible.
23 There is no reason why the Commission should not take
24 that action.

25 The OPC has a single witness today, Ms. Lena

1 Mantle. She has been instrumental in helping to draft
2 the FAC rules when they were first written and I think I
3 can probably say knows them better than anybody else in
4 this building without too much hyperbole. I encourage
5 you to ask any questions you might have of this to her.
6 She is an excellent resource. And with that I will ask
7 if there are any questions from the Commission or bench.

8 JUDGE SEYER: All right. Mr. Clizer, before
9 we get to that, and I apologize if you did do this, but
10 for the sake of housekeeping and the court reporter that
11 has to transcribe this, did you spell out what RESRAM
12 stands for?

13 MR. CLIZER: I did, but I will happily spell
14 it out again. It is the renewable energy standard rate
15 adjustment mechanism. I just want to make clear, I feel
16 like this is obvious, but this case does not concern any
17 effect to change the RESRAM so as it applies it is not
18 relevant to this case, I don't believe any party would
19 dispute me on that point, other than it has to be
20 included in the average overall rate calculations which
21 it has been per everyone's assumptions.

22 JUDGE SEYER: Gotcha. All right. Are there
23 any questions from the Commissioners?

24 CHAIRMAN SILVEY: No questions from Chairman
25 Silvey.

1 COMMISSIONER HOLSMAN: No questions, Judge.
2 Commissioner Holsman.

3 JUDGE SEYER: Okay. All right. Thank you,
4 Mr. Clizer.

5 All right. Every Missouri West, call your
6 first witness.

7 MR. STEINER: The Company calls Lisa
8 Starkebaum.

9 JUDGE SEYER: Good morning, Ms. Starkebaum.
10 Will you raise your right hand, please. Thank you.

11 Do you swear or affirm that the testimony you
12 give today in this hearing shall be the truth, the whole
13 truth, and nothing but the truth?

14 THE WITNESS: I do.

15 JUDGE SEYER: Thank you. Go ahead, Mr.
16 Steiner.

17 MR. STEINER: This is Roger Steiner speaking.

18 LISA STARKEBAUM,
19 having been first duly sworn, was examined and testified
20 as follows:

21 DIRECT EXAMINATION

22 BY MR. STEINER:

23 Q. Would you state your name for the record,
24 please?

25 A. My name is Lisa Starkebaum,

1 S-t-a-r-k-e-b-a-u-m.

2 Q. Where do you work and what is your position
3 there?

4 A. I work in Kansas City, Missouri. My address
5 is 1200 Main Street, Kansas City, Missouri 64105, and I
6 am a Manager of Regulatory Affairs.

7 Q. Did you cause to be filed in this case direct
8 testimony which has been premarked as Exhibit 2?

9 A. Yes.

10 Q. Do you have any changes or corrections to that
11 testimony?

12 A. No, I do not.

13 Q. If I asked you the same questions that are
14 contained in that testimony, would your answers be the
15 same today?

16 A. Yes, they would.

17 Q. Are your answers true and complete, to the
18 best of your knowledge?

19 A. Yes.

20 MR. STEINER: Your Honor, this witness does
21 not have live surrebuttal, and so I guess I'll wait to
22 move the admission of the direct until after cross or I
23 can do it now.

24 JUDGE SEYER: Let's do it now.

25 MR. STEINER: I move for the admission of the

1 direct testimony of Lisa Starkebaum, Exhibit 2.

2 JUDGE SEYER: All right. Are there any
3 objections to the admission of Exhibit 2? Seeing none,
4 Exhibit 2 is admitted.

5 (COMPANY EXHIBIT 2 WAS RECEIVED INTO EVIDENCE
6 AND MADE A PART OF THIS RECORD.)

7 JUDGE SEYER: I'll ask counsel would you like
8 Ms. Starkebaum to remain here for possible
9 cross-examination later?

10 MS. ASLIN: I have no questions.

11 MR. CLIZER: I have no questions as well if
12 the bench and the Commission doesn't.

13 JUDGE SEYER: All right. Are there any
14 questions from the Commissioners? All right. Hearing
15 none. I do have a few questions myself.

16 QUESTIONS

17 BY JUDGE SEYER:

18 Q. Can I direct your attention to page 7 of your
19 direct testimony.

20 MR. STEINER: Your Honor, at one time you did
21 say that all the witnesses were going to go up and then
22 have cross afterwards.

23 JUDGE SEYER: That's fine.

24 MR. STEINER: I'm fine with doing it now. I
25 just wanted to let you know that it's a little bit

1 different than what we were thinking. She does not have
2 live surrebuttal so we could do cross now. That's fine.

3 JUDGE SEYER: That was all I had in mind was
4 she's kind of an exception to the rule I think for
5 today.

6 MR. STEINER: Okay. That's fine.

7 BY JUDGE SEYER:

8 Q. So on page 7 of your direct testimony, line 17
9 through 20, you compare accumulation period 28 to
10 accumulation period 30. Would accumulation period 28
11 have covered the period of December 1, 2020 through May
12 31, 2021, that time period of Winter Storm Uri?

13 A. Yes, it would.

14 Q. Okay. When you state that the actual fuel and
15 purchased power costs in accumulation period 30 were
16 \$40.5 million higher than those in accumulation period
17 28, you exclude the over \$288 million that Evergy
18 Missouri West has sought securitization for in Case No.
19 EF-2022-0155?

20 A. Yes, all Winter Storm Uri costs have been
21 removed in each FPA that we have filed since February --
22 since the storm occurred in February of 2021. So those
23 would be excluded.

24 Q. Would you agree that if Winter Storm Uri
25 related fuel and purchased power costs had flowed

1 through the FAC, AP 28 actual costs would have been
2 substantially higher than the actual costs in AP 30?

3 A. I would agree with that.

4 JUDGE SEYER: Okay. All right. Does Staff
5 have any cross-examination based on my questions?

6 MS. ASLIN: No, Judge.

7 JUDGE SEYER: How about Public Counsel?

8 MR. CLIZER: Just really quick.

9 CROSS-EXAMINATION

10 BY MR. CLIZER:

11 Q. Just so I have the dates. AP 28 is December
12 2020 through May 21 -- sorry May 21?

13 A. That's correct.

14 Q. 2021?

15 A. Correct.

16 Q. And then AP 29 is, I assume, May 21 through
17 December 2021?

18 A. June 2021 through November 2021.

19 Q. Okay. So it goes up to the start of the next
20 month after the end of the first one?

21 A. Yes.

22 MR. CLIZER: Gotcha. That was my only
23 question. Thank you.

24 JUDGE SEYER: Mr. Steiner, any redirect?

25 MR. STEINER: Could I have a moment, Your

1 Honor?

2 JUDGE SEYER: Sure.

3 MR. STEINER: I have no redirect, Your Honor.

4 JUDGE SEYER: All right. Are there any
5 questions from the Commissioners as a follow up to my
6 questions?

7 COMMISSIONER HOLSMAN: No questions, Judge.
8 Holsman.

9 JUDGE SEYER: All right. Ms. Starkebaum,
10 you're excused. Thank you.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 JUDGE SEYER: All right. Mr. Steiner, call
14 your next witness.

15 MR. FISCHER: Judge, at this time we would
16 call Darrin Ives to the stand.

17 JUDGE SEYER: For the sake of the record, that
18 was Mr. Fischer?

19 MR. FISCHER: Yes, I'm sorry, yes,
20 Mr. Fischer.

21 JUDGE SEYER: All right. Mr. Ives, would you
22 raise your right hand. Thank you.

23 Do you swear or affirm that the testimony you
24 give in this hearing shall be the truth, the whole
25 truth, and nothing but the truth?

1 THE WITNESS: I do.

2 JUDGE SEYER: Thank you. Mr. Fischer.

3 DARRIN IVES,

4 having been first duly sworn, was examined and testified
5 as follows:

6 DIRECT EXAMINATION

7 BY MR. FISCHER:

8 Q. Please state your name and address for the
9 record.

10 A. My name is Darrin Ives. My address is 1200
11 Main, Kansas City, Missouri.

12 Q. Are you the same Darrin Ives that caused to be
13 filed in this case direct testimony addressing fuel cost
14 and PISA deferral issues?

15 A. I am.

16 Q. If I were to ask you the questions that are
17 contained in your written testimony, would your answers
18 today be the same and are they true and accurate, to the
19 best of your knowledge and belief?

20 A. It would be the same and they are. I do have
21 one correction.

22 Q. I forgot to ask you if you had a correction.
23 Please state your correction.

24 A. It's in my direct testimony, page 5. That's
25 actually footnote 6 at the bottom of that page where I

1 reference an EIA Today in Energy Report. The date
2 listed in my testimony is July 16, 2022. That report
3 was actually dated June 16, 2022.

4 Q. With that change, would the remainder of your
5 testimony be correct and accurate, to the best of your
6 knowledge and belief?

7 A. Yes.

8 MR. FISCHER: Judge, with that then I would
9 move for the admission of Exhibit No. 1 and we do --
10 Well, I'd move for the admission of Exhibit No. 1.

11 JUDGE SEYER: Is there any objection? Seeing
12 none. Exhibit 1 is admitted.

13 (COMPANY EXHIBIT 1 WAS RECEIVED INTO EVIDENCE
14 AND MADE A PART OF THIS RECORD.)

15 MR. FISCHER: We do have some additional live
16 surrebuttal that we'd like to present to the Commission
17 at this time, if that's appropriate.

