

**Exhibit No.:**  
**Issue(s):** FAC Tariff/TCR Revenues  
**Witness/Type of Exhibit:** Schaben/Rebuttal  
**Sponsoring Party:** Public Counsel  
**Case No.:** ER-2024-0189

**REBUTTAL TESTIMONY**

**OF**

**ANGELA SCHABEN**

Submitted on Behalf of the Office of the Public Counsel

**EVERGY MISSOURI WEST, INC. D/B/A  
EVERGY MISSOURI WEST**

CASE NO. ER-2024-0189

August 6, 2024

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1 **INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 A. Angela Schaben, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public  
4 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Angela Schaben who filed direct testimony for the OPC in this case?**

6 A. Yes.

7 **Q. What is the purpose of your testimony?**

8 A. I am responding to Evergy West, Inc. (“Evergy West”) Witness Linda Nunn regarding  
9 administrative fees flown through the Fuel Adjustment Clause (“FAC”) and updated tariff  
10 sheets. Additionally, I am responding to Evergy West Witness Hsin Foo’s statement regarding  
11 her position on the inclusion of TCR net margins in revenue requirement.

12 **Q. Please summarize your recommendations to the Commission.**

13 A. I recommend not allowing the 555070 account and charge types to be added to the FAC tariff  
14 as proposed by Company witness Linda Nunn due to the lack of explanation for why these  
15 costs meet the criteria for including them in the FAC. In response to Witness Foo, I reiterate  
16 my position on Transmission Congestion Right (“TCR”) revenues stated in my direct  
17 testimony from this case.

1 **FAC Tariff and Administrative Charges**

2 **Q. Ms. Nunn, in her direct testimony, stated that Evergy was proposing to include in its**  
3 **FAC the costs that would be recorded in subaccount 555070.<sup>1</sup> The Company’s**  
4 **proposed FAC tariff sheets indicate subaccount 555070 includes Southwest Power Pool**  
5 **(“SPP”) administrative fees<sup>2</sup>. Should the Commission allow Evergy West’s FAC to be**  
6 **changed to include these costs?**

7 A. No. Evergy has requested administrative costs be included in the FAC in prior general rate  
8 cases. The Commission specifically addressed Evergy’s request to include SPP  
9 administrative costs in its *Report and Order* in Case No. ER-2014-0370 where it made the  
10 following conclusion:

11 KCPL has requested that SPP Schedule 1-A and 12 fees be included in its FAC. The  
12 Commission finds that these fees are administrative in nature and not directly linked  
13 to fuel and purchased power costs. These fees support the operation of SPP and are  
14 not needed for KCPL to buy and sell energy to meet the needs of its customers.  
15 These fees are neither fuel and purchased power expenses nor transportation  
16 expenses incurred to deliver fuel or purchased power. The Commission concludes  
17 that including such fees would be unlawful under Section 386.266.1, RSMo, and,  
18 therefore, Schedule 1-A and 12 fees should not be included in the FAC. These fees  
19 are appropriate for recovery in base rates. (Emphasis added)

20 Ms. Nunn did not provide any information that would justify the Commission changing its  
21 position to include SPP administrative costs. The Commission should continue to deny  
22 including these costs in Evergy West’s FAC.

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<sup>1</sup> Direct Testimony of Linda Nunn, file no. ER-2024-0189, page 5.

<sup>2</sup> Direct Testimony of Linda Nunn, file no. ER-2024-0189; Schedule LJM-4, page 37 of 44.

1 **Q. Ms. Nunn indicates that the updated listing of new SPP charge types necessitates**  
2 **including subaccount 555070<sup>3</sup> in the FAC tariff. Is this the case?**

3 A. No. As the *Report and Order* from Case No. ER-2014-0370 indicates, Evergy has requested  
4 the inclusion of administrative costs during several prior rate cases, long before the most  
5 recent SPP charge types were added.

6 **Q. The FAC rule specifies that, for each cost or revenue type, the Commission may consider**  
7 **the magnitude and volatility and utility incentive for including said costs or revenue**  
8 **types. Did Ms. Nunn’s testimony provide a basis on the magnitude or volatile nature of**  
9 **the administrative charge types affiliated with subaccount 555070?**

10 A. No. Ms. Nunn does not provide a basis for adding new administrative charge types in the FAC.

11 **Q. What do you recommend?**

12 A. I recommend not including the Company’s proposed administrative charge types in the  
13 FAC, as indicated in the revised tariff sheets attached to my testimony in Schedule ADS-R-  
14 1. I also recommend the Commission adopt the FAC tariff sheet attached to my testimony.

15 **TCR Revenues**

16 **Q. Witness Foo claims that “[i]n 2022, wind generation served a record-breaking 88.5% of**  
17 **SPP load”.<sup>4</sup> What is your response?**

18 A. According to page 6 of the SPP 2022 annual report, “SPP reached new record-high levels of  
19 wind penetration in 2022, serving as much as 88.5% of its load with wind energy and 90.2%  
20 of load with all renewable energy sources for a period on March 29. There were also periods  
21 during which wind served as little as 1.5% of SPP’s total generation. During these intervals,

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<sup>3</sup> Direct Testimony of Linda Nunn, file no. ER-2024-0189, page 5.

