

Exhibit No. 231

Staff – Exhibit 231
Teresa Denney
Rebuttal
File No. ER-2024-0189

Exhibit No.:
Issue(s): Fuel Adjustment Clause
Witness: Teresa Denney
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2024-0189
Date Testimony Prepared: August 6, 2024

MISSOURI PUBLIC SERVICE COMMISSION
INDUSTRY ANALYSIS DIVISION
ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY
OF
TERESA DENNEY

EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West

CASE NO. ER-2024-0189

Jefferson City, Missouri
August 6, 2024

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **TERESA DENNEY**

4 **EVERGY MISSOURI WEST, INC.,**

5 **d/b/a Evergy Missouri West**

6 **CASE NO. ER-2024-0189**

7 Q. Please state your name and business address.

8 A. My name is Teresa Denney, and my business address is 200 Madison Street,
9 Jefferson City, Missouri 65102.

10 Q. Are you the same Teresa Denney who has previously provided testimony in
11 this case?

12 A. Yes. I filed direct testimony in the Evergy Missouri West, Inc. d/b/a
13 Evergy Missouri West (“EMW”) rate case, designated as Case No. ER-2024-0189,
14 on June 27, 2024.

15 Q. What is the purpose of your rebuttal testimony?

16 A. The purpose of my rebuttal testimony is to address EMW witness
17 Linda J. Nunn’s Fuel Adjustment Clause (“FAC”) direct testimony in which she requests the
18 continuation of the EMW’s FAC, with modifications, as well as OPC witness Angela Schaben’s
19 direct testimony in regards to her suggested modifications to the FAC.

1 **EXECUTIVE SUMMARY**

2 Q. Please summarize your rebuttal testimony in response to EMW witness
3 Ms. Nunn.

4 A. Staff opposes the following proposals made by EMW witness
5 Linda J. Nunn:

- 6 1. Decrease the percentage of the Southwest Power Pool (“SPP”) transmission
7 service costs for EMW from 74.57% to 69.88%.
- 8 2. Include SPP charge types a) Integrated Marketplace Clearing Administrative
9 Service; b) Integrated Marketplace Facilitation Administration Service; and c)
10 Transmission Congestion Rights Administration Service.
- 11 3. Include FERC subaccount 555070: SPP purchased power administration fees.

12 Staff does not oppose the following proposals made by EMW witness Linda J. Nunn:

- 13 1. Include language to FERC Account 509, adding “subaccounts 411.8 and 411.9:
14 gains or losses of emission allowances recorded in the current FAC
15 accumulation period.”
- 16 2. Adding six new charge types that were implemented by SPP and went into effect
17 on July 6, 2023: “Day-Ahead Uncertainty Reserve Amount”, “Day-Ahead
18 Uncertainty Reserve Distribution Amount”, “Real-Time Uncertainty Reserve
19 Amount”, “Real-Time Uncertainty Reserve Distribution Amount”, “Real-Time
20 Uncertainty Non-Performance Amount”, and “Real-Time Uncertainty
21 Non-Performance Distribution Amount”.

1 3. Deleting account 501420: Fuel Residuals Non FAC Labor/Non-Labor.

2 These costs will be included in account 501400: Fuel Exp-residuals and will
3 continue to be used for new costs that have not yet been included in the FAC
4 base calculation.

5 Q. Please summarize your rebuttal testimony in response to OPC witness
6 Ms. Schaben.

7 A. Staff does not oppose the proposed FAC monthly reports additional reporting
8 requirements as it relates to Transmission Congestion Rights (“TCRs”) and Auction Revenue
9 Rights (“ARRs”). In addition, Staff provides the TCR/ARR annualized amount included in
10 Staff’s FAC base factor calculation. Lastly, Staff agrees the Commission should continue with
11 the precedent of not allowing SPP purchased power administration fees in the FAC.

12 **FUEL ADJUSTMENT CLAUSE**

13 **Response to Company Witness Linda Nunn**

14 Q. What does EMW propose in regards to the percentages of
15 SPP transmission costs?

16 A. The proposal is for EMW to decrease the transmission costs from 74.57%
17 to 69.88% (tariff page 124.30).

18 Q. What does Staff recommend for transmission costs?

19 A. Staff calculated the pass-through percentage of SPP transmission costs¹ in the
20 FAC as 69.50% for EMW. This calculation is based on the output from Staff’s fuel models that
21 were used to develop the revenue requirements found in Staff’s direct testimony for this case.

