

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

In the Matter of Evergy Metro, Inc.)
d/b/a Evergy Missouri Metro's)
Request for Authority to Implement a)
General Rate Increase for Electrical)
Service)

Case No. ER-2022-0129

In the Matter of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri)
West's Request for Authority to)
Implement a General Rate Increase)
for Electrical Service)

Case No. ER-2022-0130

SIERRA CLUB'S STATEMENT OF POSITION

Sierra Club, by and through counsel, provides this Statement of Position, with issues numbered according to the Corrected List of Issues filed by Staff on August 19, 2022. Sierra Club takes a position on Issues III (Resource Planning) and XV.C. (Rate Base). Sierra Club reserves the right to modify its positions or to take additional positions as the case proceeds.

III. Resource Planning

- A. Has Evergy West been imprudent in its resource planning process?
 - 1. If yes, how should Evergy West's fuel and purchased power costs be determined?
 - 2. If yes, how should Evergy West's FAC base factor be calculated?
 - 3. If yes, how should Evergy West's accumulation period actual costs be adjusted for its FAC?
- B. Should the Commission require Evergy to conduct a full retirement study of its coal fleet using optimized capacity expansion software, which identifies the optimal retirement date for each of its coal-fired units?

Evergy has not engaged in reasonable resource planning, and the Commission should require Evergy to conduct valid coal unit retirement planning using optimized capacity expansion software, which its model is capable of doing, though Evergy has chosen not to use it.

The Company has neglected to evaluate the reasonableness of continuing to invest in its coal plants despite declining economics and decreased utilization. The Company has not studied the net present value of continuing to invest in its coal plants during and through the test year of this case. In support of its ongoing test year spending, the Company points to its Integrated Resource Plan (“IRP”) process, but its IRP is not up to the task. In its IRP, Evergy studied a limited number of coal retirements nearly a decade away (2029 and later), but none in the near-term. Even the limited number of retirements that Evergy has studied tend to show a benefit to retire coal units earlier, but Evergy failed to follow up those distant-retirement-date studies with near-term retirements studies that could have supported the reasonableness of its test year spending in this case. Nor has Evergy provided any evidence outside its IRP to support its requested test year spending at its coal units.

Unlike Evergy, Sierra Club witness Glick has studied the current economics of Evergy’s coal units. Relying on Evergy’s own data, including the capacity value the Company pays in one of its own firm capacity contracts, Sierra Club witness Glick shows that Evergy incurred negative net revenues at Hawthorn 5, Iatan Units 1 and 2, Jeffrey Units 1-3, and La Cygne Units 1 and 2 during four out of the last five years (with the exception being 2021 due to the high market prices during winter storm Uri). Based on the Company’s data, including the capacity value the Company pays in one of its own firm capacity contracts, Sierra Club witness Glick finds that Jeffrey Units 1, 2, and 3, and La Cygne Units 1 and 2 have been and are projected to continue to be uneconomic when compared to market value and alternative resources. According to Sierra Club witness Glick, Evergy is likely to continue to incur negative net revenues by continuing to operate and invest in each of the plants over the next decade (2022–2031). Further, Evergy has likely underestimated the investments it will need to maintain its coal plants and

comply with future environmental regulations, overestimated the future capacity factors and therefore future market revenue of its coal units, and modeled unrealistically long remaining lifetimes over which to depreciate the remaining balances for many of its plants.

XV. Rate Base

- C. Has Evergy met its burden of proof to permit recovery from ratepayers of capital and O&M costs proposed in the test year for Iatan Unit 1, Jeffrey Units 1-3, and La Cygne Units 1 and 2?

No. Evergy has not met its burden of proof to demonstrate that continued investment in its coal fleet is the prudent and least-cost option to provide reliable power to ratepayers as part of these dockets or as part of its IRP, on which it relies in these dockets. Evergy has the burden to prove the reasonableness and prudence of all costs it seeks to charge its regulated customers, including its significant spending on generation during the test year. As such, Evergy must provide evidence that supports the test year spending at each of its coal-burning units. The Company has submitted no evidence of the value of retaining its coal units in this rate case and, instead, has relied on its IRP to support these costs.

But the Company has not designed its IRP to answer the question of whether Evergy's coal units have value for customers during the test year. The Company has neglected to evaluate the reasonableness of continuing to invest in its coal plants relative to clean energy alternatives, despite declining economics and decreased utilization of its legacy fossil generators and improving economics for clean energy resources. In its IRP, Evergy studied a limited number of coal retirements nearly a decade away (2029 and later), but none in the near-term. Even the limited number of retirements that Evergy has studied tend to show a benefit to retire coal units earlier, but Evergy failed to follow up those distant-retirement-date studies with near-term

retirements studies that could have supported the reasonableness of its test year spending in this case.

Sierra Club witness Glick provided data and analyses that demonstrated significant concerns with Evergy's analysis of its coal units—or lack thereof. In response, Evergy simply mischaracterized Ms. Glick's testimony—wrongly asserting that Ms. Glick did not assess the cost of replacement capacity—and hand waived away Sierra Club's detailed concerns without providing evidence that Ms. Glick's analysis was incorrect. In short, to justify its coal fleet spending, Evergy must provide some evidence of the value of its units to demonstrate that operating its entire coal fleet through the test year was the least-cost solution for ratepayers. Evergy did not provide any such evidence, and thus its capital and O&M test years costs should be disallowed.

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Respectfully submitted,

Date: August 22, 2022

/s/ Sarah Rubenstein

Sarah Rubenstein
Great Rivers Environmental Law Center
319 N. 4th Street, Suite 800
St. Louis, MO 63102
(314) 231-4181
srubenstein@greatriverslaw.org

Attorney for Sierra Club

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Statement of Position was electronically filed on this date via the Missouri PSC's electronic filing system. Notice of this filing will be served upon all parties of record who have registered through this electronic filing system.

Date: August 22, 2022

/s/ Sarah Rubenstein
Sarah Rubenstein