

Exhibit No.:
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Witness: Jessica L. Tucker
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Sponsoring Party: Evergy Missouri Metro and Evergy Missouri
West
Case No.: ER-2022-0129 / 0130
Date Testimony Prepared: August 25, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

TRUE-UP REBUTTAL TESTIMONY

OF

JESSICA L. TUCKER

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

**Kansas City, Missouri
August 2022**

TRUE-UP REBUTTAL TESTIMONY

OF

JESSICA L. TUCKER

Case No. ER-2022-0129 / 0130

1 **Q: Please state your name and business address.**

2 A: My name is Jessica L. Tucker. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: Are you the same Jessica L. Tucker who submitted direct, rebuttal, surrebuttal, and**
5 **true-up direct testimony in these dockets?**

6 A: Yes

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of Evergy Metro (“EM”), Inc. d/b/a Evergy Missouri Metro
9 (“Evergy Missouri Metro” or “EMM”) and Evergy Missouri West, Inc. d/b/a Evergy
10 Missouri West (“Evergy Missouri West” or “EMW”) (collectively, the “Company”).

11 **Q: What is the purpose of your true-up rebuttal testimony?**

12 A: The purpose of my True-Up rebuttal testimony is to address the relationship between fuel
13 prices and market pricing used in Staff’s True-Up case, concerns specific to the use of
14 Direct case coal pricing as explained in Mr. Matthew R. Young’s True-Up Direct
15 testimony, and to describe the adjustments that are needed to the Company’s and Staff’s
16 True-Up amounts for Revenue Neutrality Uplift (RNU) and Transmission Congestion
17 Rights (TCRs).

1 **I. Fuel Price and Market Price Assumptions**

2 **Q: What are the fuel price and market price assumptions used in Staff’s production cost**
3 **model for True-Up?**

4 A: Staff used the Company’s actual delivered price of coal for the 12 months ending
5 December 31, 2021 as coal price inputs into their production cost model. For the natural
6 gas price inputs, Staff used the Company’s actual monthly natural gas commodity cost for
7 each month of 2021, with February adjusted for Winter Storm Uri as described in Staff
8 witness Matthew R. Young’s Direct testimony. For the price of oil in the production cost
9 model, Staff used the same oil prices used in the Company’s Direct filing, which was based
10 on projected May 31, 2022 pricing. For the market price assumptions in their production
11 cost model, Staff used a 3-year historical average of 2019-2021 Locational Marginal Prices
12 (“LMPs”) with adjustments for the unusual price behavior associated with Winter Storm
13 Uri, as discussed in Staff witness Saeid R. Dindarloo’s Direct testimony. These fuel price
14 and market price inputs are the same as what was used by Staff in their Direct filing.

15 **Q: Are the fuel price and market price assumptions used in Staff’s production cost model**
16 **appropriate? Please explain.**

17 A: The fuel price assumptions and market price assumptions are appropriate as inputs to the
18 production cost model if they are considered separately. However, fuel prices and LMPs
19 are highly related; their costs generally rise and fall in parallel with each other. Using fuel
20 prices from a specific period, and market prices from a different period creates a disconnect
21 in the production cost model and will not reflect the strong relationship that market price
22 and the price of fuel have. Since fuel price and market price are the primary drivers of how
23 much energy a generator will produce in Staff’s production cost model, the decoupling of

1 the two will result in over- or under-stating the costs and revenues associated with the
2 Company's portfolio.

3 **Q: Is the Company's production cost model impacted by the fuel price and market price**
4 **assumptions in the same manner?**

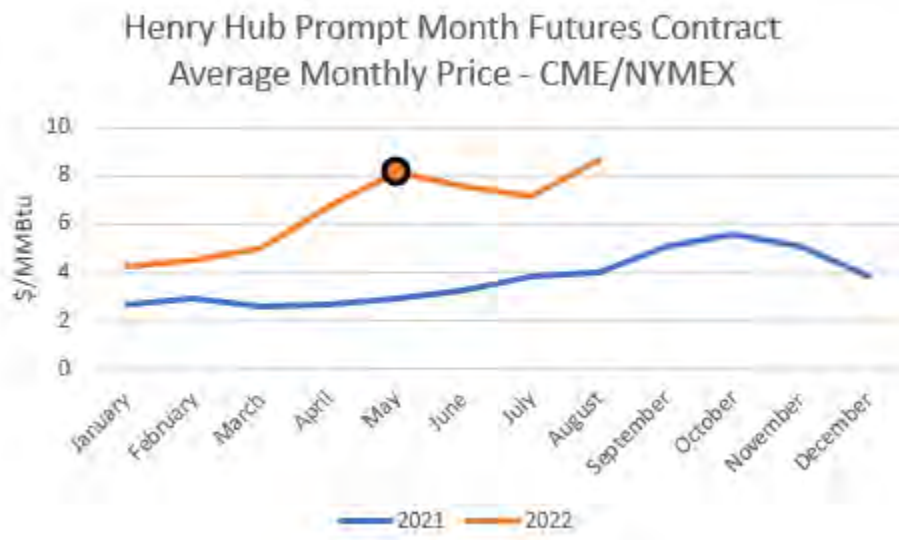
5 A: No. The Company's production cost model does not use market prices as an input to the
6 model. The Company's model simultaneously solves for the LMP at each generator and
7 load settlement location, and the level of energy each generator will produce. The LMPs
8 produced by the Company's production cost model are a direct result of the fuel price
9 assumptions used in the model.

