FILED
June 13, 2024
Data Center
Missouri Public
Service Commission

Exhibit No. 9

Evergy West – Exhibit 9
Kayla Messamore Testimony
Surrebuttal
File No. EO-2023-0277

Exhibit No.: _____
Issue(s): PPA Disallowances and Resource Planning
Witness: Kayla Messamore
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy Missouri West
Case No.: EO-2023-0276/0277
Date Testimony Prepared: January 18, 2024

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

SURREBUTTAL TESTIMONY

OF

KAYLA MESSAMORE

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

January 2024

SURREBUTTAL TESTIMONY

OF

KAYLA MESSAMORE

CASE NOS. EO-2023-0276/0277

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Kayla Messamore. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: Are you the same Kayla Messamore who file direct and rebuttal testimony in these dockets?

A: Yes.

Q: On whose behalf are you testifying in this proceeding?

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

Q: What is the purpose of your surrebuttal testimony in this proceeding?

A: The purpose of my testimony is to briefly respond to the rebuttal testimony of Staff witnesses Brad Fortson and Brooke Mastrogiannis; and OPC witness Lena Mantle. In responding to Ms. Mantle's testimony, I will also reference the rebuttal testimony of Staff witness Jordan Hull.

II. RESPONSE TO STAFF

Q: Please summarize your response to Staff's rebuttal testimony.

A: All-in wind PPA contract economics, like the ones at question in this FAC prudence review period, should be viewed through the lens of long-term integrated resource planning. Staff has failed to take into account numerous value and revenue streams of the wind PPAs in question, yet are attempting to leverage their partial evaluation of the wind PPAs market performance to allege that "losses" have accumulated over time. Staff's primary argument of imprudent decision making has shifted from their original stance in direct testimony and is now grounded in their assertion that it was imprudent for EMW to not have shared in these "losses" for the current FAC review period, as Mr. Ives and Mr. Reed describe in detail. If Staff were to appropriately assess all of the value these PPAs provided during the review period (instead of looking only at energy market revenues), they would find that there aren't "losses" coming from the wind PPA activity and that, in fact, these PPAs provided value in excess of their costs during the review period. Regardless of whether all value sources are appropriately considered or not, this assessment of actual results is based on hindsight and should not be the basis of a prudence review. The review of prudence related to these wind PPAs should be based around the information known and knowable at the time the decision was made to enter into them and any subsequent decisions to renegotiate. EMW has continually evaluated options to optimize these wind PPAs and has executed renegotiations on two of the four to bring additional value beyond what was originally expected. These efforts and accomplishments display prudent decision-making by EMW management throughout the life of the contracts and, again, Staff makes no allegation of imprudence related to the initial decisions to enter these contracts or subsequent decisions related to their management. For these reasons the Commission should reject Staff's recommendation for a disallowance of $12,401,229 for Metro and $13,989,508 for EMW.

Q: Staff's direct testimony alleges Evergy decision-makers acted imprudently for "not doing something" about the Wind PPAs in question. Has Evergy provided Staff with instances of the contrary?

A: Yes. As Staff witness Mastrogiannis explains in her rebuttal testimony on pages 21 and 22, Evergy provided data request answers detailing how Evergy management have been actively "doing something" over time by renegotiating Wind PPAs, when possible, to increase the customer value of the contracts. As Staff is aware, these renegotiation discussions and proposals are, as the name implies, subject to negotiation with counterparties and are not a situation where Evergy can unilaterally force a counterparty to act under specific terms. Despite this, Evergy has been able to reach mutually agreeable renegotiations related to two of the farms at issue in this case.

Q: Staff witness Mastrogiannis alleges that Staff has consistently illustrated in its Reports the losses of each PPA and that Evergy could have disputed these amounts, but never have. How do you respond to this?

A: Evergy does not dispute the accuracy of Staff's evaluation of Wind PPA price versus market energy revenue. Evergy simply, asserts that first, this metric is irrelevant in calculating a disallowance because it is premised in hindsight, and second, that it is an incomplete view of the all-in historical value that these Wind PPA contracts have provided to Evergy customers.

