

# Exhibit No. 8

Exhibit No.: \_\_\_\_\_  
Issue(s):  
Witness: Darrin R. Ives  
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**

**DARRIN R. IVES**

**ON BEHALF OF**

**EVERGY MISSOURI METRO AND  
EVERGY MISSOURI WEST**

**Kansas City, MO**

**January 2024**

**SURREBUTTAL TESTIMONY**

**OF**

**DARRIN R. IVES**

**CASE NOS. EO-2023-0276/0277**

1 **I. INTRODUCTION**

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

3 A: My name is Darrin R. Ives. My business address is 1200 Main Street, Kansas City,  
4 Missouri 64105.

5 **Q: Are you the same Darrin R. Ives that caused to be file Direct and Rebuttal Testimony**  
6 **in this case?**

7 A: Yes.

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

9 A: The purpose of my testimony is to briefly respond to the rebuttal testimony of Staff  
10 witnesses Brad Fortson and Brooke Mastrogiannis; and OPC witness Lena Mantle.

11 **II. RESPONSE TO STAFF**

12 **Q: Do you have any overall observations or responses to the Staff testimony?**

13 A: Yes. Staff has now clarified that it does not believe that any particular action or decision  
14 of the Company was imprudent. Instead, the alleged imprudence raised by Staff relates to  
15 the fact that EMM did not reduce its FAR filing in this case by \$12.4 Million, and EMW  
16 did not reduce its FAR filing by an additional \$14.0 Million, to reflect that the SPP energy  
17 revenues during the accumulation period were less than the total of the purchase power  
18 agreement (“PPA”) costs associated with the four wind farms. As I will explain below, no  
19 particular decision by the Company is being challenged as imprudent except the decision

1 of the Company to file FARs designed to collect its full cost of service associated with the  
2 PPAs. The proposed Staff disallowances, if adopted by the Commission, would be  
3 unprecedented in the Commission’s regulatory history, and the adoption of Staff’s  
4 proposed disallowances would negatively impact the financial health of both EMM and  
5 EMW. The Company would urge the Commission not to accept these significant  
6 disallowances, as they do not reflect the operating characteristics of the SPP market.  
7 Accepting this kind of action will undermine the Company’s efforts to provide safe and  
8 adequate service, and it will represent a major departure from the regulatory compact that  
9 exists in Missouri.

10 **Q: Staff witness Mastrogiannis’ rebuttal testimony interprets the Commission order in**  
11 **Case No. EO-2019-0067 to mean “that there needed to be more data in order for the**  
12 **Commission to determine any sort of imprudence.”<sup>1</sup> Do you agree with this**  
13 **interpretation?**

14 **A:** No, I respectfully disagree. The Commission order in Case No. EO-2019-0067 stated:  
15 “The Commission will not replace the companies’ primary supposition, at the point of  
16 decision, that the PPAs were being acquired in the context of a long-term, twenty-year  
17 investment, with the supposition that the investment was short term, and then apply a  
18 hindsight test and pronounce the investments imprudent.” The Commission clearly states  
19 that it was not going to judge the prudence of a long-term investment decision using short  
20 term data and then apply a hindsight test. Staff’s interpretation seems to allege the  
21 Commission means that once there was “enough data” they could judge the decision to add  
22 these Wind PPA’s as a long-term investment and then apply a hindsight test to determine

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<sup>1</sup> Case No. EO-2023-0276 Mastrogiannis Rebuttal, pg. 3, lns. 1-3.

1 any potential imprudence. Staff’s interpretation is not consistent with the prudence  
2 standard, and I do not interpret the Commission order as intending to apply hindsight, no  
3 matter how much time has passed or how much historical data is available.

