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**Before the Public Service Commission
of the State of Missouri**

Direct Testimony

of

John P. Olsen

on behalf of

The Empire District Electric Company

Case No. EO-2022-0040



Liberty™

TABLE OF CONTENTS
FOR THE DIRECT TESTIMONY OF JOHN P. OLSEN
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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SUBJECT	PAGE
I. INTRODUCTION.....	1
II. UTILICAST WINTER WEATHER EVENT REVIEW.....	6

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is John P. Olsen and my business address is PO Box 38 in Kirkland,
4 Washington.

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

6 A. I am employed by Utilicast as a Consultant.

7 **Q. On whose behalf are you testifying in this proceeding?**

8 A. I am testifying on behalf of The Empire District Electric Company (“Liberty” or the
9 “Company”).

10 **Q. Please describe your educational and professional background.**

11 A. I received a Bachelor of Science in electrical engineering from the University of
12 Nebraska – Lincoln and a master’s in business administration from the University of
13 Phoenix. I joined Utilicast in January of 2021 after retiring from Evergy in October of
14 2020. During part of my tenure at Evergy, I was in charge of the energy marketing and
15 trading efforts. These efforts included the economic dispatch, natural gas, coal, and
16 fuel oil procurement, and energy trading operations to manage a 5,000 MW generation
17 fleet fueled by nuclear, coal, natural gas, fuel oil, and wind to serve our native load. I
18 led this team when the SPP launched its energy imbalance services market and the
19 current integrated market. I was very involved with multiple committees at the
20 Southwest Power Pool (SPP) serving continually on the Markets and Operating Policy
21 Committee (MOPC) from 2005 until my retirement from Evergy. During my tenure

1 on the MOPC, I served as the vice-chair and chair. I also served various terms on other
2 SPP committees and task forces, namely the Strategic Planning Committee, the
3 Economic Studies Working Group, the Competitive Transmission Planning Task
4 Force, and chaired the Schedule 1A task force. My resume is attached as Schedule JO-
5 1 to this testimony.

6 **Q. Have you previously testified before the Missouri Public Service Commission**
7 **(“Commission”) or any other regulatory agency?**

8 A. I have not testified before this Commission, but I have testified and provided written testimony
9 on behalf of Westar in front of the Kansas Corporation Committee and provided written
10 testimony to the FERC for various rate proceedings.

11 **Q. What is the purpose of your Direct Testimony in this proceeding?**

12 A. The purpose of my testimony is to outline and explain the independent operational
13 review conducted by Utilicast relating to Liberty’s actions before, during, and after the
14 three severe winter storm events that occurred in February 2021 (“Winter Storm Uri”).
15 Specifically, my testimony explains and supports Utilicast’s findings and conclusions
16 that “EDE operated proactively, prudently, and in compliance with its emergency
17 operations and winter preparedness procedures” and that “EDE demonstrated
18 operations proficiency that meets and at times exceeds prudent utility practices.” My
19 specific testimony and opinions are set forth in the written report attached as Schedule
20 JO-3 entitled “Review of Empire District Electric Company’s Operations During the
21 Winter Storm Event” (“Utilicast Report”). My testimony and the Utilicast Report
22 establish that Liberty acted reasonably and in accordance with prudent utility practices
23 in responding to and addressing Winter Storm Uri. That report addresses and explains

1 all of our findings, conclusions and recommendations relating to Liberty's operational
2 responses to Winter Storm Uri.

3 **Q. Who is Utilicast?**

4 A. Utilicast was founded in 2000. Our consultants average more than 10 years of industry
5 experience and have a breadth of contextual knowledge of the electric utility industry
6 trends and leading technologies to improve operations, security, and reliability.

7 **Q. What was Utilicast tasked with performing for Liberty?**

8 A. Liberty retained Utilicast to perform a comprehensive review of Liberty's generation,
9 transmission and distribution operations and communications during Storm Uri,
10 including evaluation of the Company's internal processes and procedures, emergency
11 preparedness, fuel procurement, and other actions that would impact production and/or
12 downtime. Put simply, Utilicast provided a comprehensive and detailed assessment of
13 Liberty's operational performance as compared to industry best practices and prudent
14 utility industry standards, including an assessment for continued improvement. Our
15 analysis and report covered all aspects of Liberty's operations during Storm Uri,
16 including generation operations, transmission and distribution operations, fuel
17 procurement, power marketing, and customer communications. Due to the highly
18 technical nature of this review, Utilicast created a team of industry professionals from
19 the organization with specific expertise to thoroughly evaluate all of these operational
20 areas. In addition to myself, the team consisted of the following individual experts in
21 their fields:

22 1) Carl Monroe – Mr. Monroe provides quality and targeted expert advice, leadership,
23 and consultation in the fields of general corporate strategy and operations, bulk power
24 system operations, reliability standards, wholesale energy markets, planning, strategic

1 planning, process improvement, FERC tariffs, corporate governance, regulatory
2 principles, and other areas associated with Electric Bulk Power System. Mr. Monroe
3 has worked in North America and served for a time on the international board of
4 operators of power exchanges. Mr. Monroe is also the former Chief Operations Officer
5 of the Southwest Power Pool.