Q: Are you suggesting that if Staff were to include all revenues and potential values that customers receive, including transmission congestion, renewable energy credits, and capacity value, that it would be an appropriate way to assess the prudency of past Wind PPA addition decisions?

A: No. By including all revenues and value categories, it could be an appropriate way to evaluate the tangible value that customers received from these Wind PPAs over a specific amount of time, but it is not an appropriate way to evaluate the prudency of the past decisions to add the contracts. As defined, prudence can only be determined based on what is known and knowable at the time the decisions to add these power contracts were made. The prudence determination should not be made after the fact based on hindsight information, regardless of the amount of time that has passed, or based on the final outcome of scenarios contemplated while the decision was made.

Q: Staff witness Fortson's rebuttal testimony explains that Evergy's initial analysis conducted on these PPAs, in determining whether to pursue them or not, showed that the revenue streams from the SPP market would offset the cost of the PPAs[1]. Are there further details of the original analysis that Staff should consider?

A: Yes. It is important to note that when deciding whether to pursue these Wind PPAs, the original SPP market analysis was not an energy market revenue only view, as it also assumed full transmission congestion hedging. This means that merely comparing the PPA costs against the SPP energy revenue, while ignoring the applicable transmission congestion revenue, is not a fair attempt at reviewing actual customer impacts. Second, an IRP analysis is assessing long-term capacity needs as well and thus the value of these farms

[1] EO-2023-0276/77, Fortson Rebuttal, pg. 6, lns. 8-13.

in reducing / delaying the need for other forms of capacity is also relevant. Further, the original analysis contemplated many different market factors when evaluating the SPP market revenues, including the assessment of different forecasted natural gas curves and different carbon restriction scenarios, both of which have correlations to market pricing. This scenario testing enabled the planning to evaluate the value of these resources as a hedge across different market and commodity price fluctuations, rather than attempting to perfectly predict a singular market outcome.

Q: How do you respond to Staff witness Fortson's assertion that the hedge value against carbon restrictions of the Wind PPAs in question is "another stretch in attempting to justify the PPA losses?"[2]

A: First, I am not attempting to "justify PPA losses." I am merely pointing out the carbon hedge value that was included at the time the decision was made on these Wind PPAs. Second, it has been EMW's longstanding practice to include carbon reduction scenarios in its long-term resource planning analysis. EMW is not alone in assessing the risk of future carbon restrictions in long-term resource planning, as it a common practice of other utilities that operate in the State of Missouri and across the nation. Lastly, the fact that a carbon restriction regulation is not currently in place does not mean there was no value of the carbon hedge while evaluating whether to add the Wind PPAs or not. It also does not mean there is currently no value of the hedge against future potential carbon restrictions. In fact, while it is not codified in law as of today, the Environmental Protection Agency's proposed greenhouse gas rule is currently in the federal register and it explicitly includes a carbon restriction. If, and probably more appropriately when, this rule or another rule including

[2] EO-2023-0276/77, Fortson Rebuttal, pg. 9, lns. 7-12.

carbon restrictions is ultimately implemented, the value of carbon-free energy would be expected to increase as companies strive to comply, which in turn would increase the customer value of Evergy having added renewables to its generation portfolio prior to carbon restrictions being put in place. Given the significant costs that future carbon restrictions could have on electric utility service, it is surprising that Staff believes that it is a stretch to consider these impacts when evaluating resource decisions.

Q: Is there a difference between evaluating the market performance of certain assets or contracts over time compared with judging the prudence of a decision to add an asset or contract?

A: Yes. While Staff's evaluation metric wrongly only considers wholesale market energy revenues, they are only reviewing the market performance of the Wind PPAs over a specific period of time. Staff then attempts to use this "performance evaluation" as justification to judge the imprudence tied to these contracts well after the decision to add the contracts were made. They have missed on both the timing and the criteria to judge the prudency of these decisions. The economic considerations to determine the prudency of adding contracts like these assets were appropriate based from the lens of long-term integrated planning analysis, which was the genesis and justification for adding the PPAs. Attempting to judge the prudency of the decision to add the PPAs at any time other than when or shortly after the time the decision was made tarnishes all arguments with hindsight.