4 **Q: Are there other aspects of the Commission's order in Case No. EO-2019-0067 that are**  
5 **relevant to this discussion?**

6 A: Yes. The Commission’s order stated: “It is the Commission’s decision that when made, the  
7 companies’ decisions to acquire the Rock Creek and Osborn Wind PPAs were not  
8 imprudent in light of the factors that they appropriately considered.”<sup>2</sup> This clearly  
9 acknowledges that the wind PPAs were appropriately evaluated on a long-term basis and  
10 found to not be imprudent at the time the decision was made to incorporate the energy and  
11 capacity into EMW’s generation portfolio. The appropriately considered long-term factors  
12 cited in the Commission order included: Missouri Renewable Energy Standard (“RES”)  
13 incentives; economic benefits to the area; pending elimination of the federal Production  
14 Tax Credit (“PTC”); the Environmental Protection Agency’s (“EPA”) proposed Clean  
15 Power Plan; projected revenues requirement reduction over 20 years; and the relatively low  
16 transmission risk.<sup>3</sup>

17 The decision to add the Wind PPAs in question for this FAC prudence review  
18 period (Ensign, Gray County, Cimmaron, Spearville 3) were all analyzed and considered  
19 based on similar factors that were relevant to their economics at the time the decision was  
20 made, using the same type of long-term approach that the Commission referenced when  
21 determining the Rock Creek and Osborn Wind PPA decisions were not imprudent.

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<sup>2</sup> EO-2019-0067 Commission Order, pg. 26.

<sup>3</sup> EO-2019-0067 Commission Order, pg. 16, item 30.

1 **Q: On pages 2-7 of his rebuttal testimony, Staff witness Brad T. Fortson takes exception**  
2 **to your “strong language” to describe the Staff’s approach to resource planning**  
3 **disallowances in this case. Do you have a response?**

4 A: Yes. I agree that I am using “strong language” in my direct testimony because I believe  
5 this case has very serious implications for Evergy and its customers, as well as all regulated  
6 electric companies in Missouri and their customers. I do not believe that I can overstate  
7 the seriousness of the implications of Staff (and OPC’s) approaches for the future of  
8 resource planning and regulatory policy in this state. For this reason, while I am not  
9 “threatening” the Commission or anyone else (as Ms. Mantle argues), as I will explain  
10 below, I am using “strong language” and attempting to clearly and unequivocally  
11 communicate my concerns about the approaches being recommended by Staff and OPC  
12 witnesses in this case. As I have discussed in my direct and rebuttal testimonies, and will  
13 again explain below, the regulatory policy and the disallowances being recommended by  
14 the Staff in this case will fully undermine the Missouri regulatory framework (i.e.  
15 regulatory compact) adopted by the legislature and will financially devastate regulated  
16 electric companies in Missouri if adopted across the State and applied to all resource  
17 planning decisions.

18 Unlike more routine FAC prudence reviews that are designed to objectively  
19 evaluate the prudence of fuel and purchase power decisions, the Staff and OPC approaches  
20 in this case have the potential to establish a regulatory policy that would be entirely  
21 inconsistent with the regulatory compact that public utilities should be allowed to recover  
22 all prudently incurred expenses of providing their customers with electric service in  
23 exchange for the public utility’s obligation to serve all customers. I have concluded, and

1 our witnesses' testimony supports, that neither the proposed Staff nor OPC approaches  
2 reflect the realities of the SPP marketplace. Or, in the alternative, Staff and OPC are  
3 intending to extract value from shareholders of the Company in order to supply retail  
4 customers with adequate capacity and energy. This would clearly be in conflict of the  
5 regulatory compact and would preclude the Company from being able to recover its cost  
6 to serve customers and have the opportunity to earn a fair and reasonable return for  
7 shareholders.

8 **Q: On page 3 of his rebuttal testimony, Mr. Fortson argues that “Staff continually looks**  
9 **forward and constantly works with the Company on forward-looking outcomes.**  
10 **However, Staff is required to look ‘backwards’ in its prudence reviews since it is**  
11 **reviewing costs that have already occurred.” Do you believe the Staff position in this**  
12 **case reflects such an approach?**

13 A: No. Mr. Reed explains in his testimony, Staff is not evaluating the Company's decisions  
14 by applying a “reasonable person” standard based upon the information that was available  
15 at the time the resource planning decisions were being made. In reality, Staff’s  
16 disallowance is based upon a hindsight-based mathematical calculation of what Staff  
17 incorrectly characterizes as “losses.” Staff merely calculates the amount of the PPA costs  
18 compared to the SPP energy revenues that were paid to the public utility. As the Company  
19 will explain, this hindsight calculation fails to properly consider and determine the value  
20 of the PPAs, and the wind farms, to the Company and its customers. Regardless of the  
21 flaws in the hindsight-based analysis, it is just that, a hindsight-based analysis of results.  
22 The Staff approach in no way utilizes the prudence standard adopted by this Commission  
23 as discussed by Company witness John Reed. It is effectively just a way to calculate a

1 disallowance which ensures that the Company will not recover the full cost of providing  
2 service to its customers.

