

*Exhibit No.:*

*Issue:* *Staff's Prudence Review of  
Evergy's Fuel Adjustment Clause*

*Witness:* *Jordan T. Hull*

*Sponsoring Party:* *MoPSC Staff*

*Type of Exhibit:* *Rebuttal Testimony*

*Case No.:* *EO-2020-0262 (Consolidated  
with EO-2020-0263)*

*Date Testimony Prepared:* *December 4, 2020*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**JORDAN T. HULL**

**EVERGY METRO, INC. and EVERGY MISSOURI WEST, INC.,  
d/b/a EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

**CASE NO. EO-2020-0262  
(Consolidated with Case No. EO-2020-0263)**

*Jefferson City, Missouri  
December 2020*

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JORDAN T. HULL**

4 **EVERGY MISSOURI METRO**

5 **and**

6 **EVERGY MISSOURI WEST**

7 **CASE NO. EO-2020-0262 (Consolidated with Case No. EO-2020-0263)**

8 Q. Please state your name and business address.

9 A. Jordan T. Hull, 200 Madison Street, Jefferson City, MO 65101.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission” or  
12 “PSC”) as an Associate Engineer.

13 Q. Please describe your educational background and work experience.

14 A. Please refer to Schedule JTH-r1 attached hereto.

15 Q. Have you previously filed testimony before this Commission?

16 A. No, I have not. Please refer to Schedule JTH-r2 for a list of cases in which I have  
17 previously led or participated, but no testimony by me was required in those cases.

18 Q. Have you participated in the Commission Staff’s audit of Evergy Metro, Inc.,  
19 d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc., d/b/a  
20 Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or “the Companies”)  
21 concerning the Staff’s Fuel Adjustment Clause (“FAC”) prudence reviews in this proceeding?

22 A. Yes, I have, with the assistance of other members of the Staff.

23 **Executive Summary**

24 Q. Please summarize your rebuttal testimony in this proceeding.

1           A.     The purpose of my rebuttal testimony is to respond to Sierra Club witness  
2 Mr. Tyler Comings' direct testimony regarding Evergy's "self-commitment" practices.

3           Q.     What does Mr. Comings recommend in his direct testimony?

4           A.     Mr. Comings recommends the following:

- 5           1.     Evergy should commit its units on a "market basis" as often as possible.
- 6           2.     If Evergy continues to self-commit units, it must justify those actions with  
7           an economic analysis that shows it is cost-effective and not discard that  
8           analysis. Moving forward, the Commission should make clear to Evergy that  
9           it will disallow costs associated with unit self-commitment without  
10          documented economic analysis.
- 11          3.     The Commission should disallow \*\* \_\_\_\_\_ \*\* in variable costs or, at a  
12          minimum, \*\* \_\_\_\_\_ \*\* at the Jefferey units due to Evergy  
13          understating the units' variable costs.
- 14          4.     On average, Evergy's bids into the SPP Market should be similar to its  
15          reported fuel and variable O & M costs.
- 16          5.     Evergy should differentiate between variable and fixed O & M costs so it  
17          can report them more accurately going forward.

18          Q.     Does Staff agree with Mr. Comings' recommendations?

19          A.     No, Staff does not support any of Mr. Comings' recommendations.

20          **Response to Mr. Comings' Recommendations**

21          Q.     What is the difference between "Market" and "Self" commitment statuses?

22          A.     The following definitions are directly from an SPP white paper on  
23 Self-committing in the SPP marketplace.

- 24          1.     "Market" – the resource is available for centralized unit commitment  
25          through its price sensitive (merit-based) price quantity offers.

1                   2. “Self” – the market participant is committing the resource through price  
2                   insensitive offers outside of centralized unit commitment.

3           Q.     How does Evergy decide to “self-commit” a generating unit?

4           A.     This decision is made at the Company level based on their best judgement of  
5           how to run a unit, and with the help of Evergy’s load forecasting modeling software. Each one  
6           of Evergy’s generation facilities has its own distinct operating characteristics and requires  
7           specific operational guidelines to be followed as to maintain the reliability of the units as  
8           determined by Evergy’s plant operations team to determine optimal plant reliability and  
9           manufacturer operational guidelines. With the help of this software, and analyzing the operating  
10          characteristics, Evergy can develop a day-ahead or multiple day-ahead strategy based on  
11          projections and historic trends of its own units.

