

Exhibit No.:
Issues: *Staff's Prudence Review of
Evergy's Fuel Adjustment
Clause*
Witness: *Brooke Mastrogiannis*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *EO-2020-0262 (Consolidated
with EO-2020-0263)*
Date Testimony Prepared: *October 22, 2020*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY

OF

BROOKE MASTROGIANNIS

**EVERGY METRO, INC. and EVERGY MISSOURI WEST, INC.
d/b/a EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

CASE NO. EO-2020-0262 (Consolidated with Case No. EO-2020-0263)

*Jefferson City, Missouri
October 2020*

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1 **EXECUTIVE SUMMARY**

2 Q. Please summarize your direct testimony in this proceeding.

3 A. I am sponsoring certain sections in the *Staff's Ninth Prudence Review Report*
4 (“Evergy Missouri West Staff Report”) which was originally filed on August 28, 2020, in
5 Case No. EO-2020-0262 and *Staff's Third Prudence Review Report* (“Evergy Missouri Metro
6 Staff Report”), which was originally filed on August 28, 2020, in Case No. EO-2020-0263,¹
7 copies of which (both Public and Confidential) are attached to Staff Witness Brad J. Fortson’s
8 direct testimony. Staff analyzed items affecting Evergy’s fuel costs; purchased power costs; net
9 emission costs; transmission costs; off-system sales revenue; and renewable energy credit
10 revenues during the review periods² of the FAC for the Companies. My testimony provides an
11 overview and a slight change of Staff’s section of the Montrose Generating Unit.

12 **PRUDENCE REVIEW AND STAFF REPORT**

13 Q. Please describe Staff’s Prudence Review.

14 A. Staff analyzed items affecting Evergy’s fuel costs; purchased power costs; net
15 emission costs; transmission costs; off-system sales revenue; and renewable energy credit
16 revenues during the review period of the FAC for the companies. As noted in the Staff Reports,
17 Staff provided a description of the components it reviewed, a discussion of its review, a
18 summary of any cost implications and Staff’s conclusions based on its review of
19 the components.

¹ These cases were consolidated into Case No. EO-2020-0262 on September 22, 2020, in the Commission’s *Order Consolidating Cases and Directing Filing of Proposed Procedural Schedule*.

² Evergy Missouri Metro Staff Report covered the Review Period of July 1, 2018 through December 31, 2019. Evergy Missouri West Staff Report covered the Review Period of June 1, 2018 through November 30, 2019.

1 Q. In the Staff Reports for the review of Evergy Missouri Metro and
2 Evergy Missouri West's FAC expenses for this Review Period, what disallowances did
3 you recommend?

4 A. I did not make any recommended disallowances during the Review Period in the
5 Evergy Missouri Metro Staff Report. I did recommend in the Evergy Missouri West Staff
6 Report that the Commission order an Ordered Adjustment in the amount of \$1,039,646
7 associated with the retirement of the Sibley generating station, as Evergy Missouri West can
8 seek recovery of those costs through another mechanism, such as its next general rate case.
9 Evergy Missouri West has agreed to remove these costs and seek recovery through another
10 mechanism.

11 Q. Please discuss Staff's review related to Montrose.

12 A. During Staff's review, Staff analyzed all of the costs related to Montrose during
13 the Review Period, for Accumulation Period's ("AP") 7, 8, and 9.

14 Staff identified an issue with certain fuel residual costs for AP9, and these costs were
15 described in detail as ash cleanup and landfill work at the Montrose generating station.
16 Evergy Missouri Metro stated in its filing³ that "Finally, the Company included fuel residual
17 costs totaling \$122,874 for recovery in this filing. These expenses consist of ash disposal costs,
18 contractor costs, materials and landfill work that continues at the Montrose generating station
19 in order to appropriately dispose of the residuals. Based on internal discussions following
20 MPSC Staff's review of the filing, **the Company will remove the costs for recovery through**
21 **the FAC.**" (Emphasis added)

³ Supplemental Direct Testimony filed by Lisa A. Starkebaum on February 25, 2020.

1 Staff witness Brad J. Fortson also provides direct testimony in this case where he is
2 sponsoring the Staff Reports. The Staff Reports provide a more detailed review of the Montrose
3 generating unit.

4 Q. Upon further review, are you recommending any disallowances with your direct
5 testimony that were not stated in the Staff Reports?

6 A. Yes. Upon further review of AP8, there were also costs included for recovery in
7 AP8 that were incurred after the retirement of Montrose. Evergy Missouri Metro's response to
8 Staff Data Request 64.8 states, "It is the Company's position that the 2018 fuel residual costs
9 identified in AP8 but paid in 2019 amounting to \$16,565 were expenses incurred while
10 Montrose was in service and producing electricity and were appropriately flowed through the
11 FAC for recovery". Evergy Missouri Metro's response explains that a portion of the AP8 costs
12 relate to 2018 services provided as part of normal operations **and** a portion of the expenses
13 relate to 2019 services provided. It further explains how the groundwater monitoring activity
14 and Coal Combustion Residuals (CCR) reporting is driven by EPA requirements and are both
15 performed routinely so they are not directly related to the retirement of Montrose. Evergy
16 Missouri Metro's response to Staff Data Request 64.8 is attached hereto as Schedule BMM-d3.

17 Staff was able to review the invoices provided in the Data Request response to verify
18 that some of the fuel residual costs included during AP8, were for services provided for normal
19 operations in 2018. These costs included months starting September 2018, prior to the
20 retirement of Montrose, through March 2019, after the retirement of Montrose. Therefore, Staff
21 is recommending a disallowance of \$15,491.95⁴ for fuel residual costs identified in AP8, for

⁴ This disallowance of \$15,491.95 is comprised of \$28,269 of actual fuel residual costs for 2019, multiplied by the Missouri jurisdictional factor during AP8, and also multiplied by the 95% for the customer responsibility.

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1 the portion of the costs for services provided in 2019, after the retirement of Montrose. This
2 disallowance does not include interest, but Staff recommends that Everygy Missouri Metro
3 include interest in the next FAC tariff filing if the Commission orders this adjustment.

4 Q. Are any other Staff witnesses providing direct testimony in this case?

5 A. Yes. Staff witness Brad J. Fortson is sponsoring the Staff Reports and provides
6 an overview of Staff's direct case.

7 Q. Does this conclude your direct testimony in this proceeding?

8 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Ninth Prudence Review of)
Costs Subject to the Commission-Approved) **File No. EO-2020-0262**
Fuel Adjustment Clause of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Brooke Mastrogiannis, and on their oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Brooke Mastrogiannis
Brooke Mastrogiannis