3 **Q: On page 5 of his rebuttal testimony, Mr. Fortson claims that “Staff is not attacking**  
4 **any one generation resource. Staff reviews and evaluates all of the Company’s**  
5 **generation resources and makes its recommendations on the merits of those**  
6 **resources.” Do you have a response?**

7 A: Yes. While Staff claims to be disallowing only the PPA costs associated with wind farms  
8 identified in this case, if Staff’s approach for determining “losses” were applied to all the  
9 Company’s generation assets, (i.e. rate-based generation facilities and PPA facilities), then  
10 the Company would be financially devastated since it is likely that no generation asset, (i.e.  
11 coal, nuclear, gas-fired, or renewable assets) will recover its full cost of service from the  
12 SPP marketplace. Wholesale revenues paid to the Company from the SPP market are not  
13 designed to recover the full cost of service. The SPP wholesale energy market was not  
14 designed to recover all retail costs related to generating electricity. The SPP market was  
15 designed to dispatch available generators reliably and efficiently across its 14-state  
16 footprint on a real-time basis. Dispatch and resulting SPP market prices are generally based  
17 on short-run marginal costs. In the case of many renewable resources, marginal costs are  
18 zero or negative (due to the impact of tax incentives), resulting in correspondingly low SPP  
19 market prices. Offering a generation resource into the SPP market such that all fixed costs  
20 (e.g., return of capital) are included, while technically allowed, would not result in  
21 successful recovery of those fixed costs because the resource would not be competitive  
22 with other SPP resource costs and/or would not receive recovery of fixed costs due to SPP  
23 market mitigation. Such an offer would not be competitive and would impact the



1 operations of the asset as the offer would be outside the norm and intended market offer  
2 process. Staff's flawed approach to assessing generating resource disallowances has wide-  
3 ranging implications for all of the Company's generation resources, not just the identified  
4 PPAs for wind farms in this case.

5 **Q: Is Staff alleging that Evergy was imprudent in entering into the PPAs for the Gray**  
6 **County, Ensign, Cimmaron 2, or Spearville 3 wind farms?**

7 A: No. According to Staff witness Fortson, Staff is not alleging that it was imprudent for the  
8 Company to have entered into the PPAs for Gray County, Ensign, Cimmaron 2, and  
9 Spearville 3 wind farms. In fact, Mr. Fortson states at page 12 of his rebuttal testimony,  
10 "It is not the actions and decisions of signing into the PPA contracts that Staff is alleging  
11 imprudence, but its actions and decisions to not right the wrong once the PPA contracts hit  
12 their halfway point." (Fortson Rebuttal, p. 12, lines 4-6)

13 **Q: Is Staff alleging that Evergy was imprudent because the Company failed to**  
14 **renegotiate or cancel the PPAs?**

15 A: No. According to Staff witness Fortson, Staff is not suggesting that Evergy should have  
16 renegotiated or canceled the PPAs. Quite to the contrary, Mr. Fortson states at page 11 of  
17 his rebuttal testimony, "Staff has not alleged imprudence for these PPAs because the  
18 Company should have somehow renegotiated or canceled them. Staff understands that the  
19 PPA contracts the Company has signed into have nothing in terms of an early termination  
20 clause or renegotiation requirements." (Fortson Rebuttal, p. 11, lines 8-12).

1 **Q: Is Staff alleging that Evergy was imprudent for failing to breach the various PPA**  
2 **contracts?**

3 A: No. Mr. Fortson states that he believes Evergy witness John Reed’s discussion of the  
4 problems with breaching these contracts is totally irrelevant to this case because Staff is  
5 not recommending that Evergy breach its PPA contracts. As Mr. Fortson states: “Mr. Reed  
6 does not recommend the Company breach its contracts, and just to be clear, neither does  
7 Staff.” (Fortson Rebuttal, p. 12, lines 18-19)

8 **Q: Is Staff alleging that Evergy was imprudent for entering into PPAs for renewable**  
9 **energy?**