10 **Q: Outside of the disconnection between fuel prices and market pricing, do you have any**
11 **concerns with the fuel prices that Staff utilized for True-Up? If so, please explain.**

12 A: Yes. Specifically, I have concerns with the use of Direct case coal pricing from the 12
13 months ending December 31, 2021. As explained in my True-Up Direct testimony, EMM
14 and EMW utilized alternate natural gas pricing given concerns with the extreme elevated
15 nature of the natural gas market as of May 2022. However, EMM and EMW did utilize
16 coal pricing as of May 2022 in our True-Up case and believe this is appropriate given the
17 fact that there were commodity contracts in place for 2022 (and beyond) along with a new
18 transportation agreement and a new transportation tariff that took effect January 1, 2022.
19 Additionally, while the coal market most certainly did increase from Q3 2021 levels,
20 pricing had come down substantially by May 2022 and was closer to normal levels as
21 opposed to natural gas. The distinct differences in terms of the relative elevation of the
22 two markets in May 2022 are shown in the charts below.



1



2

3 **Q: Why are the contracts and/or tariffs discussed above relevant to True-Up coal**
 4 **pricing?**

5 **A:** The Company ladders into coal supply agreements on a forward-looking basis and as of
 6 May 31, 2022, already had some coal under contract for 2022 – 2024 for a portion of
 7 projected requirements. Additionally, transportation is a very significant cost factor and
 8 can, in some cases, represent more than half of the delivered cost of coal. There were
 9 several notable changes to the Company’s rail transportation arrangements starting January

1 1, 2022 which would not be captured in Direct case coal pricing from the 12 months ending
2 December 31, 2021. ~~EMM~~ and EMW believe it is appropriate to true those costs up as
3 capturing these changes will be more representative of ~~EMM~~'s and EMW's coal costs on
4 a go-forward basis. It is important to note that these costs impact not only fuel expense,
5 but also the cost of onsite coal inventory.

6 **II. RNU AND TCRs**

7 **Q: Does the RNU amount filed by the Company in True-Up need adjustment?**

8 A: Yes. The RNU amount filed in True-Up by the Company for EM should be adjusted up by
9 **** [REDACTED] ****, bringing the EM RNU amount to **** [REDACTED] ****. The RNU amount
10 filed in True-Up by the Company for EMW should be adjusted up by **** [REDACTED] ****,
11 bringing the EMW RNU amount to **** [REDACTED] ****. These adjustments are resettlements
12 associated with Winter Storm Uri that occurred in February 2021 and should be removed
13 from True-Up.

14 **Q: Does the RNU amount filed by Staff in True-Up need adjustment?**

15 A: The RNU amount filed in True-Up by Staff for EM and EMW should also be adjusted by
16 the same amounts as described above.

17 **Q: Does the TCR amount filed by the Company in True-Up need adjustment?**

18 A: Yes. The TCR amount filed in True-Up by the Company for EM should be adjusted down
19 by **** [REDACTED] ****, bringing the EM TCR amount to **** [REDACTED] ****. The TCR
20 amount filed in True-Up by the Company for EMW should be adjusted up by **** [REDACTED]**
21 **[REDACTED] ****, bringing the EMW TCR amount to **** [REDACTED] ****. These adjustments are due
22 to an error in the Company's internal system that incorrectly allocated TCRs between EM

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1 and EMW between May 5th, 2022 and May 9th, 2022. The issue was corrected and recorded
2 in the month of June 2022, which is the adjustment described here.

3 **Q: Does the TCR amount filed by Staff in True-Up need adjustment?**

4 A: The TCR amount filed in True-Up by Staff for EM should be adjusted down by **
5 **██████████****, bringing Staff's EM TCR amount to ****██████████**** **. Staff inadvertently
6 included the adjustment to amounts that had already been corrected. There is no adjustment
7 needed for Staff's EMW TCR amount.

8 **Q: Does that conclude your testimony?**

9 A: Yes, it does.

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