¹ The pass-through percentage of SPP transmission costs are a representation of transmission expenses that are associated with energy purchases from the SPP IM in excess of energy generation by EMW’s generation units.

1 The calculations are appropriate since they are consistent with the method used to calculate the
2 pass-through percentage of SPP transmission costs for EMW's current FAC.

3 Q. What language does EMW propose to include in the FAC tariff sheets for the
4 SPP charge types?

5 A. In the FAC tariff sheets, provided in Ms. Nunn's direct testimony,
6 EMW proposes to add the following SPP charge type language: 1) Transmission Congestion
7 Rights Administration Service; 2) Integrated Marketplace Clearing Administration Service;
8 and 3) Integrated Marketplace Facilitation Administrative Service. On page 5, lines 1-2 of
9 Ms. Nunn's direct testimony, she also proposes including account 555070 for SPP purchased
10 power administration fees.

11 Q Does Staff agree with the Company's inclusion of the above language in the
12 FAC tariff sheets? If not, please explain.

13 A. No. These fees are, as stated in the title of these charge types, administrative
14 fees; therefore, they are not eligible expenses under the FAC. The Commission has previously
15 stated that SPP administrative fees should not be in the FAC in the following *Report and Order*
16 from the Kansas City Power & Light (Evergy Missouri Metro's predecessor) rate case,
17 Case No. ER-2014-0370:

18 KCPL has requested that SPP Schedule 1-A and 12 fees be
19 included in its FAC. The Commission finds that these fees are
20 administrative in nature and not directly linked to fuel and
21 purchased power costs. These fees support the operation of SPP
22 and are not needed for KCPL to buy and sell energy to meet the
23 needs of its customers. These fees are neither fuel and purchased
24 power expenses nor transportation expenses incurred to deliver
25 fuel or purchased power. The Commission concludes that
26 including such fees would be unlawful under Section 386.266.1,
27 RSMo, and, therefore, Schedule 1-A and 12 fees should not be
28 included in the FAC. These fees are appropriate for recovery in
29 base rates.

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1 Q. Does Ms. Nunn include SPP charge types that Staff does agree with?

2 A. Yes. Ms. Nunn includes six new SPP charge types that Staff agrees with:
3 “Day-Ahead Uncertainty Reserve Amount”, “Day-Ahead Uncertainty Reserve Distribution
4 Amount”, “Real-Time Uncertainty Reserve Amount”, “Real-Time Uncertainty Reserve
5 Distribution Amount”, “Real-Time Uncertainty Non-Performance Amount”, and “Real-Time
6 Uncertainty Non-Performance Distribution Amount.” The Company filed a notice of adding
7 these new charge types to FAC monthly reports in ER-2022-0129/0130; no party
8 filed a response.

9 Q. What language does EMW propose to add to FAC tariff sheets for FERC
10 account 509, subaccounts 411.8 and 411.9?

11 A. EMW proposes to add the following language to FERC account 509:
12 “subaccounts 411.8 and 411.9: gains or losses of emission allowances recorded in the current
13 FAC accumulation period.”

14 Q. Does Staff oppose this additional language?

15 A. No. Staff does not oppose the addition of this language.

16 Q. EMW proposes to remove account 501420: Fuel Residuals Non FAC
17 Labor/Non-Labor from the FAC base factor calculation and the FAC tariff sheets. Does Staff
18 oppose EMW’s change to remove this account from the FAC base factor and the
19 FAC tariff sheets?

20 A. No, Staff does not oppose it; there were no costs associated with that account
21 during the test year or update period.

1 Q. According to Ms. Nunn's FAC Base Calc workpaper, EMW identified account
2 501430: Fuel Residuals Non-FAC Non-Labor as including those costs in the FAC base factor.
3 Does Staff oppose this modification?