10 A: Apparently not. Mr. Fortson states on page 8 of his rebuttal testimony that “Staff is not  
11 advocating for removal of renewables from SPP. Staff is not even advocating for removal  
12 of renewables, or more specifically the Company’s PPAs, in this case.” (Fortson Rebuttal,  
13 p. 8, lines 1-3)

14 **Q: If Staff is not alleging imprudence for (1) entering into the PPAs, (2) failing to**  
15 **terminate or renegotiate the PPAs, (3) failing to breach the PPAs, or (4) entering into**  
16 **PPAs for renewable energy, what is your understanding of Staff’s alleged imprudence**  
17 **in this case, and the basis for disallowing approximately \$26.4 Million?**

18 A: It is my understanding that Staff is alleging that Evergy is imprudent for not voluntarily  
19 absorbing the amount of the costs of the PPAs that exceed the energy revenues received  
20 from the Southwest Power Pool (“SPP”) for these PPAs. Conversely, according to Staff, it  
21 would have been prudent for Evergy, and its shareholders, to have reduced the FAR filings  
22 by the difference between the PPA contract costs and the wholesale energy revenues  
23 received from SPP. According to Mr. Fortson, “it would be irresponsible for Staff to not

1 take any action in regards to the PPA losses that are directly, and significantly, affecting the  
2 Company's ratepayers. In this case, the Company is not taking any action, or not to the  
3 extent necessary, to do its ratepayers the service they deserve for being held hostage to the  
4 PPA losses the ratepayers can do absolutely nothing about." (Fortson Rebuttal, p. 4, lines  
5 2-5) The Staff position is unreasonable and most likely unlawful within the regulatory  
6 construct in Missouri.

7 **Q: Do you agree with Staff's characterizations that there are huge "losses" that are being**  
8 **improperly charged to customers?**

9 A: No. I disagree with Mr. Fortson's characterizations that there are PPA "losses" (which he  
10 claims are in the range of \$500 million) and that customers are being held "hostage" to  
11 PPA losses. As Ms. Messamore explained in her testimony, the SPP market is not set up to  
12 recover all-in costs of generators, including PPAs. Rather, it is constructed to optimize  
13 dispatch based on short-run marginal costs in order to reduce the production costs  
14 necessary to serve market-wide load. Collectively, SPP members benefit from this short-  
15 run marginal optimization and, over the long run, are better off than they would be if they  
16 were solely running their own generation to meet their customer demand. SPP determines  
17 the most efficient dispatch of the generation in the SPP footprint.

18 It is unreasonable to expect SPP energy market revenue to always exceed total costs  
19 of service, including the fixed capital costs of generating units. Under rate-base regulation  
20 in Missouri, rates are expected to recover all prudently incurred costs, including both the  
21 short-run marginal costs and the fixed capital costs, needed to provide service to the  
22 Company's customers (subject to a 95%/5% sharing of fuel and purchased power costs  
23 recovered through the FAC).

1           As I have explained above, Staff is not asserting Evergy was imprudent for entering  
2 into these PPAs, or for failing to terminate or renegotiate these contracts. Nor is Staff  
3 asserting that it was imprudent to enter into PPAs for renewable power. Yet, if Staff's  
4 approach is adopted by the Commission, the regulatory compact used in Missouri would  
5 be severely strained and most likely permanently broken. Energy market revenues are only  
6 one part of the value a PPA resource provides to customers as further described by  
7 Company witness Messamore. More importantly, analysis of market results of PPAs is  
8 inherently a hindsight-based analysis and does not meet the prudence standard adopted by  
9 this Commission. The fact that a resource most likely will not receive energy market  
10 revenues in excess of its total costs does not demonstrate or even suggest, that any decision  
11 to enter into, or continue the PPA, is imprudent.

12 **Q: Was the SPP wholesale energy market designed to recover all costs associated with**  
13 **PPAs for wind farms?**

14 **A:** No. The SPP wholesale energy market was never designed to recover all retail costs related  
15 to generating electricity, or all costs associated with PPAs for wind farms. The SPP market  
16 was designed to dispatch available generators reliably and efficiently across its 14-state  
17 footprint on a real-time basis. Dispatch is generally based on short-run marginal costs.  
18 Offering a generation resource, including wind farm resources through PPAs, into the SPP  
19 market, such that all fixed costs (e.g., return of capital or related PPA costs) are included  
20 would not result in successful recovery of those fixed costs because the resource would not  
21 be competitive with other SPP resource costs.