Q: What support do you offer for your claim that the economic considerations to determine the prudency of the decision to add these assets should be based on the lens of long-term integrated planning?

A: The State of Missouri has set prescriptive standards in its Chapter 22 Electric Utility Resource Planning. Section 20 CSR 4240-22.010 (2)(B) where it states: "Use minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan, subject to the constraints in subsection (2)(C)." Section (2)(C) then explicitly identifies the type of quantitative analysis required to meet the fundamental objective of the utility resource planning process. The objectives set by the State of Missouri are what guide electric utilities to base long-term asset addition decisions across a variety of different planning scenarios., which ultimately determine the projected value of different types of assets and contracts. Arguing that a contract is imprudent after the forecasted future has happened, and the actual scenario that was unknown at the time has played out, is, by definition, using hindsight. This is why the economic considerations to determine the prudency of adding a resource can only be made through the lens of long-term resource planning and why evaluating market performance over a specific time should not be used as a test of prudency.

Q: If Staff is just reviewing the Wind PPAs market performance during this FAC prudence review period, what value streams beyond energy market revenues should have been considered?

A: Table 1 below provides a summary of these additional value streams.

TABLE 1

**

[redacted]

**

Staff's analysis of comparing the PPA costs to market energy revenues for the FAC prudence review periods can be found in 'Column C.' This column is generally the basis for Staff claiming that these Wind PPAs have resulted in "losses" for EMW customers, and as a result recommends disallowance of FAC costs[3]. On a combined basis, Staff's evaluation of market performance results in nearly $38 million in "losses." To expand this analysis to consider additional revenue streams that provide tangible value to customers, Evergy then calculated 'Column D' which includes the specific Transmission Congestion Right ("TCR") revenue for the transmission path[4] applicable to each Wind PPA contract and also includes a capacity value for each contract. The capacity value is based on the

[3] 'Column C' does not reflect 95/5 FAC sharing or jurisdictional allocation, which is included in Staff's final recommended disallowance, but neither impact the net cost (benefit) analysis in TABLE 1.

[4] Owning firm transmission service from a generator to a load allows for the procurement of Transmission Congestion Rights that provide an opportunity to financially hedge against the congestion cost basis differential between the generator and the load.

CONFIDENTIAL

accredited capacity amount assigned by SPP and valued at a conversative level of **[redacted]**. 'Column D' is most closely aligned with the analysis typically performed in the IRP, which takes into account the value of capacity and transmission congestion hedging in addition to energy revenues. By expanding Staff's analysis to include TCR revenue and a conservative capacity value, two of the four Wind PPA's cover the "losses" that Staff has claimed. 'Column E' then includes the additions of Renewable Energy Credit ("REC") revenues for each Wind PPA during this FAC prudence review period. By adding REC sales, now three of the four Wind PPA's have covered the "losses" claimed by Staff.

So, while Staff is claiming these Wind PPA's have caused a combined nearly $38 million in "losses" for EMW and Metro customers, by considering TCR revenues, an estimated value of capacity, and REC sales, these four contracts actually provided nearly $11 million of combined customer benefit. Please note that this is still a somewhat conservative valuation as it does not assume any benefits of these renewable resources as a hedge against commodity prices or future carbon restrictions.

CONFIDENTIAL

The figures below display the net customer benefit analysis for each of the four wind PPAs in question for this FAC prudence review period.

**

[redacted]

CONFIDENTIAL

[redacted]

1

[redacted]

2

CONFIDENTIAL

[redacted] **

III. RESPONSE TO OPC

Q: In her rebuttal testimony Ms. Mantle claims that your direct testimony supports OPC's proposed disallowance and that you have provided testimony that could mislead the Commission. How do you respond to that?

A: Nothing in any of my testimony filed in this case supports OPC's position. Obviously, I would not intentionally or inadvertently support OPC's prudency challenge. Additionally, I certainly have no desire to mislead the Commission. In an effort to provide greater clarity, I will summarize my understanding of Ms. Mantle's argument and my response to it as clearly and succinctly as I can below.

