



Evergy Missouri West
Case Name: 2023 Fuel Adjustment Clause MO West 11th Prudence Audit
Case Number: EO-2023-0277

Requestor Mantle Lena -
Response Provided January 05, 2024

Question:8074

On pg. 5, ln 17 – 19 of his rebuttal testimony Mr. Reed states “Based on an unbiased review of the facts of this case, there is no reasonable indication that the Company’s decisions to procure the resources and products that underlie the 2021-2022 Fuel Adjustment Clause (“FAC”) were imprudent.” Please provide all documentation and supporting documentation and workpapers for the unbiased review of the facts Mr. Reed is referring to. Provide specific cites in the supporting documentation to where the following information can be found:

- a. Documentation of Evergy West’s decision making process;
- b. Documentation of reasonable conduct based on what other firms have done;
- c. Documentation of what was known at the time the decisions were made; and
- d. Evidence that there was no hindsight in the review.

RESPONSE: (do not edit or delete this line or anything above this)

Confidentiality: PUBLIC

Statement: Choose an item.

Response: Mr. Reed’s cited statement speaks to what there is a *lack of* in this record, i.e., any reasonable indication that Evergy’s decisions were imprudent. This question then seeks to have Mr. Reed make an affirmative case for the prudence of the decisions that were made, which is not what Mr. Reed understands to be the evidentiary process required for a prudence review.

However, Mr. Reed has reviewed Evergy’s resource planning process in this and prior cases and has reviewed resource planning processes generally in Missouri and elsewhere in the U.S. Most recently, Mr. Reed provided testimony in support of the Company’s application for a Certificate of Convenience and Necessity (CCN) for the Dogwood Energy Facility Case No. EA-2023-0291 and in the Company’s securitization proceeding Case No. EF-2022-0155 related to winter storm Uri. Mr. Reed was also involved with the Evergy rate case proceeding in ER-2022-0129-0130 regarding the retirement of Sibley Generating Station.

In this proceeding, Staff is challenging the prudence of Evergy deciding to not seek to renegotiate, terminate or breach its wind PPAs that have produced market revenues below the



PPAs' costs. This position completely ignores the fact that Evergy had no such contractual rights, nor has Staff actually said what it thought Evergy should have done and what the costs would have been under that course of action. OPC appears to be challenging Evergy's decision to procure a portion of its energy requirements from the market, rather than build resources or procure energy through pre-determined contractual terms. It is important to understand that neither approach would have been likely to produce lower costs for customers over the long-term, and, once again, OPC has not said what it thinks Evergy should have done or what the resulting costs would have been. Importantly, neither party challenging these costs has defined a range of reasonable behavior. In Mr. Reed's experience, the decisions to abide by the PPAs' terms, and to procure a portion of the energy needs from the market, were well within the range of what he has seen others in the industry do under similar circumstances.

Mr. Reed did not conduct a full prudence review of Evergy's resource planning process in this case because there is a rebuttable presumption of prudence that neither OPC nor Staff overcame. They did not make a case sufficient to overcome the presumption of prudence, as they did not present any facts, evidence, or proof that the Company's decisions, based on the information that was known or reasonably knowable at the time decisions were made, were unreasonable or outside a range of reasonable behavior.

Furthermore, the Company's decision-making processes, its conduct compared to what other firms would have done, and the documentation of what was known and knowable at the time would have been assessed in the context of previous long-term integrated resource plans that are reviewed by the Commission. These analyses compare the value of resources in a variety of scenarios to other resource alternatives, such that the most cost-effective resource or set of resources can be procured to meet customer needs on a long-term basis (see Ms. Messamore's direct testimony at page 13-14, for example). Ms. Messamore also notes that the PPAs that Staff is objecting to have been in the Company's portfolio throughout numerous FAC prudence reviews. She cites these reviews on page 13 of her direct testimony. For both Staff's position and OPC's position, there is no new evidence being presented that calls into question resource planning decisions, and their resulting costs, that were reviewed multiple times in the past and for which the costs have been included in just and reasonable rates charged to customers.

Information provided by: John J. Reed

Attachment(s):



Missouri Verification:

I have read the Information Request and answer thereto and find answer to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signature /s/ *Brad Lutz*
Director Regulatory Affairs