

Exhibit No.:
Issues: *Staff's Prudence Review of
Evergy's Fuel Adjustment
Clause*
Witness: *Brooke Mastrogiannis*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Corrected Direct Testimony*
Case No.: *EO-2020-0262 (Consolidated
with EO-2020-0263)*
Date Testimony Prepared: *October 22, 2020*
Date Testimony Corrected.: *December 17, 2020*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

CORRECTED 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
December 2020*

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OF
BROOKE MASTROGIANNIS
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1 **CORRECTED DIRECT TESTIMONY**

2 **OF**

3 **BROOKE MASTROGIANNIS**

4 **EVERGY MISSOURI METRO**

5 **and**

6 **EVERGY MISSOURI WEST**

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

8 Q. Please state your name and business address.

9 A. Brooke Mastrogiannis, 200 Madison Street, Jefferson City, MO 65102.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission”
12 or “PSC”) as a Utility Regulatory Supervisor.

13 Q. Please describe your educational background and work experience.

14 A. Please refer to Schedule BMM-d1 attached hereto.

15 Q. Have you previously filed testimony before this Commission?

16 A. Yes. Please refer to Schedule BMM-d2 attached hereto for a list of cases in
17 which I have previously filed testimony as well as the issues that I have addressed in testimony.

18 Q. Have you participated in the Commission Staff’s audit of Evergy Metro, Inc.,
19 d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a/
20 Evergy Missouri West (“Evergy Missouri West”) (collectively “Evergy” or “the Companies”),
21 concerning the Staff’s prudence reviews in this proceeding?

22 A. Yes, I have, with the assistance of other members of the Staff.

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.

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 Evergy 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 *Corrected 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

Brooke Mastrogiannis

Education and Employment Background

I am a Utility Regulatory Supervisor in the Energy Resources Department of the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission since May 2014. I previously was a Utility Regulatory Auditor in the Auditing Unit of the Utility Services Department, and a Utility Management Analyst in the Consumer and Management Analysis Unit.

I received a Bachelor of Science degree in Accounting from Lincoln University, in Jefferson City, MO in May of 2012. I then continued to further my education and received my Masters of Business Administration with an emphasis in Accounting in December 2013. In earning these degree's I completed numerous core Accounting and Business classes.

Prior to joining the Commission, I was employed by the State of Missouri - Department of Natural Resources from June 2013 to May 2014 as an Accounting Specialist. My duties entailed: reviewing and monitoring expense account forms to ensure employees followed correct procedures, prepared and set up project and job codes so they could be coded correctly on employee's time sheets, analyzed and prepared necessary cash draws, and also prepared financial information or reports to facilitate budget information and execution.

Case Participation

Brooke Mastrogianis

Utility Regulatory Supervisor

Company Name	Case Number	Testimony/Issues
The Empire District Electric Company	ER-2014-0351	January 2015 Cost of Service Report- Plant in Service, Depreciation Reserve, Prepayments, Materials and Supplies, Customer Deposits, Customer Deposit Interest, Customer Advances, Amortization of Electric Plant, Amortization of PeopleSoft Intangible Asset, Corporate Franchise Taxes, Depreciation Expense, Amortization Expense, Dues and Donations, EEI Dues, Advertising Expense, Outside Services, and Postage.
Seges Partners Mobile Home Park L.L.C.	SR-2015-0106	January 2015 Staff Report- Rate Base, Revenues, Purchased Sewer Costs, Payroll and Payroll Taxes, Management Fee, Postage, Telephone Expense, Maintenance Expense, Insurance, Outside Services, PSC Assessment, and Rate Case Expense
The Empire District Electric Company	ER-2014-0351	March 2015 Surrebuttal Testimony- Advertising Expense, Customer Advances, and EEI Dues.
Ozark International, Inc.	WR-2015-0192	September 2015 Staff Report- Payroll, Telephone and Cell Phone Expense, Auto Expense, Insurance Expense, Bank Service Charges, Customer Deposits, Customer Deposit Interest, PSC Assessment, Revenues, Miscellaneous Income, Contract Labor, General Maintenance Expense, Electric Expense, Returned Check Fees, Outside Services, Dues and Subscriptions, and Credit Card Fees
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	March 2016 Staff Report- Customer Service and Business Operations Review
Cannon Home Association	SR-2016-0112	April 2016 Staff Report- Customer Service and Business Operations Review
Roy-L Utilities, Inc.	WR-2016-0109	May 2016 Staff Report- Customer Service and Business Operations Review
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202	August 2016 Staff Report- Customer Service and Business Operations Review