18 JUDGE SEYER: Yes. Go ahead, Mr. Fischer.

19 SURREBUTTAL EXAMINATION

20 BY MR. FISCHER:

21 Q. Mr. Ives, did you read the rebuttal testimony
22 of the Staff and Public Counsel witnesses in this case?

23 A. Yes, I did.

24 Q. What is your overall response to their
25 testimony?

1 A. My response, and it's the same response that I
2 would have to the opening statements today, is I think
3 both parties take a very narrow view of how to look at
4 this case. They don't consider the rebase component of
5 the FAC requirements and the implications of that. It
6 puts the Commission in a position where between this
7 case and the rate case there's very little information
8 advanced on what to do with what are very significant
9 fuel impacts not only from the two accumulation periods
10 but also from the rebase and how it interplays with the
11 PISA statute.

12 Q. Do you agree with the Staff and Public
13 Counsel's interpretation of the PISA statutes as they've
14 expressed it in those witnesses' testimony?

15 A. No. Again, I think, you know, it's looked at
16 too narrowly. You know, you can see it best in Staff's
17 testimony. They reference the FAR. So that's the fuel
18 adjustment rate filing which is another term used for
19 the filing that addresses the accumulation periods. And
20 the FAR is accurately depicted in the testimony, but
21 that ignores the remainder of the FAC requirement which
22 is the implication to rebase, the requirement to rebase
23 in any rate case that you come in while you have adopted
24 the fuel adjustment clause and at a minimum at least
25 every four years is the cycle that we're on in this

1 pending rate case.

2 I think by ignoring that that the real
3 implication would be if you don't get the base rate
4 right when you're doing a measurement, then you're going
5 to have implications to the future FAR filings. So they
6 are absolutely related and part and parcel to each other
7 under the FAC requirements. I think ignoring that and
8 trying to look at these cases in isolation is going to
9 take us afoul of the intended purpose of the PISA
10 legislation which was to remove the effects of the rate
11 adjustment mechanisms like the FAC from consideration of
12 a performance penalty in meeting the compound annual
13 growth rate.

14 Q. On page 4 of the rebuttal testimony of Staff
15 Witness Brooke Mastrogiannis -- And let me spell that
16 name. It's M-a-s-t-r-o-g-i-n-n-i-s. I apologize if
17 I've mispronounced it.

18 JUDGE SEYER: Mr. Fischer, I believe you've
19 actually misspelled it.

20 MR. FISCHER: I'm sorry.
21 M-a-s-t-r-o-g-i-a-n-n-i-s. Okay. I misspelled it.
22 Sorry. I apologize.

23 BY MR. FISCHER:

24 Q. Anyway, if you turn to page 4 of her rebuttal
25 testimony, she states that it's the Staff's position

1 that the 3 percent average overall rate cap computation
2 required by PISA prohibits using the amount of the
3 proposed rebased fuel costs in the current general rate
4 case. Do you agree with that Staff position?

5 A. No, I don't, and maybe now is a good time to
6 talk about it, because I was a little bit confused when
7 I read Staff's testimony and ultimately the position
8 statements on this, because I read it to potentially
9 assert that we are changing the base that we're
10 measuring against just the way I read the flow of the
11 testimony in the position statement. I just want to be
12 clear, and I think all parties will agree with this and
13 it was talked about in openings, we are utilizing the
14 rates that were in effect as of December 6 of 2018,
15 which was the rate case that concluded prior to our
16 adoption of PISA to measure our compound annual growth
17 rate against. That is what's called for and that's what
18 we're doing. So if there's any confusion in Staff's
19 testimony or in reading Staff's testimony on that, I
20 want to make sure that's clear.

21 The difference solely of this case is the
22 perspective of OPC and Staff of whether you only look at
23 the effects of the two FAC accumulation periods, the
24 accumulation 29 and accumulation 30, or as we have
25 suggested you also have to look at the rebase of what's

1 going on in the current general rate case for rates that
2 will be in effect in December. Otherwise, you can't
3 address the full impact that fuel and purchased power
4 costs are having on implications to Evergy Missouri
5 West's compound annual growth rate. That's really the
6 only difference in what we're talking about.

7 Q. Do you agree with the Staff witness that the
8 appropriate statutory, or what I used as CAGR, C-A-G-R,
9 cap, that that cap is 11.6887 percent for this
10 accumulation period?

11 A. Yes. So I refer actually to -- I agreed with
12 the dates that were laid out in the opening of the
13 Office of the Public Counsel. So September 1 of 2021 is
14 the time frame that you would look at it from just the
15 FAC measurement. There were some other dates presented
16 in that opening and the most important one from the
17 Company's perspective is the accumulation that occurs
18 when you get to the December 6 date, which is four years
19 post the 2018 base that we're measuring against, and
20 that is the 12.55 percent. But September 1st I agree
21 with the number that's in Staff's testimony.

22 Q. While we're on that point, Mr. Ives, you
23 mentioned the 12.55 percent would be the date on
24 December 6. I believe I heard the Public Counsel
25 suggest that on December 1 just five days earlier it

1 would be 12.51, slightly less than that. Would that
2 make sense to you?

3 A. Yeah. I didn't do the math on December 1, but
4 it certainly grows as time progresses forward from the
5 December 6, 2018 base. So there would be a little bit
6 of difference if you move forward from the 6th.

7 Q. I also understood the counsel to suggest that
8 Public Counsel would suggest that the Commission should
9 decide this case by 12/1, and if they decided the case
10 five days later would all of the issues in this case be
11 moot?

12 A. Yes. You know, I think it's a very
13 interesting timeline for the Commission and it's part of
14 why we're here, right. When we made our filing for this
15 FAC back in July, rather than as maybe has been asserted
16 in this case, rather than being manipulative or
17 attempting to pull a slide of hand, we used the best
18 information available to inform the Commission what was
19 coming. What was coming was the two accumulation
20 periods that had been more significant and persisted
21 longer than anybody had hoped for the amount of market
22 impacts that we were having in fuel costs for Missouri
23 West.

24 In addition, we knew that the general rate
25 case was ongoing, we had seen the direct position of

1 Staff in that case, we knew that prices were continuing
2 to go up so when we got to true-up, which was a May 31
3 true-up date but hadn't been filed yet by the time we
4 filed on June 1, we knew that number was going higher
5 for fuel impacts in the general rate case and it was
6 very clear that the combination of all those fuel
7 effects were going to put us in a position where we were
8 going to exceed the compound annual growth rate
9 accumulation or the 12.55 percent when you looked at all
10 that in combination. That's why we advanced it, that's
11 why we brought it forward, and it has come true.

12 If you look at the Commission, which has now
13 issued an order on the settlement agreement that was
14 entered in the rate case approving that settlement
15 agreement, there is enough of a case impact just based
16 on that settlement and certainly the fuel impact based
17 on the base factor included in that settlement that
18 shows without taking action to create a deferral that
19 fuel and purchased power costs would drive Evergy
20 Missouri West over the cumulative CAGR. In isolation
21 fuel and purchased power costs would drive us over that.
22 Without the increase in fuel and purchased power cost,
23 we would not be having a PISA cap discussion at this
24 utility.

25 Q. Mr. Ives, as you read the testimony and the

1 position statements in this case, is it your
2 understanding that all parties agree that a deferral
3 would be appropriate if it was done in the context of an
4 FAC case where the FAC rates in that case caused the
5 CAGR to be exceeded?

6 A. Yes. I think it appears clear to me that
7 people agree with if an impact is occurring in an FAR,
8 an accumulation period that would take you over a cap,
9 then you would apply the deferrals under 1655.5. That's
10 what it looks like to me reading everybody's testimony.
11 Where we differ again is whether or not you believe the
12 Commission should consider the part of the FAC
13 requirement to rebase fuel in a general rate case, any
14 general rate case that you file as long as you are under
15 the FAC and have adopted the FAC. That's the
16 difference.

17 We think fuel is a component in both and we
18 think fuel means the same thing, whether it's coming
19 through a rebase or whether it's coming through an
20 accumulation period. And between the language in
21 1655.5, and if you want to take it a step further,
22 between the newly adopted PISA statute that completely
23 recognizes that fuel should not be a part of a cap
24 calculation, it's clear that the intent of the
25 legislature was not to have performance penalties driven

1 by fuel and purchased power cost.

2 Q. So if the Commission has not decided this case
3 until after it decides the rate case, at that point
4 would the CAGR have been exceeded?

5 A. If the rate case were decided first and there
6 were still no determination on application of the FAR
7 for accumulation period 30, you would be under the CAGR
8 cap until the FAR went into effect. That would take us
9 over and you would need to defer. Again, I mean we are
10 arguing about the application of statute to fuel and
11 purchased power. We are asserting that fuel and
12 purchased power is the same regardless of whether it
13 happens in the rebase or whether it happens in an FAR
14 accumulation period. The other parties in this case
15 argue for different treatment for the implications of
16 fuel and purchased power in a rebase.

17 Q. But do you believe the statutory cap will be
18 exceeded when the pending rate case and the last two FAC
19 accumulation periods are considered?

20 A. Absolutely.

21 Q. Now, on page 4, line 18 of Staff rebuttal
22 testimony, the Staff witness states that PISA deferral
23 is not required in this case. Do you agree?