12          Q.     Should Evergy commit its units on a “market” basis only?

13          A.     No, if a unit is not “market” committed by SPP then Evergy is allowed to decide  
14          if it wants to “self-commit” the generating unit. There is no regulation against Evergy being  
15          able to decide when it chooses to “self-commit” a unit. There are multiple variables as to why  
16          Evergy would “self-commit” its units as outlined on page 14 of *Staff’s Ninth Prudence Review*  
17          *Report* (“Evergy Missouri West Staff Report”) for Evergy Missouri West and on pages 14 – 15  
18          of *Staff’s Third Prudence Review Report* (“Evergy Missouri Metro Staff Report”) for Evergy  
19          Missouri Metro. As stated in both Staff Reports, some of the variables are unavoidable and can  
20          require the resource to be offered in self-commitment status. “Some of the reasons, such as high  
21          start-up costs, fuel contracts, or commitment bridging are economic in nature and can be  
22          handled within the market offer through dollar-based offer parameters. Thermal damage due to

1 start-ups and shutdowns and resulting major maintenance could be included in mitigated offers  
2 starting in April 2019.”<sup>1</sup>

3 Q. Has Staff reviewed the topic of “self-commit” in a working docket and if so,  
4 what were the findings?

5 A. As Staff explained in both its Staff Reports, Staff explored this issue in Case No.  
6 EW-2019-0370. Some of the findings in that case were that:

7 ... the utility responses indicate that the economic minimum for each unit  
8 is based upon the physical limitations of each plant at a given point in  
9 time. These physical limitations are highly variable among plants, are  
10 affected by a variety of factors, and can vary by hour. **Many of the units**  
11 **in question were commissioned as base load units well before the**  
12 **day-ahead markets were formed. These base load coal units were not**  
13 **designed to be cycled frequently and doing so would likely increase**  
14 **the likelihood of outages, increase operations and maintenance**  
15 **expense, and reduce the reliability of the units.** Staff maintains that in  
16 order to fully understand the economic impact of self-scheduling on a  
17 given unit’s profitability, an analysis at the RTO level would need to be  
18 conducted. Due to the highly confidential nature of utilities’ market  
19 bidding strategies, it is highly unlikely that any party other than SPP or  
20 MISO have the raw data, modeling software access, and resources to  
21 conduct such an extensive analysis of market trends.<sup>2</sup> [Emphasis added.]

22 Staff does not have the data to perform a detailed analysis as to what would have been the  
23 additional costs to the units due to high cost of restart, increases in O&M cost and increased  
24 plant outages if Evergy would have designated these units as “market” instead of “self-commit”.

25 Evergy Missouri also stated:

26 [Evergy Missouri Metro] may also choose to self-commit a resource for  
27 market economic reasons. Those decisions are made looking at wind and  
28 load forecasts to see if we can expect the resource to be economical ‘x’  
29 days into the future. The SPP Market model does not currently do a good

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<sup>1</sup> SPP, Self-committing in SPP markets; Overview, impacts, and recommendations, December 2019, Page 8.

<sup>2</sup> EW-2019-0370, Staff’s Second Supplemental Report, Pages 1 and 2.

1 job committing large, baseload units with long lead times, large startup  
2 costs and long minimum run times. For example, SPP’s Day-Ahead  
3 Market will not commit a unit with a startup time greater than 24 hours.  
4 Because of these restrictions, the Company has historically seen a high  
5 percentage of “self” commitments at its baseload resources. Also, since  
6 SPP’s tool only looks at the next day, there are times we might  
7 “self-commit” a unit that is already online knowing that over the next  
8 five total days we would be economic even though operations for the  
9 initial two days are at a financial loss; this results in lower overall costs  
10 to serve retail customers.<sup>3</sup>

11 Q. Is Evergy transitioning away from “self-commitment”?

12 A. As Mr. Comings states in his direct testimony, Evergy has recently begun  
13 moving away from “self-commitment” of its coal units and is moving more toward “market”  
14 commitment of its coal units. In Staff’s opinion, Evergy is taking appropriate steps to address  
15 potential concerns of certain stakeholders by transitioning away from self-commitment. In Case  
16 No. EW-2019-0370, Evergy offered the following on its “self-commitment” trends in the  
17 market: \*\* “ \_\_\_\_\_  
18 \_\_\_\_\_  
19 \_\_\_\_\_” \*\*<sup>4</sup> Staff  
20 recommends “self-commitment” should continue to be tracked in the future to analyze if this  
21 trend of moving away from “self-commitment” continues.