continued, Brooke Mastrogiannis

Company Name	Case Number	Testimony/Issues
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202	October 2016 Rebuttal Testimony- Collection of Bad Debt
Kansas City Power and Light Company	EO-2016-0124	January 2017 Management Audit Report- Employee Expense Account Process and Internal Audit Activities
Terre Du Lac Utilities Corporation	WR-2017-0110	April 2017 Staff Report- Customer Service and Business Operations Review
Indian Hills Utility Operating Company, Inc.	WR-2017-0259	July 2017 Staff Report- Customer Service and Business Operations Review
Spire Missouri, Inc.	GR-2017-0215	December 2017 Rebuttal Testimony- Performance Metrics Incentive Proposal
Ameren Missouri	EO-2018-0155	April 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
Liberty Utilities LLC	WR-2018-0170	April 2018 Staff Report- Normalized and Annualized Revenues, Miscellaneous Revenues, Bad Debt Expense, Outside Services/Contract Maintenance, DNR Fees, Meter Reading Expense, Transportation Expense, and Property Taxes
KCPL Greater Missouri Operations	ER-2018-0146	June 2018 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause and Renewable Energy Rider Surrebuttal Testimony- Fuel Adjustment Clause
The Empire District Electric Company	EO-2018-0244	September 2018 Staff Report- Fuel Adjustment Clause Prudence Review
KCPL	EO-2018-0363	November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
KCPL Greater Missouri Operations	EO-2018-0364	November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review
KCPL	EO-2019-0068	February 2019 Staff Report- Fuel Adjustment Clause Prudence Review
KCPL Greater Missouri Operations	EO-2019-0067	February 2019 Staff Report- Fuel Adjustment Clause Prudence Review
Ameren Missouri	EO-2019-0257	August 2019 Staff Report- Fuel Adjustment Clause Prudence Review

continued, Brooke Mastrogiannis

Company Name	Case Number	Testimony/Issues
Ameren Missouri	EO-2019-0376	October 2019 Staff Report- Second MEEIA Cycle 2 Prudence Review
The Empire District Electric Company	EO-2020-0059	February 2020 Staff Report- Fuel Adjustment Clause Prudence Review
The Empire District Electric Company	ER-2019-0374	January 2020 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause
Evergy Missouri Metro	EO-2020-0227	June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review
Evergy Missouri West	EO-2020-0228	June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review
Evergy Missouri West	EO-2020-0262	August 2020 Staff Report- Fuel Adjustment Clause Prudence Review
Evergy Missouri Metro	EO-2020-0263	August 2020 Staff Report- Fuel Adjustment Clause Prudence Review

Evergy Missouri West
Case Name: 2020 Every MO West Fuel Adjustment Clause FAC
Case Number: EO-2020-0262

Response to Mastrogiannis Brooke Interrogatories - MPSC_20201002
Date of Response: 10/19/2020

Question:0064.8

Please provide whether the fuel residual costs during AP8 that amounted to \$44,834, were similar in nature to the fuel residual costs that Evergy Missouri Metro agreed to remove during AP9. Please include in the response whether the costs were related to expenses consisting of ash disposal costs, contractor costs, materials and landfill work at the Montrose generating station in order to appropriately dispose of the residuals for the retirement of Montrose. If not, please explain the difference.

Requested by Brooke Mastrogiannis (Brooke.Mastrogiannis@psc.mo.gov).

Response:

The information in the attachment is considered **CONFIDENTIAL** as it contains marketing analysis or other market-specific information relating to goods or services offered in competition with others as well as private, technical, financial and business information.