Q: How would you summarize Ms. Mantle's primary argument?

A: Given I have already addressed many of Ms. Mantle's arguments regarding the Wind PPAs in my response to Staff, I will focus on her allegations of imprudent resource planning here and revisit her arguments regarding Wind PPAs briefly at the end of my testimony.

CONFIDENTIAL

Leveraging Ms. Mantle's Rebuttal testimony at p. 1, lines 14-16, OPC is arguing that EMW is "imprudent in its continuing decision to not add generation that corresponds to the load requirements of its customers." Subsequently, Ms. Mantle states that she is not arguing imprudence based on the retirement of Sibley (p. 11, lines 17-19) and that OPC does not oppose the decision by EMW to procure capacity from Evergy Metro (p. 4, lines 17-19). In addition, Ms. Mantle states that Persimmon Creek and Dogwood are irrelevant in this case at least partly because they would not have been EMW resources during this review period (Mantle p. 12, lines 13-24). Based on those datapoints, I would interpret Ms. Mantle's argument to be that EMW was allegedly imprudent for having not added some hypothetical additional generation resource "that corresponds to the load requirements of [EMW's] customers" at some time before the beginning of the review period and that the wind PPAs which *were* added in advance of this review period were not prudent because they were, according to OPC, "energy for the sake of energy" (Mantle Rebuttal, p. 6, line 22). Finally, she quantifies the impact of this hypothetical resource addition using an average calculated based on a composite of EMW and Evergy Metro's historical costs and claims that is a valid prudence adjustment.

Q: Please summarize your response to this argument.

A: OPC is incorrect in claiming that EMW has not planned to meet its customers' load requirements. Past decisions made by EMW to add or not add resources have all been based on planning to meet its customers' load and on an assessment of the all-in, long-term costs of these decisions. The support OPC has attempted to provide for their argument is either irrelevant, not meaningful, or inaccurate and their position, and corresponding recommended disallowance, should be rejected.

Q: Please describe how EMW plans to meet customer energy requirements.

A: The first piece of this planning is SPP Resource Adequacy Requirements – specifically the Planning Reserve Margin. This requirement defines the amount of capacity (i.e., "capability to produce energy") that a utility must maintain in excess of its peak load in order to ensure its customers energy needs can be met. This requirement is defined as a percentage in excess of a utility's peak load because this is, by definition, the maximum load that this requirement could be applied to. However, Ms. Mantle is incorrect in stating that this requirement is only focused on meeting the requirement during that peak hour and that it ignores availability in other hours that are not the peak (Mantle Rebuttal, p. 8). The reserve margin is established based on a calculation of the total amount of capacity required to maintain a loss-of-load-expectation (LOLE) of less than one day in ten years and that includes probabilistically assessing resource availability and resulting load loss risk in all studied hours. In short, this requirement is defined by SPP to outline the capacity required in order to meet customers energy requirements across all hours. For this reason, EMW plans to meet its SPP Resource Adequacy requirements because this defines the amount of physical capability (capacity) needed to meet customer energy requirements.

Second, Ms. Mantle is correct in saying that meeting these requirements does not, on its own, necessarily equate to "prudently meeting the energy requirements of its customers" and that is why EMW assesses the most economical way to meet these requirements, and customers' hourly energy requirements, through the IRP process. Said differently, in an IRP, EMW assesses the all-in (fixed and variable), long-term costs of different resource plans in meeting customer energy requirements across a twenty-year period in order to select a resource plan using "minimization of long-run utility costs as the primary selection criterion". This means that, for example, when EMW assesses the potential to add new generation, it is assessing whether the all-in costs (fixed and variable) of that generator are less than the value it provides. Simplistically, that value includes looking at the generators' ability to economically generate and produce revenues which offset EMW's energy costs across a wide variety of market scenarios and at the avoided cost of whatever the "next best option" would have been to meet EMW's customer needs absent that addition. Whether or not that resource is part of the selected portfolio to meet EMW's customer energy requirements is dependent on that balance of cost and value.

Q: What support has OPC provided to support their allegation that EMW does not plan to meet customer load requirements?