22 Q. Mr. Comings claims that Staff “ignored” the Jeffrey Units in its  
23 “self-commitment” analysis. Is this true?

24 A. Not at all. Staff requested from Evergy the data for all the “self-committed” units  
25 during the review period in Data Request (DR) 0055 (Case No. EO-2019-0262 DR 0055). In its

<sup>3</sup> EW-2019-0370, Kansas City Power and Light, Response to Commission Questions, Page 3.

<sup>4</sup> EW-2019-0370, Kansas City Power and Light, Response to Commission Questions, Page 5.

1 Evergy Missouri West Staff Report, Staff did not include any Jeffrey data as it did not receive  
2 any information regarding Jeffrey being “self-committed” in the original DR 0055. Upon  
3 further investigation and sending additional data requests to Evergy (DR 0055.1) it was found  
4 that the Jeffrey data was “inadvertantly” left out of the original DR (0055) that Staff requested.  
5 Since receiving this updated information, Staff has run analysis on the data, and presents it later  
6 in this rebuttal testimony. The analysis results did not change Staff’s position on “self-commit”.

7 Q. To support his recommended disallowance, Mr. Comings states that Evergy  
8 “continually understates its units variable cost when submitting its bids to the SPP market,” and  
9 that “[Staff] apparently took the hourly variable costs provided by Evergy at face value.”  
10 How does Staff respond to these statements?

11 A. Staff has never seen any reason to not take the hourly variable costs provided by  
12 Evergy at face value. Further, Staff does not presume that it knows better than Evergy when  
13 Evergy’s generating units should or should not be in “self-commit” status. Staff would refer  
14 again to the fairly extensive list of reasons previously mentioned that Evergy may choose to  
15 self-commit its units, reasons only Evergy would know at the time. Therefore, Staff does not  
16 support Mr.Comings’ recommended disallowances.

17 Q. Should Evergy be required to retain documentation of its reasons for  
18 “self-committing” a generation unit and differentiate between variable and fixed O & M cost?

19 A. While there are instances where it could be helpful in the analysis process to  
20 know the exact reason for the self commitment status and have the fixed and variable O & M  
21 differentiated, Staff does not support Mr. Comings recommendation this documentation be  
22 required. This documentation is not required by the SPP market monitor. In Staff’s opinion, it  
23 is not nessesary for the Commission to require more than what is required by SPP.



1 Q. Are Evergy ratepayers overall benefiting from Evergy choosing to  
2 “self-commit” units?

3 A. Yes, Below is a graph showing Evergy Missouri West’s updated  
4 “self-commitment” transactions for the review period.

5 \*\*



6 \*\*

7 Staff reviewed the hourly transactions that were deemed “self-commitment” status by  
8 taking the hourly real time energy cost and adding it to the hourly total revenue for that  
9 same hour for the individual generating unit that was “self-committed,” then compared the  
10 number of positive “In the Money” hourly transactions to the negative “Out the Money”  
11 hourly transactions.

1 From this analysis, Staff concludes that of the \*\* \_\_\_\_ \*\* “self-commitment” hourly  
2 transactions in the Evergy Missouri West territory, \*\* \_\_\_\_ \*\* of those transactions were  
3 profitable or “in the money”. This comes out to \*\* \_\_\_\_ \*\* of the time that Evergy Missouri  
4 West chose to “self-commit” units during the review period it was profitable. For the review  
5 period, Evergy Missouri West had \*\* \_\_\_\_\_ \*\* in net settlement (revenue exceeding  
6 the cost). The same trend is seen in Evergy Missouri Metro where \*\* \_\_\_\_ \*\* of its hourly  
7 “self-commitment” transactions are “in the money” with \*\* \_\_\_\_\_ \*\* in net settlement  
8 (revenue exceeding the cost) for the review period.