24 A. No, I don't. That's why we're here. I think
25 this case is the ideal opportunity to do it. I provided

1 testimony to the Commission in the rate case that
2 discusses the complexity of attempting to address a
3 deferral in the general rate case as opposed to the FAC.
4 I'm sure the other parties will say that there's no
5 mechanism to create a deferral in the general rate case.
6 I would suggest that the Commission, if they don't
7 address it in this case, really needs to address it as a
8 deferral in the general rate case for all the discussion
9 that I've had today its fuel and purchased power cost;
10 that the PISA statute is clear that those should not
11 drive a performance penalty. If you do a deferral in a
12 rate case, your likely impact is that it will understate
13 the rebase fuel cost in a general rate case in order to
14 make that deferral and then you will have higher
15 accumulation period impacts moving forward out of the
16 case which will create FAR volatility for customers
17 moving forward compared to what it should be if the base
18 is set appropriately and it will create exposure to the
19 FAR 95/5 that would not otherwise impact a deferral if
20 you did it in this case now under 1655.5.

21 I want to be clear. The initial amount that
22 gets deferred is reduced for the 95/5 if you defer it in
23 this case. You just don't have an every six-month
24 impact because you've -- of the 95/5 because you've
25 artificially lowered a base if you do a deferral in the

1 rate case.

2 Q. Mr. Ives, have you prepared an exhibit that
3 shows the cumulative impact of the pending rate case in
4 the last two FAC accumulation periods?

5 A. Yes.

6 Q. And was that one that I showed on the screen
7 but probably couldn't be seen on the internet feed?

8 A. Yes.

9 MR. FISCHER: Judge, at this time I'd like to
10 have an exhibit marked as I guess it would be Exhibit
11 No. 3.

12 JUDGE SEYER: All right. Do you have an
13 actual paper copy of that?

14 THE WITNESS: Thank you.

15 BY MR. FISCHER:

16 Q. Mr. Ives, I placed in front of you what's been
17 marked as Exhibit No. 3. Is this an exhibit that you
18 prepared in anticipation of this case?

19 A. Yes, it is.

20 Q. Would you explain what this exhibit shows,
21 what it's designed to show?

22 A. Yes. I'll start with the FAC accumulation
23 periods, because we've talked about those a little bit.
24 Part one is actually the FAC accumulation period 29
25 that's been referred to in this proceeding. What's

1 listed as part two is the FAC accumulation period 30
2 which is the period that is at direct issue in this
3 case. And then this table is an update I would say from
4 the table that was included in my direct testimony in
5 this FAC proceeding.

6 At the time we did my direct testimony, we
7 didn't have the true-up information and the settlement
8 information, and ultimately the Commission order
9 approving the settlement in this case but we did have
10 Staff's direct case at that time. So my direct
11 testimony used the Staff's direct fuel run to present
12 this information.

13 Here what I've done is I've used the base
14 factors that were considered in the settlements of both
15 the 2018 and the current rate cases and done the math to
16 split the effect of the base factors between
17 transmission cost and fuel cost that would be applicable
18 to run through an FAC to give my estimate of the fuel
19 impact that is driven in the rebase of the rates in the
20 current pending general rate case. Those three items
21 together, fuel components only, take you to a 17.2
22 percent overall increase which is intended to show what
23 I answered earlier which is left unaddressed, fuel is
24 going to take Evergy Missouri West above the PISA caps
25 which is explicitly indicated to not result in a

1 performance penalty in the statutory language.

2 I should share that, you know, the overall
3 revenue requirement that was in the stipulation that was
4 agreed to and ultimately approved by the Commission in
5 an early order is 42.5 million. If you replace that
6 number in for the 56 as just fuel, that line item
7 percentage increase goes to 5.7 percent and the overall
8 for the three items goes to 15.37 percent which is still
9 above the cap with the remaining issues that are to be
10 decided by the Commission. While they will impact that
11 final amount, there likely is not enough movement in
12 those to impact that final amount to the point that it
13 will be below the compound annual growth rate run rate
14 of 12.55 percent but yet to be determined by the
15 Commission.

16 Q. In the pending general rate case, is the
17 rebasing of the fuel and purchased power cost the reason
18 there will be an increase in the rates?

19 A. Yes. Certainly it's a full general rate case
20 so we looked at all relevant factors, you know, as a
21 Commission always would in going through that, but it is
22 a driver. I'll put it this way, it's a driver to the
23 overall revenue requirement increase that in and of
24 itself is bigger than what the revenue requirement
25 increase is going to be for Evergy West. In isolation,

1 it reflects more than 100 percent of what the final
2 revenue requirement increase will be.

3 Q. Would you explain the amount of fuel and
4 purchased power that is being rebased in that pending
5 case?

6 MR. CLIZER: Really quick, I apologize, can I
7 get a direction to where we're responding to rebuttal
8 testimony?

9 MR. FISCHER: This is surrebuttal of their
10 position that these rates -- that this rebasing should
11 not be included in this case or in the calculation at
12 this point.

13 MR. CLIZER: That's fine. I'm trying to
14 follow along. I just wanted to know where in the
15 rebuttal testimony I should be paying attention so I can
16 follow along.

17 MR. FISCHER: I'll try to get more to the
18 rebuttal too as well specifically.

19 JUDGE SEYER: Again, you'll have the
20 opportunity to cross-examine later.

21 BY MR. FISCHER:

22 Q. So just to repeat the question, would you
23 explain the amount of fuel and purchased power that's
24 being rebased in the pending rate case, the total
25 amount?

1 A. Yes. So the incremental increase, and I don't
2 know that I have the total amount of fuel. It looks
3 like -- yeah, sorry. So the total amount of fuel that I
4 believe is being rebased based upon the base factors in
5 the settlement is on that schedule the 245,512,953.

6 Q. And the incremental amount would be the 56.1
7 million there that you show in this schedule?

8 A. Yes. As I mentioned earlier, that's the
9 incremental of when you compare the base factors from
10 what was set in the 2018 case compared to the base
11 factor that has been agreed to and ordered by the
12 Commission now for the current 2022 case.

13 Q. And how much was that settlement amount that's
14 still subject to some adjustment by the Commission for
15 contested issues?

16 A. The settlement amount overall was the 42.5
17 million that I mentioned, you know, with a couple of
18 remaining revenue requirement issues that were litigated
19 and await a Commission order.

20 Q. Did you testify already that the Commission
21 has adopted an order approving those settlements?

22 A. I did.

23 Q. Okay. Well, if the expected impact of the
24 general rate case is added to the impact of the fuel and
25 purchased power increases from the last two accumulation

1 periods, do you believe the statutory cap of the PISA
2 statute will be exceeded? I think you've already
3 answered that.

4 A. I did, yeah, and that's the intention of the
5 presentation on the schedule.

6 Q. Is it correct that the final impact of the
7 general rate case will not be known until after the
8 Commission issues its final report and order in this
9 rate case, in the pending rate case?

10 A. That's correct. I mean, maybe just to be very
11 clear about where we're at, right, I mean, the operation
12 of law date for the case is scheduled for December 6.
13 If the Commission follows its agenda practice, they
14 would put out a written order approximately 30 days in
15 front of that, so in the early part of November, which
16 means they probably would have agenda discussion a week
17 or two in front of that so in the middle part of
18 October. So they will be making that decision right at
19 the same time now that they will be considering the
20 briefs and making a decision in this case.

21 And I think my simple request that probably is
22 overly complicated by the testimony in the record is
23 that the Commission should look at the big picture and
24 not look at these two dockets in isolation and they
25 should consider whether or not as I mentioned the cap

1 exceedance, which there's going to be one, for Evergy
2 Missouri West is driven by fuel and purchased power
3 costs or not. And if it is, which the schedule in
4 Exhibit 3 demonstrates that it is, then they should
5 defer the implications of that.

6 If they make the decision to do the deferral
7 after they understand the order in the general rate
8 case, they will know that the amount of the deferral
9 necessary to stay under the cap is not 31 million as we
10 filed. It will be something less and they can set the
11 deferral -- they can ask the parties to calculate based
12 on their decisions in the case what the deferral should
13 be and they can set it as the PISA legislation intends
14 to be just enough of a deferral to stay under the
15 performance penalty cap but be adequate to do so.

16 I think Mr. Fischer mentioned in the opening
17 that they are currently asking parties to calculate
18 impacts in a proceeding right now in Evergy West's
19 securitization proceeding based on positions that they
20 have articulated they want the parties to consider.
21 They could do the same thing here and get the same
22 information available to them to make the best decision
23 in this docket and consider the implications of the
24 general rate case.

25 Q. I don't want to leave Ms. Mantle's testimony

1 out either, but some of your answers will be relevant to
2 her testimony as well; is that right?

3 A. Yes, that's correct.

4 Q. On page 15 of Ms. Mantle's rebuttal she states
5 that the \$31 million deferred amount was to maximize the
6 increase that Missouri West could receive in its current
7 general rate case without surpassing the statutory cap.
8 Do you agree with that characterization?

9 A. No. I mentioned this earlier there's some
10 sensational words used in this docket around
11 manipulation and maximizing. That all sounds exciting
12 for the hearing, but the reality is we used the
13 information available to be as conservative as we could
14 be when we put the July filing together. We knew
15 Staff's direct fuel run, which is what we used in the
16 analysis in my testimony, and we knew our original rate
17 case ask which was the maximum that we could get out of
18 the general rate case. We utilized those factors to
19 discuss the deferral that would be necessary to ensure
20 that the caps weren't exceeded due to fuel and purchased
21 power costs.

22 As I mentioned, by the time we get to mid
23 October or so here, the Commission is going to have made
24 decisions in the rate case and will be able to gather
25 all the information that it needs to determine what the

1 actual deferral should be to not trigger a performance
2 penalty. They can ask parties to calculate it. It will
3 be less than 31 million based on the settlement and the
4 remaining items in the case and they should ask the
5 parties to set that at the appropriate level to meet the
6 criteria in 1655.5.