A: Across Direct and Rebuttal testimony, OPC's claimed support, as I understand it, falls into eight categories:

1. EMW's generation during 2022 was 62% of retail customer usage over the same period (Mantle Direct, p. 12, line 4-5)
2. Aquila's 2007 Preferred Resource Plan included resource additions which EMW has not executed (Mantle Direct, p. 14, lines 4-6)
3. Evergy has argued in other cases to add additional resources for EMW (Mantle Rebuttal, pg. 9, line 20 through pg. 10, line 2)
4. Evergy performs combined resource planning for EMW and Evergy Metro (Mantle Rebuttal, pg. 21, lines 5-6)

5. EMW has an "overreliance on the SPP energy market" (Mantle Rebuttal, p. 4, lines 1-4)

6. EMW is relying on the excess generation (or "platinum insurance") of Evergy Metro rather than procuring its own resources (Mantle Rebuttal, p. 15, lines 17-19; p. 17, line 13)

7. Compliance with the IRP rules does not mean that a resource plan has been found prudent (Mantle Rebuttal, p. 14, lines 8-16)

8. Meeting SPP resource adequacy requirements does not equate to planning to meet customer energy requirements (Mantle Rebuttal, p. 8, lines 4-6)

Q: How do you respond to each of these items?

A: I addressed items 1-4 in my Rebuttal Testimony and will respond to items 5-8 in more detail in this testimony. My responses are summarized below:

1. EMW's generation during 2022 was 62% of retail customer usage over the same period

This is simply a reflection of actual SPP economic dispatch during 2022 and has nothing to do with EMW's ability to meet customer needs (p. 12-13 of my Rebuttal testimony);

2. Aquila's 2007 Preferred Resource Plan included resource additions which EMW has not executed

EMW typically updates its IRPs annually and the fact that the resource plan has changed over the course of 17 years does not mean that more recent resource plans were imprudent (p. 12 of my Rebuttal testimony)

3. Evergy has argued in other cases to add additional resources for EMW

Adding resources for a future need does not equate to a failure to meet past needs (p. 8 of my Rebuttal testimony)

4. Evergy performs combined resource planning for EMW and Evergy Metro

Resource planning is performed for EMW as a standalone entity (p. 13-14 of my Rebuttal testimony)

5. EMW has an "overreliance on the SPP energy market" (Mantle Rebuttal, p. 4, lines 1-4)

There is no black-and-white definition of what constitutes over- and under-reliance on the SPP market (or any market). Making decisions to manage risk is neither static nor binary because it depends on 1) the magnitude of your uncertainty about future outcomes; 2) the magnitude of your exposure to that uncertainty; and 3) the cost to mitigate the risk. All three of those factors change over time and that is the risk assessment performed through EMW's IRP process.

6. EMW is relying on the excess generation (or "platinum insurance") of Evergy Metro rather than procuring its own resources (Mantle Rebuttal, p. 15, lines 17-19; p. 17, line 13)

EMW is procuring capacity from Evergy Metro as part of an overall Preferred Plan which was selected using the "minimization of the present worth of long-run utility costs as the primary selection criterion"[5]. Capacity purchases from Metro were evaluated compared to alternatives, including

[5] Missouri Code of State Regulation 20 CSR 4240-22.010 (2)(B).

new generation additions, and were the more economic option to meet EMW customer needs.

7. Compliance with the IRP rules does not mean that a resource plan has been found prudent (Mantle Rebuttal, p. 14, lines 8-16)

I do not claim that a resource plan is inherently prudent because the IRP process which informed it is performed in compliance with the IRP rules. OPC is claiming that EMW's resource planning itself (not a specific resource decision EMW made, because there is no specific resource decision at issue in this case) is imprudent and, if that were the case, it is unclear how EMW's IRPs could have met the requirements of the IRP rules as they did.

8. Meeting SPP resource adequacy requirements does not equate to planning to meet customer energy requirements (Mantle Rebuttal, p. 8, lines 4-6)

As described above, while SPP resource adequacy requirements are only part of the picture, planning to meet them is a key part of planning to meet customer energy requirements.