9 Q. What are your conclusions based on this analysis?

10 A. Staff analyzes “self-commitment” as a concept in whole rather than each  
11 individual hour/transaction for a particular unit. When looking at a certain hour you may see a  
12 loss or a gain but when you look at all the transactions as a whole throughout the review period  
13 you are able to see that self-commitment for Evergy has not caused harm to ratepayers. Staff’s  
14 conclusion reiterates the conclusion from Case No. EW-2019-0370 that stated the following:

15 \*\* \_\_\_\_\_  
16 \_\_\_\_\_  
17 \_\_\_\_\_  
18 \_\_\_\_\_  
19 \_\_\_\_\_ \*\*

20 In order to determine the level of benefit or detriment to ratepayers,  
21 Staff would need to run a simulation of a historical period, changing  
22 the must-run status for day ahead and real time markets while making  
23 sure all ancillary services are met. That kind of analysis would require  
24 Staff to obtain HC information on all generation assets in SPP and  
25 MISO and require Staff to be able to run a scenario to dispatch all plants

1 with a market commit status. Staff does not have the tools to complete  
2 such a task.<sup>5</sup>

3 As stated in the Evergy West Staff Report and the Evergy Metro Staff Report, in  
4 evaluating prudence, Staff reviews whether a reasonable person making the same  
5 decision would find both the information the decision-maker relied on and the process the  
6 decision-maker employed to be reasonable based on the circumstances at the time the decision  
7 was made, *i.e.*, without the benefit of hindsight. If, in Staff's opinion, either the information  
8 relied upon or the decision-making process employed was impudent, then Staff examines  
9 whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision  
10 resulted in harm to ratepayers, without the benefit of hindsight, will Staff recommend a  
11 disallowance.

12 In this case, it is Staff's opinion the information Evergy relied on and Evergy's  
13 decision-making process were reasonable. Furthermore, Staff's opinion is that no ratepayer  
14 harm resulted from Evergy's "self-commitment" of its units.

15 Q. Does this conclude your prepared rebuttal testimony in this proceeding?

16 A. Yes, it does.

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<sup>5</sup> EW-2019-0370, Staff's Second Supplemental Report, Pages 12.

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

In the Matter of the Ninth Prudence	)	
Review of Costs Subject to the	)	Case No. EO-2020-0262
Commission-Approved Fuel Adjustment	)	
Clause of Evergy Missouri West, Inc.	)	
d/b/a Evergy Missouri West	)	

**AFFIDAVIT OF JORDAN T. HULL**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

**COME NOW JORDAN T. HULL** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Jordan T. Hull*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

*/s/ Jordan T. Hull*  
**JORDAN T. HULL**

**Jordan T. Hull**

**Education and Employment Background**

**Current Position:**

I am the Associate Engineer of the Energy Resources Department, Industry Analysis Division of the Missouri Public Service Commission.

**Education/Experience:**

I received a Bachelor of Science degree in Biological Engineering (Environmental Emphasis) in May 2016 from the University of Missouri- Columbia. Prior to my current position, I was employed at the Missouri Department of Natural Resources as an Environmental Engineer for the Air Pollution Control Program from June 2016 through November 2018.

## **Jordan T. Hull**

### **Summary of Case Involvement:**

<b>Case Number</b>	<b>Utility</b>	<b>Type</b>	<b>Issues</b>
EO-2019-0067	KCP&L GMO	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization
EO-2019-0068	KCP&L	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization
EO-2019-0049	Liberty-Empire Electric Company	Integrated Resource Plan	Misc.
EO-2019-0132 & EO-2019-0133	KCP&L	MEEIA	Misc.
EO-2019-0257	Ameren- Missouri	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization
ER-2019-0335	Ameren- Missouri	Rate Case	Heat Rates
ER-2019-0374	Liberty-Empire Electric Company	Rate Case	Heat Rates
EO-2020-0059	Liberty-Empire Electric Company	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization
EO-2020-0262	EvergyWest	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization, Self-Commitment.
EO-2020-0263	Evergy Metro	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization, Self-Commitment
EO-2021-0060	Ameren- Missouri	FAC Prudency Review	Heat Rates, Plant Outages, Generation Utilization, Self-Commitment