Exhibit No.:

Issue(s): Staff's Report of Fourth

Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause

Witness: Cynthia M. Tandy

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: EO-2022-0064

Date Testimony Prepared: July 6, 2022

MISSOURI PUBLIC SERVICE COMMISSION INDUSTRY ANALYSIS DIVISION ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

CYNTHIA M. TANDY

EVERGY METRO, INC., d/b/a EVERGY MISSOURI METRO

CASE NO. EO-2022-0064

Jefferson City, Missouri July 2022

1		SURREBUTTAL TESTIMONY OF		
2		CYNTHIA M. TANDY		
3 4		EVERGY METRO, INC., d/b/a EVERGY MISSOURI METRO		
5		CASE NO. EO-2022-0064		
6	Q.	Please state your name and business address.		
7	A.	Cynthia M. Tandy, 200 Madison Street, Jefferson City, MO 65102.		
8	Q.	Are you the same Cynthia M. Tandy who filed rebuttal testimony on June 6,		
9	2022?			
10	A.	Yes I am.		
11	Q.	What is the purpose of your surrebuttal testimony?		
12	A.	After both the Staff Report and rebuttal testimonies were filed in this case,		
13	additional information was found regarding the Renewable Energy Credit ("REC") prices used			
14	by Staff. Staff had previously understood that the Ameren REC price that Staff used in its			
15	calculation of the average price of a REC in this case was from January 1, 2021. The response			
16	to Staff's Data Request No. 0001 in Case No. EE-2022-0074 regarding the Ameren REC price			
17	shows the actual date of the Ameren REC price used was August of 2021, which was outside			
18	the Review Period. ¹			
19	Q.	Does this change Staff's recommended disallowance?		
20	A.	Yes. Staff removed the Ameren REC price of ** ** from its computation		
21	of the avera	age REC price which lowers the average price per REC for its disallowance		

¹ January 1, 2020 through June 30, 2021.

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- calculation to \$2.17. Staff's new recommended disallowance for Evergy Metro Inc., d/b/a
 Evergy Missouri Metro ("EMM") is now \$2,503,774.21² plus interest.
 - Q. Does Staff still consider its new recommended disallowance conservative?
 - A. Yes. The Ameren REC price that Staff initially used in its calculation was from August 2021, which is no more than two months after the Review Period in this case. The price of a REC was continuously increasing through 2021, and as Ms. Kayla Messamore states, the price of RECs increased to current levels around \$4.00 \$4.50 during 2021 with a majority of this price increase happening specifically beginning in the spring of 2021. However, Staff has chosen to simply remove the Ameren REC price and not replace it with another price in an effort to minimize any conflict between the parties.
 - Q. Did Ms. Messamore address the \$2.17 average REC price in her direct testimony?
 - A. Yes, on page 12, lines 1-5, Ms. Messamore agrees that if you remove the Ameren REC price Staff used in its calculation that the new average is \$2.17. However, Ms. Messamore states that the value of 2017 vintage RECs would be at \$.54 per REC.
 - Q. Do you agree with the \$.54 per REC price?
 - A. No, Staff does not agree. The imprudence in this review goes beyond the issue of price per REC, and using the oldest vintage price for a REC is not applicable to this situation. It is Staff's recommendation that EMM should be using the more vintage RECs to meet Renewable Energy Standard ("RES") compliance, leaving the more valuable and current RECs available for sale on a regular and timely basis. Staff believes there were improper monitoring,

² Original disallowance was \$3,922,964 plus interest.

³ Messamore Direct Testimony, pg. 6, lines 6-8.

evaluation, and actions taken in regards to the sale of assets amounting to what Staff understands to be over ** _____ ** for the sale of 2017, 2018, 2019, 2020, and possibly for part of 2021 excess RECs above the required RES compliance requirements.

Given the limited information provided to Staff by EMM, Staff used the best information it had at the time, including the Ameren REC price. However, Staff's use of an average for EMM and Liberty seems to now be the best option to determine an average REC price and is still a conservative approach to assigning values to RECs available to sell during the Review Period. EMM only provided Staff the price of a REC as of December 31, 2020, but no update for the spring of 2021. Had EMM provided an updated REC price, as requested by Staff in Data Request No. 0057.2, the average Staff is now using of \$2.17 would have been higher. EMM's inability to provide Staff with a price per REC in the spring of 2021, or at the end of the Review Period, indicates EMM was not appropriately monitoring RECs during a time that REC prices were drastically increasing.

Q. Please summarize Staff's updated recommended disallowance.

A. It remains Staff's position that if EMM was monitoring the market and the available RECs for sale on a more continuous basis than once a year, it would have taken action as the REC prices increased through 2021 along with the continuous increase in the quantity of available RECs to sell. There was a continuous growth in the prices of RECs from the beginning of this Review Period to the end, with a tremendous price increase in the spring of 2021. If not before, at least by that point in the Review Period, there should have been action taken to sell excess RECs from 2017, 2018, 2019, 2020, and possibly 2021 to create a revenue opportunity

⁴ Amount of REC dollars sold in April 2022 according to FAC monthly report.

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- 1 | by selling RECs, still leaving a sufficient amount of RECs for RES compliance for the year.
- 2 Therefore, Staff recommends an updated disallowance for EMM of \$2,503,774.21.
 - Q. Does this conclude your surrebuttal testimony in this proceeding?
- 4 A. Yes, it does.

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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Fourth Prudence)	
Review of Costs Subject to the)	Case No. EO-2022-0064
Commission-Approved Fuel Adjustment)	
Clause of Evergy Metro, Inc. d/b/a Evergy)	
Missouri Metro)	

AFFIDAVIT OF CYNTHIA M. TANDY

STATE OF MISSOURI)	
)	SS.
COUNTY OF COLE		

COMES NOW CYNTHIA M. TANDY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Cynthia M. Tandy;* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

CYNTHIA M. TANDY

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this _______ day of July, 2022.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

Notary Public