1 **Q: Does Staff agree that SPP energy revenues were never designed to recover all the costs**  
2 **of PPAs?**

3 A: Apparently so. According to Staff witness Mastrogiannis, “Staff never asserts that the SPP  
4 market is designed to guarantee recovery of all costs. In fact, over the last 10 years the  
5 revenues hardly ever outweighed the costs.” (Mastrogiannis Rebuttal, p. 13, lines 13-15).

6 **Q: Does the fact that SPP revenues do not recover all PPA costs demonstrate that there**  
7 **are “losses” associated with these PPAs?**

8 A: No. It just means that the SPP revenues that are the result of dispatch based on short-run  
9 marginal costs are not fully offsetting the total cost of service associated with the PPAs.  
10 This occurrence is not at all unusual in the SPP electric market or unexpected. It does not  
11 mean that customers are suffering “losses” and certainly not a half a billion of losses as  
12 Staff suggests in Mr. Fortson’s testimony. There is no market logic to the Staff calculations  
13 and characterizations as “losses.”

14 **Q: What do you believe is Staff’s underlying complaint related to SPP revenues?**

15 A: It appears to me that Staff’s underlying complaint is the way that the SPP integrated  
16 marketplace is designed to work. Based upon Ms. Mastrogiannis’ rebuttal testimony, it  
17 appears that Staff believes that the recovery of SPP revenues, which are the result of a  
18 wholesale market in SPP that relies on offering based on short-run marginal costs, is not  
19 an adequate off-set for all of the costs associated with providing wind power to Evergy’s  
20 customers. Staff is advocating that Evergy’s shareholders absorb the difference between  
21 the SPP energy revenues, which are based upon short-run marginal costs of SPP generation  
22 resources, and the all-in costs associated with the provision of wind power through the  
23 PPAs. Staff apparently expects the SPP energy revenues to generally offset the total costs

1 associated with providing wind power to Evergy's customers. If that is not the case, Staff  
2 will propose a substantial disallowance of prudently incurred cost of service in this case  
3 and apparently in future FAR cases.

4 **Q: Is this a realistic expectation for Staff?**

5 A: No. It totally ignores the realities of the way the SPP integrated marketplace is designed  
6 to operate and compensate its members.

7 **Q: Please elaborate upon your testimony that Staff's proposed disallowance, if adopted,**  
8 **would severely strain or most likely permanently break the regulatory compact?**

9 A: The disallowances recommended by Staff in this case, if adopted by the Commission,  
10 would break the longstanding regulatory compact where the balance between providing a  
11 utility the opportunity to earn a reasonable return is exchanged for its obligation to serve.  
12 If Staff's recommended disallowance is adopted by the Commission, the Company's  
13 recovery of its cost of service would be determined by SPP wholesale energy market  
14 conditions that are outside of the Company's control. If SPP wholesale energy revenues  
15 were below what was needed to recover all costs (including capital related costs which they  
16 most assuredly will be except in the rarest of occasions), EMW and EMM shareholders  
17 would be required to absorb the difference between the SPP revenue offset and the total  
18 cost of service associated with the PPAs. This result would be both unreasonable and  
19 confiscatory, if adopted by the Commission.

1 **Q: On page 14 of his rebuttal testimony, Mr. Fortson discusses the provisions of a**  
2 **stipulation in the last rate case related to PPAs cost sharing, and acknowledges that it**  
3 **is unlikely that Evergy will enter into any new renewable PPAs, given the risk of the**  
4 **contracts will now be on the shareholders. Do you agree with Mr. Fortson that Evergy**  
5 **is unlikely to enter into new PPA under the provisions of that Stipulation?**

6 A: Yes. As I explained in my rebuttal testimony in this case, Evergy entered into this provision  
7 of the rate case Stipulation as one part of a multi-faceted agreement that contained many  
8 compromises that were necessary to settle many of the rate case issues. Mr. Fortson is  
9 correct that Evergy is unlikely to enter into new PPAs for renewable energy, given the  
10 position Staff and other parties are taking regarding the disallowance of costs that exceed  
11 the SPP revenue offset received from the SPP Integrated Marketplace. As I explained in  
12 my rebuttal testimony, I made this fact very clear to Staff and other parties to the rate case  
13 Stipulation. The resulting impact on the ability to pursue PPAs is an unfortunate but  
14 necessary result of the position taken by Staff and other parties to the rate case stipulation.