7 Q. The Public Counsel witness also I think
8 alleged that the high fuel and purchased power costs are
9 a direct result of its resource planning decisions and
10 not due to external factors. How would you respond to
11 that?

12 A. Well, I respond to it that it's been a
13 frequent discussion. We've talked about it in the rate
14 case, we've talked about it in the securitization case,
15 and we're talking about it here. I don't think it has
16 any relevance here. The relevance, the place for it, if
17 it were going to come up would be in a prudence
18 consideration of the amounts underneath the 44 million,
19 not the deferral discussion that we're having today.
20 But that said, I think the Commission has heard plenty
21 on that topic and I think they've answered it at least
22 once if not more. I assume they will have the
23 information to answer it again in this case.

24 Q. I think Ms. Mantle also discussed on page 20
25 through 22 the differences between Evergy Missouri

1 West's generation resources and the generation resources
2 of its sister company Evergy Missouri Metro. Is that
3 comparison appropriate in your mind?

4 A. No. I mean, this is another area where we've
5 had discussions before, right. Evergy Missouri West and
6 Evergy Metro have their own resource plannings. They
7 file their own integrated resource plans. They do just
8 like same with the difference between Liberty and Evergy
9 Missouri West just like the difference between Ameren
10 Missouri and Evergy Missouri West. They have different
11 resource mixes. Absolutely. There's a lot of history
12 that has come into play over decades that has each of
13 these utilities in a different resource planning spot.
14 I mean, if the point is they're different, then the
15 testimony makes sense. Beyond that, you know, there's a
16 process to evaluate all that.

17 Q. Do you agree with Staff and Public Counsel's
18 contention that the costs in this accumulation period
19 are not extraordinary?

20 A. No. You know, it's interesting and I'll
21 address the question that was brought up is, you know,
22 why extraordinary now if not extraordinary in
23 accumulation period 29. It's the persistence of the
24 market conditions. At the time we were in accumulation
25 period 29 we knew there was implications or had been

1 roughly since Winter Storm Uri. I know I heard counsel
2 say there's absolutely nothing to do in this docket
3 about Winter Storm Uri. I agree with that from the fact
4 that there are no February 2021 dollars in this case.
5 Winter Storm Uri has absolutely had effect -- an effect
6 on the prices that are persisting in the market today
7 from a supply standpoint and prices have been elevated
8 for that plus many other factors since that time.

9 But now with continued reports out, whether
10 it's from the SPP Market Monitor, from EIA, from other
11 credible industry sources, these prices are high,
12 they're abnormally high, and they are expected to
13 persist for a period of time to be abnormally high.

14 One other thing I would address in the
15 testimony was it can't be extraordinary because it's
16 affecting all utilities. Well, there's where I say
17 Winter Storm Uri affected all the utilities in the
18 Midwest but somehow it was an extraordinary event. So
19 just because it affects more than one utility doesn't
20 disqualify a set of costs from being extraordinary.

21 Q. In preparation for your testimony, have you
22 reviewed reports in the industry about the extraordinary
23 natural gas prices and wholesale prices that have
24 occurred during this period?

25 A. I have. I mentioned those just a minute ago

1 in regards to my response about extraordinary. You
2 know, there's a recent SPP Market Monitor Report that
3 was issued in July. There's certainly some EIA reports
4 that continue to be updated and put out on a monthly
5 basis. There was one for August and I believe there's
6 one out for September now. The long story short is a
7 lot of discussion about the extraordinary impacts on
8 natural gas prices and power prices of the current
9 supply constraint issues that have persisted since
10 Winter Storm Uri, have persisted during the hot summer,
11 have persisted as the war in the Ukraine has gone on and
12 put stress on the world markets. A lot of factors in a
13 lot of reports across the industry that lead to
14 discussion of these being extraordinary fuel and
15 purchased power times as opposed to just a run of the
16 mill it's what everybody is incurring.

17 Q. We're almost done, Mr. Ives, but on page 28 of
18 Ms. Mantle's rebuttal she alleges that if the Commission
19 approves the Company's deferral request the PISA rate
20 caps will be rendered meaningless. Do you agree with
21 that?

22 A. No. I entirely disagree with that. I think
23 the PISA statute pretty clearly says that the
24 implications of rate adjustment mechanisms such as the
25 fuel adjustment clause shouldn't drive to performance

1 penalties on PISA caps. The PISA caps should consider
2 the effects of what's going on as a result of
3 implementing and adopting PISA, which is making
4 incremental investment in the state, in the utilities,
5 and the implications of doing so. They're not
6 meaningless. They'll still be there and operating to
7 cover the costs that they were intended to address which
8 is even further bolstered by the updated legislation for
9 PISA that makes that very specifically so. But the in
10 effect legislation for this time nonetheless is still
11 very clear that fuel and purchased power cost should not
12 have implications to that compound annual growth rate.

13 Q. Just so the record is clear, what were those
14 PISA caps? What kind of costs were those intended to
15 address?

16 A. Well, in general they were put in place
17 because the legislation provides for an incentive for
18 the utilities in the state to invest in needed
19 infrastructure improvements for the service to
20 customers, including the ability to add grid
21 modernization and add investments. That's what the
22 legislation is entirely intended to address and it
23 provided a cap framework to make sure that that was
24 being done responsibly and in a way that wasn't going to
25 overly burden customers. The cap certainly addresses

1 all components of rates to customers in the current in
2 effect PISA legislation but has the allowance in the
3 1655.5 to ensure that the effects of fuel and purchased
4 power through a rate adjustment mechanism are not
5 considered in exceedances to those caps.

6 Q. Since the Company elected PISA in 2018, what
7 percentage of the increases or changes in rates that
8 have occurred would be due to fuel and purchased power?

9 A. With the consideration of Exhibit 3, over 100
10 percent will be due to fuel and purchased power.

11 Q. Okay. Now, based on the most recent
12 information available from the rate case, which I'm
13 talking about the settlement and the true-ups, what is
14 your current best estimate of the amount of fuel and
15 purchased power costs that will need to be deferred in
16 this case to prevent the Company from breaching its
17 statutory cap and to minimize the amount of the fuel and
18 purchased power costs that are deferred in the PISA
19 regulatory asset?

20 MR. CLIZER: I hate to have to do this again.
21 Once again, this is way outside the scope of what
22 anybody said in rebuttal.

23 JUDGE SEYER: Someone needs to mute.

24 MR. FISCHER: This is in response directly to
25 their position that all 31 million should be deferred.

1 MR. CLIZER: Where in testimony is that
2 question responding to?

3 MR. FISCHER: That's responding to the direct
4 testimony of Staff witness that the deferral should be
5 31 million.

6 MR. CLIZER: First of all, there is no direct
7 testimony of Staff witness.

8 MR. FISCHER: I'm sorry. The rebuttal
9 testimony, you're right.

10 JUDGE SEYER: Mr. Clizer, I'm going to
11 overrule your objection and allow it.

12 THE WITNESS: So I alluded to this earlier
13 anyway. I just didn't give the value, but I said the
14 deferral would be less coming out of the rate case than
15 the way we calculated the 31 million at the time when we
16 made the July filings. So this will hopefully help put
17 some scope to that. If you just looked at the Exhibit
18 3, you replaced the 56.1 million with the 42.5 and you
19 looked at what the differential would need to be, we
20 would need about \$11 million deferral to stay under the
21 PISA caps as a result of 1655.5.

22 If you considered -- If you went on from there
23 and you considered Evergy's positions on the remaining
24 issues that the Commission is litigating, so if we
25 prevailed in the positions that we advanced, that number

1 would move to a need for deferral to about \$19 million.
2 So to do the deferral right, getting the final
3 information from the Commission order, identifying the
4 amount necessary to just keep us under the cap due to
5 deferring fuel and purchased power cost, and not have an
6 exceedance of the 3 percent compound annual growth rate,
7 that 31 should likely be in the range at conclusion of
8 the Commission's order somewhere between 11 and 19
9 million.

10 Q. Is it correct you won't know the exact amount
11 until the rate case order has been issued?

12 A. That's correct.

13 Q. If the Commission accepted the recommendations
14 of Staff and Public Counsel in this case, what could be
15 the financial impact upon Evergy Missouri West?

16 A. So I talked about this a little bit in the
17 rate case testimony as well, but that range I just gave,
18 that 11 to \$19 million, if you at least take the Office
19 of the Public Counsel's position that when you get to
20 the rate case that would be a performance penalty, that
21 means we would not have the opportunity to recover 11
22 and \$19 million that otherwise would be demonstrated to
23 be appropriate to be ordered out of the rate case by
24 Commission order and it would be solely because we have
25 had extensive impacts from fuel and purchased power. So

1 that's the easy direct answer if you go all the way to
2 penalty provision.

3 If you don't do a deferral in this FAC case
4 but you determine that the impacts in the rate case are
5 a result of fuel and purchased power and the Commission
6 wanted to make a deferral in that case, it gets more
7 complicated but I think you would defer by reducing the
8 rebased cost in the rate case to stay under that cap,
9 that same 11 to \$19 million, but then what happens is
10 you're having larger FAR accumulation period impacts
11 coming out of that case because you've artificially
12 lowered the rebase amount. The impact to that would at
13 least be 5 percent of every six-month accumulation
14 period times that 11 to \$19 million would be an impact
15 to the company that you wouldn't have if the Commission
16 makes a deferral in the FAC proceeding.

17 MR. FISCHER: Judge, with that I think that's
18 the last of the questions I have on surrebuttal. I
19 would move for the admission of Exhibit No. 3, and I
20 would tender the witness at the appropriate time for
21 cross-examination.