<sup>4</sup> Direct Testimony of Hsin Foo, file no. ER-2024-0189, page 6.

1 other generation types like coal, natural gas, and nuclear units play a critical role in maintaining  
2 reliability”<sup>5</sup>. Based on this information, wind penetration served as much as 88.5% of load  
3 for a period on only one day in 2022 – March 29.<sup>6</sup>

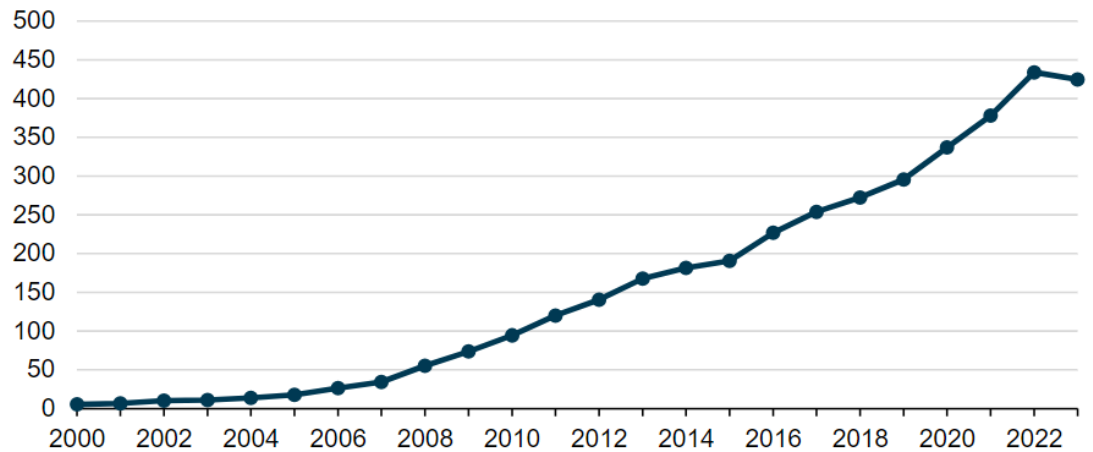
4 **Q. Has wind generation reached record-high levels from a yearly perspective?**

5 A. Not necessarily. According to The US Energy Information Administration (“EIA”), wind  
6 generation decreased in 2023, which hasn’t occurred since the 1990s. EIA also reports that  
7 U.S. wind generation totaled 425,235 GWh in 2023 compared to generation of 434,297 GWh  
8 in 2022, a 2.1% decrease overall, as shown in the Graph 1 below<sup>7</sup>:

**Wind generation declined in 2023 for the first time since the 1990s**

**Annual U.S. wind generation, 2000–2023**

billion kilowatthours



Data source: U.S. Energy Information Administration, *Electric Power Monthly*

5 <https://www.spp.org/documents/70194/2022%20annual%20report%20-%209.26.23.pdf>

6 Id.

7 EIA – Wind generation declined in 2023 for the first time since the 1990s;  
<https://www.eia.gov/todayinenergy/detail.php?id=61943#>.

1 **Q. For what reason did Witness Foo mention wind farm generation?**

2 A. Witness Foo opines about the unpredictable nature of wind farm generation and that large  
3 swings in wind farm generation “can have a sizeable impact on transmission congestion, and  
4 in turn impact LMPs (“Locational Marginal Pricing”).”<sup>8</sup>

5 **Q. What did Company Witness Foo recommend regarding Transmission Congestion Rights  
6 (“TCR”) revenues?**

7 A. Witness Foo recommended crediting the retail cost of service with the estimated annualized  
8 net gain on Evergy West’s TCR portfolio.<sup>9</sup> The estimated annualized net gain of Evergy  
9 West’s TCR portfolio included January 2023 through July 2023 actuals, annualized over 12  
10 months.

11 **Q. Do you agree?**

12 A. No. As I stated in direct testimony, TCRs are instruments utilized in order to hedge against  
13 transmission congestion. Estimated congestion may be relevant during the process of bidding  
14 on TCRs or converting Auction Revenue Rights (“ARRs”) to TCRs if the Company’s goal is  
15 to maximize TCR revenue. However, TCR revenues are received after the market process has  
16 completed and congestion is realized. The cost of transmission congestion should already be  
17 figured into revenues or losses given that congestion is the primary reason TCRs exist because  
18 “[b]oth the cost of generation and the cost of congestion make up the hourly power price.”<sup>10</sup>

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<sup>8</sup> Direct Testimony of Hsin Foo, file no. ER-2024-0189, page 5.

<sup>9</sup> Direct Testimony of Hsin Foo, file no. ER-2024-0189, pages 16-17.

<sup>10</sup> Direct Testimony of Hsin Foo, file no. ER-2024-0189, page 5.

1 **Q. What did you recommend in Direct Testimony in this case?**

2 A. I recommended that the 2023 ARR/TCR revenue actuals, to be trued up through June 30, 2024,  
3 should be accounted for in the revenue requirement and FAC base rather than net TCR  
4 margins.

5 **Q. Is this still your recommendation?**

6 A. For the most part. I recommend an annualized amount of the TCR/ARR revenue based on the  
7 actual revenues received between January 2023 through June 2024. If a net benefit is utilized,  
8 then congestion charges should be excluded.

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

10 A. Yes.