6 2) Andrew Hanson – Dr. Hanson has thirty years of experience in power system
7 engineering, operations and consulting with significant experience in Advanced
8 Distribution Management Systems (ADMS), Distribution Automation (DA), Field
9 Area Communications, T&D Analytics, regulatory advice, and T&D system planning.
10 His expertise is focused on power delivery system operations and planning, having led
11 the development and implementation of systems, processes, deployment plans for a
12 variety of utility clients. He has taught courses on forecasting and planning, as well as
13 fundamental engineering. His work has been focused in North America and is a
14 registered Professional Engineer several states.

15 3) Vikki Harper – Ms. Harper is an executive-level adviser with specialized expertise
16 working across regional markets. She has 20+ years of experience in energy
17 restructuring and has engaged with regulators, senior executives, and market
18 participants. Ms. Harper has provided extensive assistance in project coordination,
19 vendor management, contract negotiation, training, cost estimation, business processes
20 documentation, and building functional specifications to meet regional market and
21 regulatory mandates.

22 4) Frank McCamant – Mr. McCamant is an expert business and strategy development
23 partner for organizations involved in energy resource management and smart grid
24 development. Over the past 40 years, he has assisted both the public and private sectors

1 to develop a strategic focus for their business development efforts and translate that
2 strategy into action. Mr. McCamant brings a wealth of executive-level relationships
3 and experience negotiating tough deals while crafting sound public policy, including
4 analysis of fuel procurement, emergency preparedness, wholesale power supply PPAs,
5 load resources, ERCOT market monitoring and analytics, off-take agreements and
6 other aspects of the electric industry.

7 5) Kiamran Radjabli – Dr. Radjabli is registered Professional Engineer in Ontario,
8 Canada and has over 30 years of experience in EMS/SCADA and real-time
9 applications, software integration, power network analysis, power system modeling,
10 and system simulation. In addition, he has experience in various commercial software
11 applications, implementation of modern technologies, feasibility studies, procurement
12 and bid evaluation processes, commissioning and performance testing of electrical
13 equipment and software, software development, large databases, software integration,
14 and control systems design.

15 6) Mike Viesca – Mr. Viesca is an experienced Public Affairs, Media Relations, and
16 Crisis Communications subject matter expert. He began his career as a TV journalist
17 and served as spokesman for three state government agencies, including the Texas
18 Attorney General's Office. Mr. Viesca has worked with Fortune 500 companies,
19 providing counsel on using various communication techniques to navigate legal and
20 regulatory hurdles. Mr. Viesca also worked for the nation's largest electric distribution
21 cooperative where he oversaw the communications/marketing, legislative affairs, and
22 community relations function while serving as a key member of the executive team.

23 The resumes of the Utilicast team members listed above is included as Schedule JO-2
24 to this testimony.

1 **II. UTILICAST WINTER WEATHER EVENT REVIEW**

2 **Q. Provide an overview of the findings of Utilicast review.**

3 A. As explained above, Utilicast conducted an extensive and comprehensive review
4 relating to Liberty's actions before, during and after Winter Storm Uri. Based upon on
5 our analysis and review, Liberty operated proactively, prudently, and in compliance
6 with its emergency operations and winter preparedness procedures and Liberty met and
7 exceeded prudent utility practices relating to Winter Storm Uri

8 **Q. Can you please explain in detail your findings and analysis.**

9 A. Yes, absolutely. Our detailed findings are set forth in the Utilicast Report. After our
10 extensive review, we conclude that Liberty's overall performance during Winter Storm
11 Uri was in line with prudent utility industry standards, demonstrated resiliency during
12 a severe winter storm event and should be found to be prudent by the Commission. The
13 following is a high-level summary of some of the key findings of the report.

14 Overall, Utilicast found that Liberty's operations team performed well during
15 the extreme weather conditions presented by Storm Uri. Liberty did a good job of
16 executing the cold weather plans the Company had in place in advance of the storm
17 and the Company responded well to the adversity the storm presented, particularly
18 given the extreme magnitude of the event. The generation operations team worked
19 diligently to address weather impacted devices, keeping the plants operating, and
20 working with Southern Star pipeline operations to address pipeline pressures outside
21 of the Company's control to stabilize gas operations to the greatest extent possible
22 under the circumstances.