22 JUDGE SEYER: All right. Are there any
23 objections to the admission of Exhibit 3? All right.
24 Hearing none. Mr. Fischer, do you have that exhibit in
25 electronic form?

1 MR. FISCHER: I can certainly email it to you
2 in the exhibit web blocks or whatever it's called. I'd
3 be happy to do that.

4 JUDGE SEYER: The email address is
5 exhibits@psc.mo.gov.

6 MR. FISCHER: I can send that to you and all
7 the parties.

8 JUDGE SEYER: Okay. Thank you. All right.
9 All this talk about CAGRs makes me want to take a break.
10 Let's take a break. We'll reconvene at 10:45.

11 (A recess was taken and the hearing reconvened
12 at 10:45 a.m.)

13 JUDGE SEYER: All right. I am not sure that I
14 admitted Exhibit 3. So if that was the case, then
15 Exhibit 3 is admitted.

16 (COMPANY EXHIBIT 3 WAS RECEIVED INTO EVIDENCE
17 AND MADE A PART OF THIS RECORD.)

18 JUDGE SEYER: And Mr. Fischer, Mr. Steiner, do
19 you have any other witnesses?

20 MR. FISCHER: No, Judge. That's all we have
21 at this time.

22 JUDGE SEYER: Ms. Aslin, call your first
23 witness.

24 MS. ASLIN: Staff calls Brooke Mastrogiannis.

25 COMMISSIONER RUPP: Judge, this is

1 Commissioner Rupp. I just wanted you to log my presence
2 in on the hearing.

3 JUDGE SEYER: All right. You are on the
4 recording.

5 All right. Would you raise your right hand,
6 please.

7 Do you swear or affirm that the testimony you
8 give in this hearing shall be the truth, the whole
9 truth, and nothing but the truth?

10 THE WITNESS: I do.

11 JUDGE SEYER: All right. Thank you.

12 BROOKE MASTROGIANNIS,
13 having been first duly sworn, was examined and testified
14 as follows:

15 DIRECT EXAMINATION

16 BY MS. ASLIN:

17 Q. Please state and spell your name for the
18 record.

19 A. It's Brooke Mastrogianis. That's Brooke with
20 an e, M-a-s-t-r-o-g-i-a-n-n-i-s.

21 Q. How are you employed and in what capacity?

22 A. I am employed with the Missouri Public Service
23 Commission, and I am a Utility Regulatory Audit
24 Supervisor.

25 Q. Did you prepare rebuttal testimony for this

1 case marked as Exhibit 100?

2 A. Yes, I did.

3 Q. Do you have any changes or corrections to that
4 testimony?

5 A. I do not.

6 Q. If I asked you the questions contained in that
7 testimony today, would your answers be the same?

8 A. Yes.

9 Q. Are those responses true and correct, to the
10 best of your knowledge and belief?

11 A. Yes.

12 MS. ASLIN: Staff moves for the admission of
13 Exhibit 100.

14 JUDGE SEYER: Are there any objections? All
15 right. Hearing none. Exhibit 100 is admitted.

16 (STAFF'S EXHIBIT 100 WAS RECEIVED INTO
17 EVIDENCE AND MADE A PART OF THIS RECORD.)

18 MS. ASLIN: And Ms. Mastrogiannis does not
19 have any surrebuttal.

20 JUDGE SEYER: All right. Then you are
21 excused.

22 (Witness excused.)

23 JUDGE SEYER: Do you have any further
24 witnesses at this time? Okay.

25 Mr. Clizer, call your first witness.

1 MR. CLIZER: The OPC would call its only
2 witness, Ms. Lena M. Mantle.

3 JUDGE SEYER: All right. Ms. Mantle, would
4 you raise your right hand, please. Thank you.

5 Do you swear or affirm that the testimony you
6 give in this hearing shall be the truth, the whole
7 truth, and nothing but the truth?

8 THE WITNESS: Yes, I do.

9 JUDGE SEYER: Okay. Thank you.

10 LENA MANTLE,
11 having been first duly sworn, was examined and testified
12 as follows:

13 DIRECT EXAMINATION

14 BY MR. CLIZER:

15 Q. Ms. Mantle, could you please state your full
16 name and spell your last name for the record?

17 A. My name is Lena, L-e-n-a, M. Mantle,
18 M-a-n-t-l-e.

19 Q. And by whom are you employed and in what
20 capacity?

21 A. I'm employed by the Office of the Public
22 Counsel as Senior Analyst.

23 Q. Your contact information can be found in your
24 testimony that has been prefiled in this case, correct?

25 A. Correct.

1 Q. Which actually leads me to my next question.
2 Did you prepare or cause to be prepared testimony for
3 this case that has been premarked Exhibit 200, the
4 rebuttal testimony of Lena M. Mantle?

5 A. Yes.

6 Q. Do you have any corrections you'd like to make
7 to that testimony?

8 A. No.

9 Q. If I were to ask you the same questions that
10 were posed in that testimony today, would your answers
11 be the same or substantially similar?

12 A. Yes.

13 Q. Are those answers true and correct, to the
14 best of your knowledge and belief?

15 A. They are.

16 MR. CLIZER: All right. Your Honor, at this
17 time I would move to admit Exhibit 200, the rebuttal
18 testimony of Lena M. Mantle, PE.

19 JUDGE SEYER: Are there any objections?
20 Hearing none. Exhibit 200 is admitted.

21 (OPC'S EXHIBIT 200 WAS RECEIVED INTO EVIDENCE
22 AND MADE A PART OF THIS RECORD.)

23 MR. CLIZER: I'm going to proceed through
24 surrebuttal.

25 JUDGE SEYER: Go ahead.

SURREBUTTAL EXAMINATION

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BY MR. CLIZER:

Q. Ms. Mantle, on page 5, lines 16 through 18, Ms. Mastrogiannis states that Ameren Missouri and Liberty have also experienced increased fuel and purchased power costs. Do you agree with her?

A. Yes. And so has Evergy Metro, Evergy West's sister utility. All utilities have seen higher fuel prices which in turn have driven up energy market prices.

Q. Has any other Missouri utilities included a future rebasing of fuel and purchased power costs in their calculation of an overall average rate increase for the FAC?

A. No.

Q. Ms. Mastrogiannis on page 6 of her rebuttal line 6 through 16 reminds the Commission that if the Commission deferred 31 million as Evergy West is requesting it could be up to four years before this deferral is included in rates. What would the regulatory asset amount for this 31 million be if it is four years until new rates are effective?

A. If given PISA deferral treatment, the \$31 million would accumulate interest at 8.25 percent, and in the next rate case that amount -- if it was at four

1 years, the amount would be 42.6 million that would be
2 included in the next case. It's the amount that would
3 be recovered and it would also generate a profit for
4 shareholders.

5 Q. How would it be recovered in the next case?

6 A. My understanding of the PISA statute is that
7 it's deferred -- or it's recovered over 20 years at the
8 weighted average cost of capital which is what capital
9 costs typically earn. This is an expense. That it too
10 would earn 8.25 percent. That's my understanding of how
11 that would be treated in the next case.

12 Q. What would the total amount paid by customers
13 for this deferral if it is recovered over 20 years with
14 a weighted average cost of capital of 8.25 percent be?

15 A. By the end of the 20 years, which could be as
16 late as 2046, so people in 2046 would still be paying
17 for this \$31 million. The full price that would be
18 recovered for this 31 million would be between 79
19 million and \$85 million.

20 Q. Did you prepare an exhibit to demonstrate the
21 math for that calculation?

22 A. Yes, I did.

23 MR. CLIZER: Your Honor, I'd like to mark an
24 exhibit. It should be 201. I'll hand out copies now.

25 JUDGE SEYER: I'll wait until you get back to

1 your table. All right. Mr. Clizer, we spoke a bit at
2 the bench. Is that exhibit something that you can
3 email?

4 MR. CLIZER: I can email this exhibit, yes. I
5 cannot do it from where I am sitting. I will need to go
6 back to my office, but I will email it to you at the
7 earliest possible opportunity.

8 JUDGE SEYER: All right. And to the
9 exhibits@psc.mo.gov.

10 MR. CLIZER: Exhibits@psc.mo.gov.

11 JUDGE SEYER: All right. Thank you.

12 BY MR. CLIZER:

13 Q. Ms. Mantle, this is the exhibit that supports
14 the testimony you just gave regarding the amount that
15 would be recovered over the 20-year period at 8.25
16 percent, correct?

17 A. You didn't give me a copy. Yes, it is. I've
18 labeled it LMM-S-1. The top part of that, the table
19 here is the 20-year cost recovery with the rate case
20 that that cost is put in being four years out. I
21 calculated it as if there would be annual rate cases,
22 and that amount can be seen in one of the dark squares
23 as 79.4 million. That would be the total cost, the 42.5
24 million and then 36 million -- almost 37 million in
25 interest that would go to Evergy. Below that is a

1 calculation as if there were rate cases every four years
2 and the second box with the 84.7 million is the sum of
3 what customers would pay across -- if there was a rate
4 case every four years.

5 Q. If I understand correctly then, deferring this
6 amount would more than double the costs ultimately
7 recovered from customers?

8 A. Yes.

9 Q. What would be the impact if the Commission
10 just delays the recovery until the next FAC rate case
11 change as recommended by Staff?

12 A. That can be seen on that same exhibit labeled
13 deferral to next FAR, and what I used there was with the
14 FAC the short-term interest rate is used. I took the
15 last or short-term interest rate that I could find I
16 think was .11. That would be a monthly interest rate.
17 So it's about a little over 2 percent annually as
18 compared to 8.25 that it would receive under PISA
19 deferral. And so I applied that amount, the .11 percent
20 over looks like five months to get 31.17 million. And
21 that's what Staff is requesting. They're saying if it
22 is deferred. That is not their position. Their
23 position isn't that it should be deferred but if it is,
24 it should be deferred until the next FAC rate change
25 case.