Q: Staff Witness Hull provides testimony in response to OPC's recommended disallowance related to resource planning. Please summarize his testimony.

A: Regarding Ms. Mantle's testimony that "Evergy Missouri West has relied on the market at times to meet its customer needs", he states that "Staff has not alleged this is an imprudent decision in this case". (Hull Rebuttal, p. 2 lines 5-7). Further, he states "Staff does not agree with her proposed disallowance" because "there are too many variables that determine not only the market price but also how much is purchased from the market by Evergy Missouri

West as well as different variables associated with building new generation." (Hull Rebuttal, p. 2, lines 11-14).

Q: Do you have any comments in response to Mr. Hull's testimony?

A: I agree that the variables associated with this issue are numerous and complex and would only reinforce that the IRP process is the mechanism by which those many variables are assessed.

Q: In your Rebuttal testimony, you responded to OPC's assertion that your testimony in EO-2023-0291 supports OPC's arguments in this case. Given OPC again references that testimony in their Rebuttal, is there anything you would like to add?

A: Yes. I will first reiterate what I have previously stated: seeking to add resources to meet upcoming, future needs does not equate to a failure to meet past needs. Furthermore, it certainly does not equate to a failure to *plan* to meet customer needs. In fact, it shows that EMW *is* planning to meet customer needs and as those needs and market conditions change, so does the plan. The fact of the matter is that resource adequacy requirements and market dynamics have changed – since this review period and <u>certainly</u> since Aquila was acquired by KCP&L – and are continuing to change. Reserve margins are increasing, load is growing due to economic development, accreditation for resources is becoming more uncertain, more frequent extreme events and commodity price fluctuations are driving increased energy price volatility, inflation is driving up the cost of new and existing resources, and environmental regulations are threatening fossil resources, just to name a handful of factors. Every time EMW does an IRP and makes a resource decision, we are attempting to assess all of these kinds of factors and make informed risk management decisions based on the expected cost of different decisions for our customers given an inherently uncertain future. Whether OPC agrees or not, the decisions made in past EMW IRPs were based on the current understanding of each of those factors and, as a result, what the best way to meet customer needs would be. We value OPC's input into how we assess these uncertainties as we look forward, but simply asserting that we have not planned in the past is neither true nor helpful.

Q: OPC supports their disallowance calculated based on the costs of a hypothetical combined utility of EMW and Evergy Metro is valid by saying "it is only a 'hypothetical' situation because Evergy has refused to account for costs and revenues associated with resources in the same manner as it has chosen to model them in its resource planning process" (Mantle Rebuttal, p. 20 lines 10-13). How do you respond?

A: Again, resource planning is performed for EMW on a standalone basis. EMW and Evergy Metro are separate legal entities that operate separate assets to serve separate customers with separate rates. I cannot think of a single reason why it would be in the Commission's or EMW and Metro customer's interest to audit FAC costs on anything other than a separate basis. Ms. Mantle has not supported her assertion that "it is unfathomable that Evergy West's FAC be audited any way other that what I have proposed"[6] - namely, evaluating FAC costs as if the entities operated as a combined utility.

Q: How do you react to OPC's comparison of FAC costs between EMW and Evergy Metro, which starts on page 21 of her rebuttal testimony?

A: OPC's support for disallowing EMW FAC costs because they are higher than Metro's FAC costs is short-sighted. As we have established throughout out this case, EMW and Metro

[6] EO-2023-0277, Mantle Rebuttal, pg. 21, lns. 1-9.

have different generation portfolios, which in turn will drive different FAC cost results. There is no merit to disallowing EMW FAC costs because EMW customers have had to pay more FAC costs than Metro customers on a dollar per kilowatt-hour basis during this prudence review period.

Q: Does OPC discuss the difference between how fixed and variable costs are treated?