23 The load shed events went well, except for one load restoration event on a
24 circuit that had additional load caused by an abnormally switched circuit. The

1 communications team did a very effective job of keeping customers informed during
2 these adverse operating conditions through use of multiple communication channels,
3 including the Company website, traditional media, social media and other platforms.
4 In no uncertain terms, Liberty's external communications were robust before, during,
5 and after Winter Storm Uri. Those communications encouraged energy conservation
6 and provided anticipated timing of service interruptions as well as duration of those
7 outages. Information was duplicated on multiple channels to reach a variety of external
8 parties. As conditions worsened, additional information was shared with the public
9 through the Company website, traditional and social media, and with contact center
10 representatives and field team members so they could accurately respond to customer
11 questions. Emails were also sent to electric customers who had email addresses on file.

12 **Q. Please Continue.**

13 A. Liberty management demonstrated the ability to actively learn and adjust processes in
14 the midst of Winter Storm Uri, which positively impacted the Company's response.
15 Our report describes how the Company used its prior experiences to effectively prepare
16 for Storm Uri. For example, the Company purchased additional fuel oil before the
17 storm began which was a direct result of experiences from the 2014 polar vortex and
18 supply chain concerns during the unprecedented COVID pandemic. The Company's
19 coordination with a neighboring utility to use winter ratings for a known transmission
20 flow gate is another good example of a proactive measure related to current events.

21 The Southern Star pipeline operations proved to be the biggest challenge for
22 Liberty-Empire during the extreme weather conditions. Pipeline and gas production
23 issues created supply uncertainties that drove natural gas prices to unprecedented
24 levels. Liberty proactively acquired natural gas supply to meet the projected plant needs

1 so that the Company was ready to serve customers. The Company also did a good job
2 of working with suppliers to cancel some purchases as the negative impacts of the
3 pipeline operations became better known, events that were outside of the Company's
4 control and could not have been foreseen.

5 Liberty also undertook best efforts to look out for customer's interests. Our
6 report provides details about how Southern Star's responses to Winter Storm Uri were
7 a source of great frustration to the Company, particularly given its position at the end
8 of the Southern Star pipeline and thus subject to the impact of upstream consumers.
9 The Company actively protested the request by Southern Star to waive all penalties and
10 charges related to pipeline operational issues at FERC because the Company was
11 significantly adversely impacted by the actions/inactions of others, which the penalty
12 provisions were intended to address. In addition to the challenges at FERC regarding
13 Southern Star, the Company is actively working with SPP on several disputes regarding
14 market settlements and fighting for additional costs recovery for customers.

15 **Q. Did the Company comply with prudent utility practices and standards in**
16 **responding to Winter Storm Uri?**

17 A. Absolutely. Our report outlines all the prudent and reasonable actions taken by the
18 Company before during and after Winter Storm Uri. As stated in our Report, the
19 Liberty "operations team performed well during the extreme conditions related to the
20 Winter Storm Event. The Company revisited its cold weather plans, reviewed local
21 shed plans and critical load lists and redeployed key operations personnel to secure
22 operating locations." Based on our review of EDE's plant availability, when compared
23 to other SPP market participants for February 15 and 16, the Company did exceed the

1 SPP average. The biggest impact to EDE's plant availability during Winter Storm Uri
2 was caused by pipeline operational issues.

3 We do recommend areas of improvement in our report. Liberty should actively
4 advocate for changes through the SPP stakeholder process regarding resource
5 adequacy, market protocol changes, and SPP MMU activity regarding offer caps. The
6 generation operations area can improve winter preparations by finalizing its draft
7 winter preparation guides for each plant and then ensure the appropriate work orders
8 are included in the Maximo system. The transmission, distribution, and corporate
9 communications teams can develop a more comprehensive approach to ensuring
10 critical loads are identified and appropriately documented for future load shed events.
11 All teams should adopt an after-action review process and standard template to
12 memorialize the lessons learned during the event and then create action plans to address
13 areas for improvement.

14 I would emphasize, however, that those areas of improvement do not change or
15 alter our conclusion that Liberty acted reasonably and in accordance with prudent
16 utility practices in responding to Winter Storm Uri. As I stated above, Liberty's overall
17 performance was in line with industry standards. We were also encouraged to see that
18 most of our recommendations for continuous improvement were already being
19 addressed prior to our report or were in the process of being addressed as our report
20 was being constructed. Although the results for many affected by Winter Storm Uri
21 were not desirable, based on the unique circumstances Liberty faced, and further
22 detailed in our report, it is our opinion that the Company responded well to this
23 situation. The Company purchased natural gas in January for delivery in February that
24 was very favorably priced. The Company worked with counterparts to cancel portions

1 of multiday natural gas purchases after pipeline issues became known. The Company
2 also facilitated a call with Southern Star, Southwest Power Pool, and various Liberty-
3 Empire operations team to manage the pipeline pressure issues, deliver power to the
4 grid when needed by SPP, and keep all the plants running to the maximum extent
5 possible. A thorough review of the Utilicast Report clearly demonstrated that Liberty
6 acted as a prudent and responsible utility relating to Winter Storm Uri.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

VERIFICATION

I, John P. Olsen, under penalty of perjury, on this 19th day of January, 2022, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ John P. Olsen