1 Q. I think you might have used a double negative
2 there. Just to clarify, what is your understanding of
3 Staff's position?

4 A. If the Commission says an amount should be
5 deferred that it should be recovered in the next FAC
6 rate change case which should be filed in February, I
7 believe -- January, Brooke told me January. So that
8 amount would earn interest at the short-term interest
9 rate which is a lot less than the weighted average cost
10 of capital.

11 Q. All right. And while the OPC's position is
12 that there should be no deferral, would you agree with
13 Staff in the event a deferral is ordered that is how it
14 should be treated?

15 A. Of the alternatives, yes. When you put it in
16 the next FAR filing, that's fuel adjustment rate,
17 filing, there's likely to be an amount that's as large
18 as what we are seeing in accumulation period 29 and 30.
19 So it's very likely that with the next FAC rate change
20 case there will be a deferral and that would be greater
21 if this 31 million was included.

22 MR. CLIZER: All right. I believe that
23 concludes our surrebuttal, although I would offer
24 Exhibit 201, which was the schedule developed to support
25 surrebuttal.

1 JUDGE SEYER: All right. And it does not --
2 It does not have any kind of heading, but is it fair to
3 say that it's showing PISA deferral treatment and then
4 also deferral to the next FAR?

5 THE WITNESS: Yes, that is what's on that.

6 JUDGE SEYER: Are there any objections to the
7 admission of that document? Hearing none. Exhibit 201
8 is admitted.

9 (OPC'S EXHIBIT 201 WAS RECEIVED INTO EVIDENCE
10 AND MADE A PART OF THIS RECORD.)

11 MR. CLIZER: As that has concluded
12 surrebuttal, I would at this point I guess tender, but I
13 suppose that's waiting.

14 JUDGE SEYER: Yes. Thank you, Ms. Mantle.
15 (Witness excused.)

16 JUDGE SEYER: All right. So we are at the
17 point where the Commission would like to make those
18 witnesses that have testified earlier available for
19 cross-examination. So Mr. Ives, would you take the
20 stand again. Thank you. And you are still under oath.

21 WITNESS DARRIN IVES RESUMED THE STAND.

22 JUDGE SEYER: Is it Aslin or Aslin?

23 MS. ASLIN: Aslin.

24 JUDGE SEYER: Aslin. Ms. Aslin, go ahead.

25 MS. ASLIN: I have no questions.

1 JUDGE SEYER: Mr. Clizer.

2 MR. CLIZER: Only briefly, I believe. I
3 always have to check. Good morning, Mr. Ives.

4 THE WITNESS: Good morning.

5 CROSS-EXAMINATION

6 BY MR. CLIZER:

7 Q. You testified on surrebuttal very briefly kind
8 of related to your interpretation of the statute in
9 question. I appreciate that obviously the parties have
10 a different interpretation of that. Just out of quick
11 question, you're not an attorney, correct?

12 A. I am not.

13 Q. Are you familiar with the canons of statutory
14 interpretation?

15 A. I'm sorry. I missed that word. Can you say
16 that again?

17 Q. Are you familiar with the canons of statutory
18 interpretation?

19 A. I am -- Without being an attorney, I am
20 generally familiar of the concept and I would just say
21 even though I'm not an attorney I am responsible as the
22 Vice President of Regulatory for at least making policy
23 determinations and interpretations for Evergy in
24 consultation obviously with my legal team.

25 Q. Are you familiar with the phrase expressio

1 unius est exclusio alterius? I'm probably
2 mispronouncing the Latin there a bit.

3 A. You probably are beyond my scope of Latin.

4 Q. Or also known as the negative implications
5 canon?

6 A. I've heard of it.

7 Q. Did you apply that in making your
8 interpretation?

9 A. You know, I obviously did not interpret this
10 thing on my own. I worked with my legal team and with
11 folks in the regulatory department and, you know, we
12 obviously will brief our rationale for why we believe
13 what we believe on that interpretation.

14 MR. CLIZER: Thank you. I have no further
15 questions. Thank you.

16 THE WITNESS: Thank you.

17 JUDGE SEYER: Are there any questions from the
18 Commissioners? All right. Hearing none. I have a few
19 questions myself.

20 QUESTIONS

21 BY JUDGE SEYER:

22 Q. Mr. Ives, you're familiar with the term force
23 majeure?

24 A. I am.

25 Q. It is in the statute, correct?

1 A. It is.

2 Q. Has the Commission approved a force majeure
3 event for the period of December 2021 through May 2022,
4 in other words, that accumulation period 30 in the
5 general rate proceeding?

6 A. No, I'm not aware of the Commission approving
7 a force majeure event.

8 Q. Did force majeure come up at all in that
9 general rate proceeding?

10 A. I would say there was very little discussion
11 of this topic beyond my testimony in that case.

12 Q. And I'll direct your attention to Exhibit No.
13 3, the table, the table that you testified --

14 A. Thank you.

15 Q. -- testified to earlier. So the percentage
16 increases in that far right column, are those actual
17 compound, the CAGRs, are they compound annual growth
18 rates or is it some traditional calculation of a
19 percentage increase?

20 A. Yes. So that's a great question. Let's start
21 with the one that's in the box at the bottom, the 1255.
22 That is what I would call the traditional compound
23 annual growth rate calculation moving from our December
24 6, 2018 case to December 6 of 2022. So four years of
25 growth of that 3 percent as called for by the PISA

1 statute. So that's the limitation, if you will.

2 When you go to the percentages that are across
3 from the other three numbers, those are calculated off
4 of a denominator of total revenue that was in effect at
5 the time we adopted PISA. So the total revenue
6 component of the 2018 base level. So there will be some
7 slight nuance for differences in usage when a final cap
8 calculation is done when we have final numbers from the
9 conclusion of the general rate case. But by and large
10 this is a pretty close approximation by using that 2018
11 total revenue number.

12 Q. Okay. Is it possible, would it be possible to
13 provide as an exhibit for the Commission this table
14 showing the formulas for these different amounts and
15 percentages?

16 A. Yes. Yeah, we can show that detail, make sure
17 it's clear.

18 JUDGE SEYER: Okay. All right. I don't have
19 any further questions.

20 Ms. Aslin, do you have any follow-up
21 questions?

22 MS. ASLIN: No, thank you.

23 JUDGE SEYER: Mr. Clizer? Any redirect?

24 MR. FISCHER: Judge, I have no questions.
25 Thank you.

1 JUDGE SEYER: That's Mr. Fischer for the sake
2 of the record. And just to make sure I cover all the
3 bases, any questions from the Commissioners? All right.
4 Hearing none. Mr. Ives, thank you.

5 THE WITNESS: Thank you.

6 (Witness excused.)

7 MR. STEINER: Judge, this is Mr. Steiner. The
8 late-filed exhibit you discussed, do you have a date you
9 want that? I'm just -- I think we understand what
10 you're wanting. We just want to know --

11 JUDGE SEYER: How about -- Well, you tell me.
12 How long do you think you need? Are you looking at a
13 clock or a calendar?

14 MR. STEINER: I'm looking at my people that
15 might be creating it. Let me just confer with them just
16 for a second.

17 JUDGE SEYER: Sure.

18 MR. STEINER: Thanks, Your Honor. Would
19 Wednesday of next week, would that be okay?

20 JUDGE SEYER: I think that would be perfectly
21 fine.

22 MR. STEINER: Should I call that Exhibit 4?

23 JUDGE SEYER: Yes, please. As far as do the
24 other parties need an opportunity to object to that or?

25 MR. CLIZER: I would request the opportunity,

1 although I don't expect to object.

2 JUDGE SEYER: Okay. Then how about objections
3 within 24 hours of the filing?

4 MR. CLIZER: That is doable.

5 JUDGE SEYER: Okay. All right. And Staff
6 Witness Ms. Mastrogiannis --

7 THE WITNESS: Yes.

8 JUDGE SEYER: -- she is on the stand for
9 cross-examination, and you are still under oath.

10 WITNESS BROOKE MASTROGIANNIS RESUMED THE
11 STAND.

12 JUDGE SEYER: So Mr. Clizer, do you have
13 questions for the witness?

14 MR. CLIZER: I do have a few.

15 CROSS-EXAMINATION

16 BY MR. CLIZER:

17 Q. Do you happen to have a copy of Ms. Mantle's
18 testimony?

19 A. Yes. The rebuttal in this case?

20 Q. There's only the one, yeah. Can you turn to
21 page 5.

22 A. Okay. I'm there.

23 Q. So on page 5 between lines 9 through 19, Ms.
24 Mantle has included a section of statute. That would be
25 393.1655.3. Do you see that?

1 A. Yes.

2 Q. Earlier today when Mr. Ives took the stand he
3 expressed that it was explicitly stated in the statute
4 that fuel and purchased power costs were not to be
5 considered in determining whether or not there was a
6 performance penalty. Do you recall that?

7 A. Yes.

8 Q. Can you tell me is the words fuel and
9 purchased power found in that section of statute?

10 A. I do not see those words.

11 Q. Would you agree with me that the statute in
12 general only speaks to the difference between electric
13 corporation's average overall rate and the rate that was
14 in place at the last case immediately prior to the
15 election of PISA?

16 A. Yes, that's my understanding.

17 Q. And you would agree with me that fuel and
18 purchased power costs would be part of a company's
19 overall average rate?