4 A. Currently, the FAC tariff sheets do not allow for costs to be included under
5 account 501430. Since this modification was not identified in the redline tariff, Staff requested
6 clarification in DR 194.1. EMW's response states, "The fuel residual costs in account 501430
7 were inadvertently being charged to operations accounts instead of to account 501400 and were
8 therefore included in base rates in EMW's last rate case. The inadvertent use of operations
9 accounts was discovered post new rates taking effect and therefore the company moved them
10 to the correct FERC 501 account but in order to not double recover these costs from customers,
11 these costs are being recorded to account 501430 until they can be properly moved from base
12 rates to the FAC base rate in this rate case." Staff understands EMW's intentions for including
13 this in the base factor, even though it was originally charged to account 501430. During the test
14 year, EMW has stated it should have been charged to account 501400, which is an FAC eligible
15 account. However, Staff also requested, in DR 194.1, a complete general ledger breakdown of
16 those costs in order to verify eligibility under account 501400. To date, Staff has not received
17 this information. Therefore, Staff did not include account 501430 in its FAC base factor
18 calculation, but could reconsider it if the necessary information is provided before true-up.

19 **Response to OPC Witness Angela Schaben**

20 Q. Do you agree with Ms. Schaben's statements regarding EMW flowing
21 TCRs/ARRs revenues, related to wind Purchase Power Agreements ("PPAs"),
22 through the FAC?

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1 A. Yes. On page 13, lines 4-13, of Ms. Schaben's direct testimony, she defines
2 TCRs and ARR revenues as additional financial instruments related to wind PPAs, that EMW
3 flows through the FAC.

4 Q. On page 19, lines 11-13, Ms. Schaben states, "...the revenue requirement and
5 FAC base calculated in this case should include the 2023 actual ARR/TCR total revenues of
6 ** [REDACTED] ** to be updated with additional ARR/TCR revenues through the June 2024
7 test year update." Does Staff include a different amount?

8 A. Staff's calculation for ARR/TCR total revenues is ** [REDACTED] **, which is
9 the annualized amount based on 12 months ending December 31, 2023. This calculation can be
10 found in Staff witness' Karen Lyons Direct workpapers.

11 Q. On page 24, lines 1-9 of Ms. Schaben's testimony, she recommends EMW's
12 FAC monthly reporting requirement should be updated to: 1) include locational market pricing
13 by node; 2) provide TCR/ARR revenues/losses by node - not by revenues or losses;
14 3) provide a reconciliation/cost benefit analysis between TCR/ARR node revenue and/or losses
15 by each wind; and 4) report TCR/ARR revenues and/or losses in specifically designated
16 TCR/ARR subaccounts within the 555000 expense account and 447000 revenue account,
17 respectively. Does Staff oppose Ms. Schaben's additional FAC monthly reporting
18 requirement recommendations?

19 A. No. As she stated in her direct testimony, Staff's disallowance related to
20 long-term wind PPA losses in EO-2023-0276/0277 was based on contract losses calculated over
21 historic performance periods. Even after the proposed disallowance and its justification was
22 discussed in direct testimony, EMW did not provide monetary values for the cause/effect
23 relationship between wind transmission congestion and TCR/ARR congestion

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1 revenues until surrebuttal. In addition, the FAC monthly reports submitted by EMW and EMM
2 did not provide any amount of TCR/ARR revenue specifically tied to any of the wind PPAs.

3 Staff recognizes that, due to the outcome of the Non-Unanimous Stipulation and
4 Agreement in EO-2023-0276/0277, EMW will be providing in their FAC monthly reports the
5 amounts of TCRs and ARRAs that are attributed to each purchased power agreement.
6 However, Staff does not oppose Ms. Schaben's additional FAC monthly reporting requirement
7 recommendations, as this does seem to be data the Company already has. The more information
8 EMW provides regarding any TCR/ARR costs/revenues, the more informative Staff's
9 recommendations to the Commission will be regarding the FAC in the future.

10 Q. On page 23, lines 18-22 of Ms. Schaben's testimony, she recommends the
11 Commission continue with the precedent of not allowing SPP purchased power administration
12 fees in the FAC. Do you agree with her recommendation?

13 A. Yes. As I previously stated, these are administrative costs and are not eligible
14 expenses under the FAC under the Commission's historical guidance.

15 Q. Does this conclude your rebuttal testimony?

16 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West's Request for)
Authority to Implement A General Rate)
Increase for Electric Service)

Case No. ER-2024-0189

AFFIDAVIT OF TERESA DENNEY

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW TERESA DENNEY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Teresa Denney*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

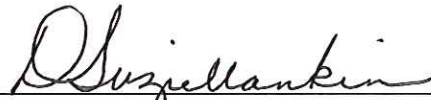


TERESA DENNEY

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31st day of July 2024.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public