On October 13, 2020, Staff requested additional information about fuel residual costs that were flowed through AP7, or \$19,276. The Company is providing that information in this DR response in addition to the original question above.

Below are the fuel residual amounts included in AP7 and AP8. After a review of invoices, a portion of the AP8 costs relate to 2018 services provided as part of normal operations and a portion of the expenses relate to 2019 services provided. These are identified in the Services column.

FAC	Vendor	Voucher	Amount	Services Provided	Invoice Description
AP 7	WHITEHEAD CONSULTANTS	R1167275	\$2,450	2018	Topographical survey of landfill
	THOMPSON PUMP	R1168894	\$8,326	2018	Water pump
	2018 GL accrual		\$8,500		
AP 7	Total		\$19,276		
AP 8	2018 expenses:				
	STEARNS CONRAD SCHMIDT	R1145420	\$3,980	September 2018	2018 CCR rule compliance support
	STEARNS CONRAD SCHMIDT	R1159279	\$3,220	October 2018	2018 CCR rule compliance support

	STEARNS CONRAD SCHMIDT	R1168140	\$4,370	Aug-Oct 2018	2018 Groundwater monitoring
	STEARNS CONRAD SCHMIDT	R1169764	\$840	November 2018	2018 CCR rule compliance support
	STEARNS CONRAD SCHMIDT	R1171628	\$11,400	November 2018	2018 Groundwater monitoring
	STEARNS CONRAD SCHMIDT	R1182578	\$1,255	December 2018	2018 CCR rule compliance support
	2018 GL accrual reversal		(\$8,500)		
	2018 Subtotal		\$16,565		
AP 8	2019 expenses:				
	STEARNS CONRAD SCHMIDT	R1200038	\$4,685	January 2019	2018 CCR rule compliance support
	STEARNS CONRAD SCHMIDT	R1200042	\$9,297	January 2019	2018 Groundwater monitoring
	STEARNS CONRAD SCHMIDT	R1233236	\$3,790	February 2019	2018 Groundwater monitoring
	PRAXAIR DISTRIBUTION	R1260504	\$234	April 2019	Carbon dioxide liquid
	STEARNS CONRAD SCHMIDT	R1272734	\$1,295	March 2019	2018 CCR rule compliance support
	STEARNS CONRAD SCHMIDT	R1272738	\$8,968	March 2019	2018 Groundwater monitoring
	2019 Subtotal		\$28,269		
AP 8	Total		\$44,834		

Groundwater monitoring activity and Coal Combustion Residuals (CCR) reporting is driven by EPA requirements and both are performed routinely. In April 2015, the EPA published its final rule on the Disposal of Coal Combustion Residuals from Electric Utilities. This rule provides a comprehensive set of requirements for the safe disposal of CCRs, commonly known as coal ash, from coal-fired power plants. These regulations address the risks from coal ash disposal, such as leaking of contaminants into ground water, blowing of contaminants into the air as dust, and the catastrophic failure of coal ash surface impoundments.

To clarify the response provided in the Excel worksheet in DR 64.2, the descriptions of “Contract Labor” and “Contractor Materials” is from the general ledger coding. The descriptions in the table above are from the vendor invoices.

It is the Company’s position that the 2018 fuel residual costs identified in AP8 but paid in 2019 amounting to \$16,565 were expenses incurred while Montrose was in service and producing electricity and were appropriately flowed through the FAC for recovery.

Response provided by:
Shelley Jordan, Lead Analyst - Regulatory Affairs
Matthew Stephens, Manager – Energy Accounting

Attachments:
Q0064.8 CONF R1145420.pdf
Q0064.8 CONF R1159279.pdf
Q0064.8 CONF R1167275.pdf
Q0064.8 CONF R1168140.pdf
Q0064.8 CONF R1168894.pdf

Q0064.8 CONF R1169764.pdf
Q0064.8 CONF R1171628.pdf
Q0064.8 CONF R1182578.pdf
Q0064.8 CONF R1200038.pdf
Q0064.8 CONF R1200042.pdf
Q0064.8 CONF R1233236.pdf
Q0064.8 CONF R1260504.pdf
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