

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Prudency of Planning
Mantle/Surrebuttal
Public Counsel
EF-2022-0155

SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

**EVERGY MISSOURI WEST, INC. D/B/A
EVERGY MISSOURI WEST**

CASE NO. EF-2022-0155

July 22, 2022

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

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

AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Lena M. Mantle, of lawful age and being first duly sworn, deposes and states:

1. My name is Lena M. Mantle. I am a Senior Analyst for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Lena M. Mantle

 Lena M. Mantle
 Senior Analyst

Subscribed and sworn to me this 22nd day of July 2022.



TIFFANY HILDEBRAND
 My Commission Expires
 August 8, 2023
 Cole County
 Commission #15837121

Tiffany Hildebrand

 Tiffany Hildebrand
 Notary Public

My Commission expires August 8, 2023.

SURREBUTTAL TESTIMONY
OF
LENA M. MANTLE
EVERGY MISSOURI WEST, INC.
CASE NO. EF-2022-0155

1 **Q. Please state your name.**

2 A. Lena M. Mantle.

3 **Q. Are you the same Lena Mantle who previously testified in rebuttal in this case for the**
4 **Office of Public Counsel?**

5 A. I am.

6 **Q. What is the purpose of your surrebuttal testimony?**

7 A. In his rebuttal testimony, Staff witness Brad J. Fortson testifies to Staff’s review of Evergy
8 West, Inc.’s (“Evergy West”) fuel and purchased power costs.¹ He lists many elements of
9 these costs Staff reviewed² prior to recommending a disallowance of 5% of the fuel and
10 purchased power costs. This proposed disallowance matches the amount of the fuel and
11 purchased power costs that are not allowed to flow through Evergy West’s fuel adjustment
12 clause (“FAC”).³ The crucial items not included in Mr. Fortson’s list and that Staff
13 presumably did not review in this case are the resource planning process and the resulting
14 lack of resources available to provide service to Evergy West’s customers. I am filing this
15 testimony to point out this critical facet of fuel and purchase decision making that Staff
16 overlooked in its review.

17 In addition, since the filing of rebuttal testimony, Evergy West has filed in a separate
18 case, Case No. ER-2023-0011, information that shows how Evergy West’s lack of resources
19 continues to result in higher fuel and purchased power costs since Storm Uri. In this

¹ Page 6.

² Mr. Fortson’s list includes long-term purchase power agreements (“PPA”) contracts, Southwest Power Pool (“SPP”) related costs, fuel invoices, purchased power costs, off-system sales revenues, fuel costs, inventory issues, SPP disputed claims and resettlements received, generation units, performance of units, generation issues, and the Cold Weather Event Interim Report

³ Page 7.

1 testimony I discuss how these filings demonstrate the imprudence of Evergy West's
2 resource planning process that continues to impact Evergy West's fuel and purchased power
3 costs - costs that Evergy West is requesting the Commission allow it to recover from its
4 customers. These filings also support my recommendation to the Commission in my
5 rebuttal testimony to find Evergy West's resource planning imprudent and my proposal to
6 disallow up to \$253 million of Evergy West's fuel and purchased power costs incurred
7 during February 2021.

8 **Q. Has Staff previously expressed any concerns regarding Evergy West's shift of market**
9 **risk to its customers?**

10 A. Yes. In Evergy West's last triennial resource planning case⁴ Staff, in its report regarding
11 its review of Evergy West's resource planning process, expressed its concern that Evergy
12 West could be placing an undue level of risk on ratepayers by relying on the energy market.
13 Said another way, Staff's concern was that Evergy West's shift toward new renewable and
14 solar could potentially create greater risk to be borne by ratepayers.⁵ Specifically, Staff
15 expressed its concern with Evergy West's addition of renewable resources outside of the
16 resource planning process. Staff based this concern on Evergy West's addition of resources
17 not to meet customer needs but to make money in the energy market.

18 Staff and Evergy West resolved Staff's concern with an agreement that Evergy West
19 would provide a detailed analysis in its next annual resource plan update comparing
20 ratepayer risks and shareholder risks for additional generation resources that are not required
21 to meet federal, state, or regional transmission organization ("RTO") requirements.⁶

⁴ EO-2021-0036 *In the Matter of Evergy West, Inc. d/b/a Evergy Missouri West's 2021 Triennial Compliance Filing Pursuant to 20 CSR 4240-22*, Staff's Report on Evergy Missouri Metro's and Evergy Missouri West's Chapter 22 Triennial Compliance Filing.

⁵ This characterization of Staff's concern is found on page 4 of the Joint Filing in Case No. EO-2021-0036.

⁶ EO-2021-0036, Joint Filing, page 4.