15 **Q: Are you familiar with any other state jurisdiction that takes this approach to the**  
16 **regulation of costs associated with PPAs?**

17 A: No, I am not. The Kansas Corporation Commission certainly does not take this approach  
18 to the numerous PPAs for wind power that falls under its jurisdiction. I am not aware of  
19 other state jurisdiction where vertically-integrated electric companies provide service that  
20 have taken the approach being recommended by Staff in this case.

1 **Q: Does the Federal Energy Regulatory Commission (“FERC”) take the approach**  
2 **recommend by Staff to regulation of the costs associated with PPAs in the wholesale**  
3 **jurisdiction?**

4 A: No. At the federal level, the Company is allowed to recover both the short-run marginal  
5 costs through SPP revenues and the capital costs, or related costs, of PPAs.

6 **Q: Staff witnesses Mastrogiannis and Fortson both deny that the Staff disallowance is**  
7 **based upon hindsight. Do you agree?**

8 A: I do not. Their entire adjustment is based upon historic information and the flawed  
9 expectation that SPP energy revenues should exceed the all-in total costs of the PPAs.  
10 Without the historic information, Staff could not calculate its \$26.4 million disallowance.  
11 Their determination of the disallowance gives no consideration to information known or  
12 knowable at the time the PPAs were entered nor meets any other criteria of the prudence  
13 standard.

14 **Q: Is Staff’s approach in this case consistent with the Commission’s prudence standard**  
15 **that historically been applied in Missouri?**

16 A: No. As Mr. Reed explains in his testimony, Staff’s disallowance is inconsistent with the  
17 Commission’s traditional prudence standard. The Staff witnesses ignore the well-  
18 established principles for performing a prudence review. They did not: (1) construct or  
19 apply a proper prudence evaluation framework, (2) focus on the reasonableness of the  
20 Company’s decisions based on information that was known or reasonably knowable at the  
21 time, or (3) develop a recommended disallowance based on quantifying the difference  
22 between actual costs and what would have been the costs incurred under a “minimally-  
23 prudent” decision. The Staff witnesses ignore fundamental premises of the prudence



1 standard including that prudence does not require perfection, nor does it require achieving  
2 the lowest possible cost. They simply fail to address, utilize, or satisfy the prudence  
3 standard of review.

4 **Q: What decision or action of Evergy is Staff suggesting was in any way imprudent?**

5 A: As I discuss above, Staff apparently is evaluating Evergy's decision (if there was even a  
6 decision to be made) not to voluntarily lower the FAC rates by \$26.4 Million below the  
7 cost of service associated with the PPAs. Since Evergy did not file tariffs lowering the  
8 FAC rates by \$26.4 Million, Staff alleges that this decision was imprudent, and the  
9 Commission should order a disallowance (or penalty) of \$24.6 Million. The effect of this  
10 disallowance would be that the Company will not recover the prudently incurred cost of  
11 providing service to its customers. The Staff approach is circular and not at all consistent  
12 with the Commission's traditional prudence standard.

13 **III. RESPONSE TO PUBLIC COUNSEL**

14 **Q: Do you have any overall observations about Ms. Mantle's rebuttal testimony?**

15 A: In her rebuttal testimony (like her direct testimony), Ms. Mantle fails to address, utilize, or  
16 satisfy the prudence standard of review and many of her arguments contradict the prudence  
17 standard. She does not discuss the Company's decision-making process, she does not  
18 discuss the range of reasonable conduct based on what other firms have done, and she does  
19 not evaluate the quality of the Company's decisions based on what was known or knowable  
20 at the time the decisions were made. Instead, she makes baseless accusations, and relies  
21 on hindsight to support her assertions. She alleges that the Company was imprudent to rely  
22 upon the SPP energy market rather than building additional generation resources.