20 A. Yes.

21 Q. If you flip the page over to page 6, there's
22 393.1655.5. Do you see that?

23 A. Yes.

24 Q. Would you agree with me once again that if I
25 were to read through that section of statute the words

1 fuel and purchased power do not actually show up?

2 A. They don't show up, but it does mention
3 Section 386.266.

4 Q. That's okay. I'm going to get into that in a
5 second. You agree with me that those words don't show
6 up in that statute?

7 A. Correct.

8 Q. Let's talk about 386.266, since you mentioned
9 it. You would agree with me that that's the provision
10 of the statute that allows for recovery of what is
11 commonly known as the fuel adjustment clause?

12 A. Yes.

13 Q. Can't remember exactly what it's called in the
14 statute. Now, the fuel adjustment clause you would
15 agree with me allows a company to recover the difference
16 between actual fuel and purchased power costs incurred
17 and what is included in base rates, correct?

18 A. Correct.

19 Q. You would agree with me therefore that there
20 is an amount included in base rates that is not included
21 or recovered through the fuel adjustment clause,
22 correct, for fuel and purchased power? Let me rephrase
23 that to make sure it's clear. I apologize.

24 You would agree with me that there's an amount
25 of cost for fuel and purchased power that is included in

1 base rates that would not be recovered directly through
2 the fuel adjustment clause itself, correct?

3 A. It's just the difference between the two.

4 Q. And you would agree with me that if the
5 legislature wanted to ensure that all future fuel and
6 purchased power costs were considered in the
7 determination of this provision of statute they could
8 have identified all fuel and purchased power costs,
9 correct?

10 A. Correct.

11 Q. Now, earlier today Mr. Ives testified about
12 the idea of persistence and how that factors into
13 determining whether or not something is extraordinary.
14 Do you recall that general conversation?

15 A. Yes, I recall.

16 Q. Would you agree with me that at a certain
17 point if something persists long enough it's no longer
18 extraordinary?

19 A. Can you rephrase that question?

20 Q. Probably. Give me one second to let me think
21 it through.

22 A. Okay.

23 Q. The longer cost persists the more normal it
24 becomes and less extraordinary it is considered?

25 A. Yes, I would agree with that.

1 Q. Let's consider, for example, the situation in
2 the Ukraine. Have you followed the Ukraine/Russia war
3 at all?

4 A. Not very -- I mean, not fully. I'm aware of
5 it.

6 Q. Are you aware of any reason to assume that
7 it's going to end any time soon?

8 A. No, I would not know the answer to that.

9 Q. If it were to continue for let's say several
10 years, would you believe that the cost impact of that
11 war was extraordinary for several years?

12 A. No.

13 Q. Is it extraordinary for economic cycles to
14 occur that include inflationary trends up or down?

15 A. Can you ask that again?

16 Q. Is it extraordinary to expect that world
17 economies would shift and that inflationary pressures
18 could go either up or down?

19 A. No.

20 Q. Based on your testimony, you do not believe
21 that the costs -- sorry, the fuel and purchased power
22 costs, let me be specific, that were incurred by Evergy
23 West during the 30th accumulation period would be
24 extraordinary, correct?

25 A. Yes, I do not believe they're extraordinary.

1 MR. CLIZER: I believe that is all of my
2 cross. Thank you.

3 JUDGE SEYER: All right. Mr. Steiner, Mr.
4 Fischer, do you have any questions?

5 MR. FISCHER: This is Mr. Fischer for the
6 record.

7 CROSS-EXAMINATION

8 BY MR. FISCHER:

9 Q. If the company is about to exceed the
10 statutory cap under PISA due to the operation of a rate
11 adjustment mechanism approved by the Commission, is it
12 your understanding the company is required to defer an
13 amount of fuel and purchased power into a regulatory
14 asset to keep from exceeding the statutory caps under
15 the PISA statute?

16 A. It is my understanding that if you look at
17 Section 393.1655.5, if they hit the cap in the rate
18 adjustment mechanism like the FAC, then yes, they would
19 defer those costs into a regulatory asset, but in this
20 scenario they are not hitting the cap in the FAR.

21 Q. That's because the Commission hasn't issued
22 the rate case order, right?

23 A. That's correct. It wouldn't be issued until
24 -- The effective date would not be until December 6,
25 2022.

1 Q. Would you agree that the company and the
2 parties to the pending rate case will not know the exact
3 amount of the rate increase from the rate case until the
4 Commission decides the contested issues?

5 A. I would agree with that.

6 Q. Are you aware the Staff has entered into a
7 stipulation suggesting a \$42.5 million increase would be
8 appropriate for West with some adjustments depending on
9 how the Commission rules on the contested issues?

10 A. Yes, I'm aware.

11 Q. The final rate increase may be somewhat more
12 or somewhat less than that's been stipulated between
13 Company, Staff, and Public Counsel in that rate case,
14 right?

15 A. Yes, it could be more or less.

16 Q. If the Commission issues an order in the rate
17 case resolving the contested issues, do you agree that
18 the parties would be able to calculate the amount of the
19 deferral of fuel and purchased power costs that would be
20 necessary to keep the company from exceeding the cap in
21 the PISA statute at that point?

22 A. If this case were to be determined first, then
23 yes, there would be a way to calculate it.

24 Q. No, I think -- you wouldn't be backwards? If
25 the rate case is determined first.

1 A. Yes, sorry, that's what I meant. If the rate
2 case would be determined first, then yes.

3 Q. Then you would be able to calculate the amount
4 of deferral that would be necessary to keep the company
5 from exceeding the PISA statutory cap, right?

6 A. Let me make it clear. I probably would not be
7 calculating that. Yes, someone within Staff would have
8 to.

9 Q. Sure. Okay. And Staff would not have a
10 problem at that point in recommending a deferral if it
11 was about to exceed the PISA cap, right?

12 A. Well, our problem is that this case should be
13 determined first because the effective date of rate
14 should have been September 1 of 2022.

15 Q. I'm not asking you that question. I'm asking
16 you if the Commission issues the rate case order and
17 this case has not been decided, at that point it would
18 be under the FAC rate mechanism, correct, and you would
19 not have a problem with a deferral; is that right?

20 A. If timing -- If that were the scenario, then
21 Staff's position is that the amount would be deferred to
22 the next fuel adjustment rate filing.

23 Q. Now, on that point do you agree that the PISA
24 statute, which is 393.1400, does address how a
25 regulatory asset or how a deferral is treated into the

1 regulatory asset?

2 A. I'm generally aware of it.

3 Q. Okay. That does address that topic, correct?

4 A. Can you state that question again?

5 Q. Sure. It was unclear. I'm asking you're
6 aware that there is a statute 393.1400 that addresses
7 how a regulatory or how a deferral would be treated into
8 a regulatory asset, correct?

9 A. I believe so, yes.

10 MR. FISCHER: Okay. That's all the questions
11 I have. Thank you very much.

12 JUDGE SEYER: Do the Commissioners have any
13 questions? All right. Hearing none. I have a couple
14 of questions.

15 QUESTIONS

16 BY JUDGE SEYER:

17 Q. Let's see. If we go back to accumulation
18 period 28, did you contribute to Staff's recommendation
19 and the memorandum that accompanied that recommendation
20 that was filed on August 2, 2021, the Evergy Missouri
21 West FAC filing for that accumulation period which would
22 be the PSC File No. ER-2022-0005?

23 A. I'm not sure if my name was on that, but I do
24 know I contributed to it.

25 Q. Okay. And if you recall -- Well, do you

1 recall did that recommendation recommend using a
2 three-year February average baseline in place of actual
3 February 2021 fuel and purchased power costs because of
4 Winter Storm Uri?

5 A. Yes.

6 JUDGE SEYER: Okay. Would Staff be willing to
7 provide that recommendation as an exhibit in this case?

8 MS. ASLIN: Yes, we can do that.

9 JUDGE SEYER: Let's see. That would be
10 Exhibit 101, correct?

11 MS. ASLIN: Correct.

12 JUDGE SEYER: All right. Thank you. For the
13 record, that's Ms. Aslin. Also, Ms. Aslin, Ms.
14 Mastrogiannis's direct, or I'm sorry, rebuttal testimony
15 has a Schedule BMM-R-3 and on page 7 of that schedule,
16 which would be the second to last page of what was
17 filed, there is a reference to an Attachment A that
18 includes three charts providing a summary of Everygy
19 Missouri West's I assume speaking of accumulation period
20 30 FAC rate adjustment filings. There is not an
21 Attachment A filed. Is that something that can be filed
22 to complete that rebuttal testimony filing?

23 MS. ASLIN: Yes.

24 JUDGE SEYER: I didn't know what to call it.
25 All right. Thank you.

1 All right. Mr. Clizer, do you have any
2 follow-up questions on my questions?

3 MR. CLIZER: No, I don't.

4 JUDGE SEYER: Mr. Fischer?

5 MR. FISCHER: No, thank you, Judge.

6 JUDGE SEYER: Any redirect?

7 MS. ASLIN: Just a couple questions.

8 REDIRECT EXAMINATION

9 BY MS. ASLIN:

10 Q. Do you recall counsel for Evergy asking what
11 Staff would recommend if the rate case order was issued
12 before an order in this case?

13 A. Yes.

14 Q. And what did you state that Staff's
15 recommendation would be in that instance?

16 A. If that were the instance, then if timing were
17 -- if timing were the issue, then Staff's recommendation
18 would be that this deferral of the 31 million would be
19 included in the next fuel adjustment rate filing.

