

**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)
Fuel Adjustment Clause of Evergy Missouri,)
West, Inc. d/b/a Evergy Missouri West)

File No. EO-2020-0262

STAFF’S STATEMENT OF POSITION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel, and for its *Statement of Position* respectfully states:

1. Was Evergy imprudent by virtue of the assumptions it included in the integrated resource planning process?

Within the context of the FAC prudence report, Staff took no position on the prudence of the inclusion of capacity sales as an assumption in Evergy’s IRP, but did note that the support provided by Ms. Mantle regarding the potential for capacity sales was, at least, concerning.¹ The information provided by Ms. Mantle in this case (i.e. the assumption that Evergy would sell an amount of excess capacity as a part of its preferred IRP plan) supports Staff’s position in the Evergy MEEIA prudence review case, EO-2020-0227 (“MEEIA case”) that a disallowance of program costs, due to no sales of excess capacity, is necessary. Staff recommended a disallowance of a portion of Evergy’s demand response program costs in the MEEIA case to account for the lack of capacity sales based on peak reductions from Evergy’s demand response programs. Staff’s recommended disallowance in the MEEIA case is based on Evergy’s portrayal that ** _____

¹ Rebuttal testimony of Staff witness Brad J. Fortson, page 5.

____. ****2 Staff is unaware of any rule language that would preclude any party from alleging imprudence of a Company's IRP in some manner through the pendency of a FAC prudence review or general rate case review. If the Commission determines the assumption of sales of excess capacity sales in Evergy's IRP was imprudent, then the recommendation of Ms. Mantle is reasonable based upon the information portrayed by Evergy in previous cases.**

2. Was the decision by Evergy to include capacity sales in its assumptions for its IRP imprudent?

See Staff's response to issue 1.

3. Was it imprudent for Evergy to not include FAC cost reductions arising from capacity sale contracts in its FAC rate calculations as modeled in its IRP?

Within the context of the FAC prudence report, Staff took no position on the prudence of the inclusion of capacity sales as an assumption in Evergy's IRP, but did note that the support provided by Ms. Mantle regarding the potential for capacity sales was, at minimum, concerning. Had Evergy executed capacity sales contracts as modeled in its IRP, there would have been FAC cost reductions arising from those contracts that should have been included in its FAC rate calculations. Evergy did not

² Surrebuttal testimony of Staff witness J Luebbert in Case No. EO-2020-0227.

execute sales contracts in the review period, therefore Staff would not expect Evergy to voluntarily reduce its FAC by the assumed amount. However, if the Commission determines that Evergy was imprudent for including an assumption for sales of excess capacity in its IRP, than the recommendation of Ms. Mantle is reasonable based upon the information portrayed by Evergy in previous cases.

4. Was Evergy imprudent in the management of its demand response programs?

Yes. Evergy's implementation of its demand response programs was imprudent, and Staff has recommended disallowances associated with the imprudent implementation of the programs in the MEEIA case accordingly.

5. Was it imprudent for Evergy to not call additional demand response events in a manner that would have reduced FAC costs?

It was imprudent for Evergy to not call additional demand response events in a manner that would have reduced FAC costs given the number of events actually called, the number of events available to be utilized, the potential to derive ratepayer benefits from additional events, and the incentive structure of the demand response programs. Evergy acted imprudently by not attempting to minimize costs and maximize benefits to ratepayers through the implementation of the demand response programs despite the ability to do so with minimal incremental program costs. At the time of implementation, Evergy managers and decision makers should have been aware of the real costs that the Company incurs due to its membership in the Southwest Power Pool and the ways to minimize those costs.³ Evergy witnesses identified **

³ Surrebuttal testimony of J Luebbert, Schedules JL-s5, page 5.

_____ **** as early as January of 2019.⁴ Evergy acted imprudently by choosing not to target demand response events in an attempt to reduce load during some of the highest Day-Ahead Locational Marginal Prices (“DA LMPs”) despite minimal, if any, incremental costs.⁵ Staff’s recommended disallowances for the demand response programs are based on opportunities that were missed that a reasonable person would have attempted to achieve given the potential ratepayer benefits and the incentive structure in place at the time of implementation.⁶ While some of the potential benefits that Evergy failed to attempt to achieve would have flowed back to customers through the respective company’s Fuel Adjustment Clause (“FAC”), the decisions, or lack thereof in some instances, were the result of Evergy’s implementation of the MEEIA programs and the disallowances recommended by Staff are appropriate to address through the MEEIA prudence review proceedings.⁷**

6. If it was imprudent for Evergy to not call additional demand response events in a manner that would have reduced FAC costs, is it more appropriate to address the imprudent implementation of the programs through an ordered FAC adjustment or an ordered DSIM adjustment?

It is more appropriate to address the imprudent decision-making associated with the implementation of Evergy’s demand response programs by making adjustments to the Demand Side Investment Mechanism. Separating the disallowance associated with the management of the MEEIA programs from the

⁴ *Id.*, Schedules JL-s5, page 4.

⁵ *Id.*, Schedules JL-s2 and JL-s3, pages 30 and 31.

⁶ *Id.*, page 5.

⁷ *Id.*, page 3.

MEEIA prudence review process would result in the same issues or substantially similar issues being raised and litigated by multiple parties in up to three different dockets. Hearing the same or similar issues regarding the implementation of MEEIA programs within the context of MEEIA prudence review cases, FAC prudence review cases, and general rate case proceedings will likely lead to confusion of the issues at hand, additional time and resources employed by stakeholders, and additional costs associated with the increased litigation.⁸

7. Evergy's Self Scheduling Practices.

Staff is a signatory to the Unanimous Partial Stipulation and Agreement, filed on January 15, 2021, that resolves this issue. However, if the Commission were to not approve the Unanimous Partial Stipulation and Agreement, it is Staff's position the information Evergy relied on and Evergy's decision-making process were reasonable. Furthermore, Staff's opinion is that no ratepayer harm resulted from Evergy's self-commitment of its units.

WHEREFORE, Staff hereby tenders its *Statement of Position* for the Commission's information and consideration.

Respectfully Submitted,

/s/ Travis J. Pringle

Travis J. Pringle
Missouri Bar No. 71128
Associate Counsel for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Mo 65102-0360
(573) 751-4140 (Telephone)
(573) 751-9285 (Facsimile)
(Email) travis.pringle@psc.mo.gov

⁸ *Id.*, pages 3 and 4.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all parties and/or all counsels of record this 21st day of January, 2021.

/s/ Travis J. Pringle