1 **Q. Did Evergy West provide an analysis comparing ratepayer risks and shareholder risks**
2 **for additional generation resources in its annual update filing as required by the**
3 **agreement in Case No. EO-2021-0036 and ordered by the Commission in Case No. EO-**
4 **2022-0055⁷?**

5 A. No. In the Evergy West resource planning annual update filed on June 6, 2022,⁸ *Evergy*—
6 the combined entity⁹—provided a description of its analysis comparing ratepayer and
7 shareholder risks for all of *Evergy*'s customers combined. This included Evergy Metro, Inc.
8 (“Evergy Metro”¹⁰); Evergy West; and perhaps Evergy Kansas Central, Inc. The
9 description of the analysis provided does not show any analysis specifically for Evergy
10 West—as a standalone entity—or the impact of the risk on Evergy West’s customers. In
11 combining the resources and customers of its electric utilities, *Evergy* side-stepped the
12 analysis that would show the magnitude of the impact of shifting market risk to *Evergy*
13 *West*'s customers.

14 **Q. Was the cost of this risk on Evergy West revealed in February 2021?**

15 A. Yes. Storm Uri revealed the enormous cost—almost \$300 million—of the risk that Evergy
16 West’s resource planning placed on its customers by relying on the SPP market to provide
17 energy for its customers. As discussed further in later sections of this testimony, the cost of
18 this risk is evident in the fuel and purchased power costs Evergy West has incurred since
19 February 2021.

⁷ *In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by Evergy Missouri, Inc. d/b/a Evergy Missouri Metro in its Next Triennial Compliance Filing or Next Annual Update Report*

⁸ EO-2022-0202 *In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's 2022 Integrated Resource Plan Annual Update Filing.*

⁹ In its resource planning update, Evergy states that the analysis was done at the “Evergy level” but does not reveal which of its utilities are included in that level.

¹⁰ In this testimony, Evergy Metro means to the utility of Evergy Metro, Inc. that serves customers in both Missouri and Kansas.

1 **Q. Was the cost of this risk on Evergy Metro revealed in February 2021?**

2 A. Yes. Storm Uri revealed that there was a positive market risk for Evergy Metro's customers.
3 This occurred because Evergy Metro has substantial resources¹¹ that provided revenue that
4 more than covered the increase in natural gas costs and the load costs Evergy Metro
5 incurred. The market was a source of revenue for Evergy Metro's customers.

6 **Q. What additional filings has Evergy West made since the filing of rebuttal testimony in
7 this case that shows how its lack of resources continues to impact its customers?**

8 A. On July 1, 2022, the day after rebuttal testimony was filed in this case, Evergy West filed
9 for a change to its FAC rate, Case No. ER-2023-0011. In that case, Evergy West showed
10 in its workpapers that the actual FAC includable costs in the six months ending May 31,
11 2022, were 148% of FAC costs as normalized in the last rate case.¹²

12 This large difference from the normal set in the last rate case is consistent with the
13 information provided in workpapers from Evergy West's previous FAC rate change case,
14 Case No. ER-2022-0174, which covers the six months from June through November 2021.
15 The workpapers provided in Case No. ER-2022-0174 showed actual includable FAC costs
16 from those six months were 148% of the normalized costs.¹³

17 **Q. Did Evergy West provide in these FAC rate change cases an explanation of why its
18 costs were so much greater than the normalized rate case FAC costs?**

19 A. Yes. According to Evergy West witness Lisa Starkebaum, the largest contributor to the
20 increase in FAC costs is an increase in purchased power expense, *i.e.* the cost of purchasing
21 energy from the market. Company witness Starkebaum stated in her direct testimony filed in
22 Case No. ER-2022-0174 that actual costs exceeded the amount included in base rates in large
23 part due to an increase in purchased power expense.¹⁴ In her testimony filed in Case No. ER-
24 2023-0011, Ms. Starkebaum notes that the purchased power expense from December 2021

¹¹ These resources are combined with Evergy West's resources in the resource planning process.

¹² ER-2023-0011, workpaper "West Section 8 Filing – 30th Accum Period – May 2022."

¹³ ER-2022-0174, workpaper "substitute_conf west section 8 filing – 29th accum period – nov 2021."

¹⁴ Page 6.

1 through May 2022 was 44% or \$37.3 million higher than Evergy West's costs from December
2 2020 through May 2021.¹⁵

3 **Q. What do these cases have to do with this securitization case?**

4 A. If extreme weather in February 2021 was the sole reason for the extreme costs Evergy West
5 incurred in February 2021, then with a return to weather that was closer to normal, the cost
6 incurred by Evergy West would have returned to the levels that it experienced prior to February
7 2021. But as shown in the two FAC rate change filings that have been made since they have
8 not.

9 If Evergy West had adequate resources to meet its customers' requirements, then in the
10 months subsequent to February 2021 Evergy West's fuel and purchased power costs would
11 have returned to close to the level of normalized fuel and purchased power costs included in
12 base rates. But Evergy West did not have adequate resources and still does not. Evergy West's
13 costs have increased due to increased market prices and resource planning decisions made by
14 Evergy—the combined entity—that Evergy West would rely on the market. Evergy West's
15 customers should not bear the cost of poor decisions regarding the provision of service made
16 by a monopoly system.

17 **Q. Does this conclude your surrebuttal testimony?**

18 A. Yes, it does.

¹⁵ Page 7. The average of the purchased power costs for February 2018, February 2019, and February 2020, was used as the purchased power costs for February 2021 in this calculation.