20 Q. Is that Staff's recommendation in this case?

21 A. No, it is not.

22 Q. What is Staff's recommendation in this case?

23 A. Staff's recommendation in this case is to
24 include the full fuel and purchased power adjustment in
25 this FAR filing for AP 30.

1 MS. ASLIN: Thank you. No further questions.

2 JUDGE SEYER: All right. Mr. Clizer, any
3 follow up?

4 MR. CLIZER: No.

5 JUDGE SEYER: Mr. Fischer?

6 MR. FISCHER: No, thank you.

7 JUDGE SEYER: Thank you.

8 THE WITNESS: Thanks.

9 (Witness excused.)

10 JUDGE SEYER: All right. Mr. Clizer, is Ms.
11 Mantle available for cross-examination? All right. Ms.
12 Mantle, you are still under oath.

13 WITNESS LENA MANTLE RESUMED THE STAND.

14 JUDGE SEYER: Ms. Aslin?

15 MS. ASLIN: No questions.

16 JUDGE SEYER: Mr. Fischer?

17 MR. FISCHER: No, thank you, Judge.

18 JUDGE SEYER: Do the Commissioners have any
19 questions? All right. Hearing none. I have some
20 questions.

21 QUESTIONS

22 BY JUDGE SEYER:

23 Q. When it comes to extraordinary costs, does the
24 Commission typically consider extraordinary costs in
25 accounting authority order requests?

1 A. That is the typical for extraordinary costs,
2 yes.

3 Q. Has the Commission set any criteria for the
4 financial impact that an extraordinary event should have
5 on the utility's financial position?

6 A. I believe the USOA, Uniform System of
7 Accounts, may have a guideline, and there has been a
8 percentage of revenues applied but that is not
9 consistent. The Commission has through -- I started
10 with the Commission in '83. I can't say I'm familiar
11 with every AAO since then, but the guidelines the
12 Commission goes by varies from instance to instance.

13 Q. When it comes to force majeure versus
14 extraordinary, in your opinion or in Public Counsel's
15 opinion what is the difference?

16 A. If I remember correctly, the PISA statute
17 talks about how force majeure should be handled. Force
18 majeure could be the reason that an accounting authority
19 order was issued or granted. I don't ever remember the
20 Commission declaring a force majeure. Typically it's a
21 supplier that states there's a force majeure is what
22 I've seen mostly. I do not recall the Commission ever
23 stating there was a force majeure.

24 Q. Could I direct your attention to page 24 of
25 your rebuttal testimony.

1 A. Okay.

2 Q. You refer to an interest rate of 8.25 percent
3 for the PISA deferral. What is the source of that
4 percentage?

5 A. The source of that is the stipulation and
6 agreement in the current case ER-2022-0130. It was part
7 of the stipulation and agreement.

8 Q. Okay. And then you go on to state the
9 interest rate for extraordinary costs would be set by
10 the Commission and could be as low as zero. What do you
11 mean by that?

12 A. These costs are expenses. They do not
13 typically earn a return for the utility. And in that
14 case, the interest rate is zero. That would be very
15 unlikely. I believe our office would recommend an
16 interest rate comparable with the bond rate for the
17 length of recovery. So if recovery was set for four
18 years, it would be the interest rate of a four-year
19 bond. Recognizing that, you know, wanting to keep the
20 company whole but also preventing shareholders from
21 earning a return, which the 8.25 provides a return for
22 shareholders, we do not believe shareholders should earn
23 at customers' expense for an extraordinary expense.

24 JUDGE SEYER: All right. Ms. Aslin, do you
25 have any follow-up questions?

1 MS. ASLIN: No, thank you.

2 JUDGE SEYER: Mr. Fischer?

3 MR. FISCHER: No, thank you, Judge.

4 JUDGE SEYER: Mr. Clizer, any redirect?

5 MR. CLIZER: Hopefully brief.

6 REDIRECT EXAMINATION

7 BY MR. CLIZER:

8 Q. You were just having a conversation with the
9 Judge regarding the interest rate for an extraordinary
10 expense. I want to make sure the record is clear here.
11 Your position is that these expenses are not
12 extraordinary, correct?

13 A. That's correct. They can flow through the FAC
14 without hitting the cap set by PISA, and they are
15 expenses that are less than the previous accumulation
16 period. There's been nothing that shows me that these
17 were extraordinary costs.

18 Q. All right. So let's assume though for the
19 sake of argument that the Commission does allow deferral
20 basis that they're extraordinary, not because of the
21 PISA statute but because on the basis they're
22 extraordinary. You following me so far?

23 A. Such as within AAO request, a request to put
24 it in a regulatory liability account?

25 Q. Effectively. But that the Commission allowed

1 for Staff's proposal that they were recovered in the
2 next FAR.

3 MR. FISCHER: Judge, I think I'm going to
4 interpose an objection. I think that's going beyond the
5 scope of any question from the Judge.

6 MR. CLIZER: I will get straight to the point.
7 My question --

8 JUDGE SEYER: Overruled.

9 MR. CLIZER: Sorry.

10 JUDGE SEYER: Go ahead.

11 BY MR. CLIZER:

12 Q. You had mentioned a four-year bond interest
13 rate. My entire point was if it was going to recover to
14 the next FAR, how quickly would the recovery be?

15 A. It would be 12 months. Until that went into
16 the FAR, it would only accumulate interest at the
17 short-term interest rate as set out by 386.266 for FAC
18 cost.

19 Q. That was my only question there. The other
20 question I had when it comes to extraordinary costs --
21 sorry. You were asked a question by the bench about
22 when it comes to extraordinary costs do you look at an
23 AAO, for example. Do you recall that line of
24 questioning?

25 A. Yes.

1 Q. The FAC statute itself has a provision that
2 requires the company to identify extraordinary costs
3 being deferred as part of its filing. Do you recall --
4 Are you familiar with that?

5 A. The statute does not have a provision. The
6 Commission's FAC rule has a reporting condition that if
7 there was extraordinary costs that were not included in
8 the FAC that the company should report that to the
9 Commission.

10 Q. Did Evergy West report these costs as
11 extraordinary pursuant to that rule?

12 A. No, they did not.

13 MR. CLIZER: All right. That was my only
14 question. Thank you very much.

15 JUDGE SEYER: All right. Ms. Aslin, any
16 follow-up questions? Mr. Fischer?

17 MR. FISCHER: No, thank you, Judge.

18 JUDGE SEYER: All right. I believe you're
19 excused.

20 (Witness excused.)

21 MR. STEINER: Judge, this is Mr. Steiner. I
22 think you have a late-filed exhibit from Staff coming.
23 Could we have the same 24 hours to provide an objection
24 if we so deem?

25 JUDGE SEYER: Yes, I was actually -- That was

1 going to be my next question.

2 MR. STEINER: Thank you.

3 JUDGE SEYER: And I'll ask you, Ms. Aslin,
4 when do you anticipate getting that filed?

5 MS. ASLIN: Tuesday at the latest.

6 JUDGE SEYER: All right. So there are those
7 two exhibits that are pending. But I just to kind of go
8 through for Every Missouri West Exhibits 1 and 2 are
9 admitted. Those are the direct testimony of Darrin Ives
10 and Lisa Starkebaum respectively. Staff Exhibit 100,
11 the rebuttal testimony of Ms. Mastrogiannis, has been
12 admitted. And Public Counsel's Exhibit 200, the
13 rebuttal testimony of Ms. Mantle, has been admitted, as
14 well as Exhibit 201 which is the table that includes
15 many numbers.

16 MR. FISCHER: Judge, this is Jim Fischer. I
17 think Exhibit 3, I have now provided that electronically
18 as you suggested. I believe that was also admitted.

19 JUDGE SEYER: That is correct. I apologize.
20 It is actually Exhibit 4 that has not yet been offered
21 and admitted. And that is the table which is Exhibit 3
22 but showing the formulas that support those numbers in
23 the table.

24 MR. CLIZER: Your Honor, I have one question
25 for you. Regarding the Exhibit 201, which I'll provide

1 electronically as soon as I get back upstairs, its
2 current format is Excel, which is the native format
3 which it was developed in. I believe my understanding
4 is that Excel files can be uploaded to EFIS. My intent
5 was to provide a copy to all parties in its native Excel
6 format unless you believe it needs to be sent out as a
7 pdf or otherwise.

8 JUDGE SEYER: Just submit it as an Excel and
9 if I hear from the Data Center that that's not
10 acceptable, I'll have you convert or perhaps they can
11 convert it. All right. Are there any other matters
12 that need to be addressed before we adjourn?

13 MR. CLIZER: Just one. I have one, I think.
14 I apologize if it was addressed and I missed it. The
15 matter of transcripts, have we set a date for
16 transcripts?

17 JUDGE SEYER: Right. Transcripts, I'll say
18 the goal is to have them filed a week from today. So on
19 October 7. And then initial briefs would be due by the
20 following Friday, October 14, and then reply briefs by
21 October 21 and proposed findings of fact and conclusions
22 of law also by October 21. Anything further? All
23 right. Then this evidentiary hearing is adjourned and
24 we're going off the record.

25 (Thereupon, the hearing adjourned.)

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CERTIFICATE OF TRANSCRIBER/REPORTER

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COUNTY OF COLE)

I, Beverly Jean Bentch, RPR, CCR No. 640, do hereby certify that I was authorized to and did stenographically transcribe the foregoing Public Service Commission audio-taped proceedings, and that the transcript consisting of pages 1 through 107 is a true and complete record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or counsel connected with the action, nor am I financially interested in the action.

Dated this 6th day of October, 2022.

Beverly Jean Bentch
Beverly Jean Bentch, RPR, CCR No. 640