A: OPC acknowledges there is a difference between FAC costs and non-FAC costs when it comes to handling generation additions[7]. Fixed costs are generally recovered through base rates set in a general rate case, and variable costs are generally recovered via the FAC. It is unclear why OPC feels it is appropriate to isolate, compare, and judge prudence on the variable costs (FAC costs) for EMW and Metro. Metro has invested in a relatively higher level of rate base as compared to EMW. Given this fact, it is reasonable to expect EMW's and Metro's FAC costs to be different, just as it is reasonable to expect the fixed costs for Metro's higher relative rate base investment levels would be higher than EMW's fixed costs. There is a trade-off between fixed and variable costs, and a difference between the costs of EMW and Metro does not justify disallowance of costs.

Q: On page 21 of Ms. Mantle's rebuttal testimony, she points out that EMW FAC costs are higher than Metro customers FAC costs as of November 30, 2022. What are the all-in retail rates, which would be more reflective of both fixed and variable costs, for EMW and Missouri Metro, during the review period?

A: Over the 18-month period ending December 2022, EMW's average retail rate was $0.0987/kWh and Evergy Metro's was $0.1057/kWh.

---

[7] EO-2023-0277, Mantle Rebuttal, pg. 28, lns. 8-19.

Q: OPC claims that the wind PPAs at issue in this case are "energy for the sake of energy" and, as a result, they do not seem to count (in OPC's view) as resources added to meet EMW customer needs. How do you respond?

A: Quite honestly, I am not sure what "energy for the sake of energy" means. OPC's entire argument in this case seems to hinge on the need to add energy in order to meet customers' energy requirements, going so far as to say that acquiring generation (i.e., energy) would only "inadvertently" add more capacity as well (Mantle Rebuttal, p. 4 lines 21-24). That certainly sounds like adding energy for the sake of energy. If I may attempt to infer based on other parts of OPC's testimony, I think that OPC is saying that they do not think the PPAs count as energy to meet customer needs because the "energy is not economic and provides very little capacity value". Interestingly, down-playing the capacity value of these Wind PPAs is contradictory to OPC's other arguments which criticize EMW for over-emphasizing SPP capacity requirements. More importantly, I vehemently disagree with OPC's characterization that the energy from these PPAs is not economic. Wind energy has near-zero or negative marginal cost, so it is certainly economic in the SPP wholesale market which is based on marginal cost dispatch. On a long-term basis, I have already responded at length to Staff's assertion that these PPAs are not economic simply because their all-in costs are greater than their energy market revenues. I will not repeat myself here.

Q: Does this conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Fifth Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Evergy Metro, Inc. d/b/a Evergy Missouri Metro	)))))	Case No. EO-2023-0276
In the Matter of the Eleventh Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Evergy Missouri West, Inc. d/b/a Evergy Missouri West	)))))	Case No. EO-2023-0277

AFFIDAVIT OF KAYLA MESSAMORE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kayla Messamore, being first duly sworn on his oath, states:

1. My name is Kayla Messamore. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President of Strategy and Long Term Planning.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of twenty-two (22) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Kayla Messamore
Kayla Messamore

Subscribed and sworn before me this 18th day of January 2024.

Anthony R. Westenkirchner
Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

Evergy Metro, Inc. d/b/a Evergy Missouri Metro and
Evergy Missouri West, Inc. d/b/a Evergy Missouri West

Docket No.: EO-2023-0276/0277
Date: January 18, 2024

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	**Reason for Confidentiality from List Below**
pp. 8-12	3,4,5

Rationale for the "confidential" designation pursuant to 20 CSR 4240-2.135 is documented below:

1. Customer-specific information;

2. Employee-sensitive personnel information;

3. Marketing analysis or other market-specific information relating to services offered in competition with others;

4. Marketing analysis or other market-specific information relating to goods or services purchased or acquired for use by a company in providing services to customers;

5. Reports, work papers, or other documentation related to work produced by internal or external auditors, consultants, or attorneys, except that total amounts billed by each external auditor, consultant, or attorney for services related to general rate proceedings shall always be public;

6. Strategies employed, to be employed, or under consideration in contract negotiations;

7. Relating to the security of a company's facilities; or

8. Concerning trade secrets, as defined in section 417.453, RSMo.

9. Other (specify) ____.

Should any party challenge the Company's assertion of confidentiality with respect to the above information, the Company reserves the right to supplement the rationale contained herein with additional factual or legal information.