1           As I have explained at length in my rebuttal testimony, Ms. Mantle made the same  
2 argument she is making here in File No. EF-2022-0155, where the Company sought a  
3 financing order to allow it to securitize certain extraordinary costs associated with Winter  
4 Storm Uri. Ms. Mantle on behalf of OPC asserted that EMW did not have enough  
5 generation resources to meet the energy needs of its customers and EMW’s resource  
6 planning was imprudent. The Commission disagreed, noting that OPC offered “its own  
7 previous concerns about Evergy West’s resource planning as its primary evidence of  
8 imprudence.”<sup>4</sup> The Commission reaffirmed this conclusion in the Company’s last rate case  
9 where OPC continued to take issue with the decision to retire Sibley.<sup>5</sup>

10           The Commission should now re-affirm its numerous findings in past orders, and  
11 find again that OPC has failed to meet its burden to show the Company was imprudent in  
12 its past resource planning decisions.

13 **Q: Ms. Mantle’s testified that her prudence adjustment is separate and apart from the**  
14 **Staff’s adjustment. She says that if the losses from the wind PPAs that Staff is**  
15 **challenging is included in my calculation of imprudence, then the Commission would**  
16 **need to order an imprudence adjustment of \$99,418,390. (Mantle Rebuttal, p. 25).**  
17 **Is this a reasonable recommendation?**

18 A: Absolutely not. Evergy witnesses have explained why the Staff’s disallowances are  
19 unreasonable and should be rejected in this case. The Commission has also addressed Ms.  
20 Mantle’s flawed recommendation in other cases. To combine the OPC’s recommended

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<sup>4</sup> *Amended Report and Order*, p. 33. In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for a Financing Order of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds, File No. EF-2022-0155, (issued November 17, 2022).

<sup>5</sup> *Amended Report and Order*, p. 35, In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro’s Request for Authority to Implement a General Rate Increase for Electric Service, File Nos. ER-2022-0129/0130, (issued December 8, 2022).

1 substantial disallowance with Staff's equally unreasonable disallowances would compound  
2 the error, and in the process, devastate the Company's earnings and cash flow. I have  
3 already explained that EMW's earnings are already among the lowest in the industry, based  
4 primarily upon previous resource planning disallowances.

5 **Q: On pages 3-6 of her rebuttal testimony, Ms. Mantle argues that you are threatening**  
6 **Staff, OPC, and the Commission. Are you in any way threatening the Commission or**  
7 **other parties to this case?**

8 A: No. I need to be very clear in this response to Ms. Mantle. I am not threatening the  
9 Commission or anyone else. My testimony is designed to suggest, in unequivocal terms,  
10 that the adoption of Staff and/or OPC's position in this case would be a major disincentive  
11 for Evergy to continue investing in PPAs or in any new generation resources in the SPP  
12 market. In my opinion, any action taken against Evergy to financially harm its shareholders  
13 by disallowing the actual cost of providing wind resources through PPAs, if adopted by the  
14 Commission, would constitute bad regulatory policy and be clearly inconsistent with the  
15 regulatory compact. As I have explained, the Company believes it is time to move forward  
16 and adopt progressive regulatory policies that will encourage electric companies to invest  
17 in generation resources that will provide safe and adequate service at just and reasonable  
18 rates. The Company does not believe that the Staff's or OPC's approach in this case will  
19 accomplish that goal.

20 **Q: On pages 14-15 of her rebuttal testimony, Ms. Mantle discusses the purpose of the**  
21 **Chapter 22 IRP Rules. Do you have any comments about her testimony?**

22 A: Yes. I largely agree with Ms. Mantle when she states: "The purpose of the resource  
23 planning rules is to assure that the utility collects, reviews, and analyzes certain data. It is

1 the minimum that the utility should do in its resource planning process. It is the goal that  
2 if the utility decision makers have good data and the results of good analysis, they will  
3 make prudent decisions.” As Ms. Messamore explains in her testimony, Evergy rigorously  
4 follows the Commission IRP rules as it develops its Preferred Plan for each year. These  
5 rules are designed to promote the adoption of the best resource plans, based upon the best  
6 information available at the time the plans are adopted. Evergy has followed that decision  
7 making process required by the Commission’s IRP rules, and Evergy believes that as a  
8 result the Company’s resource planning process has been rigorous and prudent.

9 **Q: Does this conclude your testimony?**

10 **A:** Yes, it does.

