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EA-2022-0328

SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

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

CASE NO. EA-2022-0328

January 31, 2023

TABLE OF CONTENTS

Testimony	Page
Response to Rebuttal Testimony of Staff witness J Luebbert	3
Response to Rebuttal Testimony of Staff witness Brad J. Fortson	10
Conclusion	14

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OF
LENA M. MANTLE, P.E.
EVERGY MISSOURI WEST, INC.
d/b/a
EVERGY MISSOURI WEST
CASE NO. EA-2022-0328

1 **Q. Would you state your name, title, and business address?**

2 A. My name is Lena M. Mantle. I am a Senior Analyst for the Office of the Public
3 Counsel (“OPC”). Our business address is P.O. Box 2230, Jefferson City,
4 Missouri 65102.

5 **Q. What are your experience and qualifications?**

6 A. I began employment at the OPC in my current position as Senior Analyst in
7 August 2014. In this position, I have provided expert testimony in electric,
8 natural gas, and water cases before the Commission on behalf of the OPC. I am a
9 Registered Professional Engineer in the State of Missouri.

10 Prior to being employed by the OPC, I worked for the Staff of the
11 Missouri Public Service Commission (“Staff”) from August 1983 until I retired as
12 Manager of the Energy Unit in December 2012. During my employment at the
13 Missouri Public Service Commission (“Commission”), I worked as an Economist,
14 Engineer, Engineering Supervisor, and Manager of the Energy Unit.

15 Attached as Schedule LMM-S-1 is a brief summary of my experience with
16 the OPC and Staff, and a list of the Commission cases in which I filed testimony,
17 Commission rulemakings in which I participated, and Commission reports in rate
18 cases to which I contributed as Staff.

1 **Q. What is your experience with electric utility resource planning?**

2 A. I was on the Commission’s Staff team that in the 1990’s first reviewed the current
3 Missouri electric utilities’ planning process and then drafted the Commission’s
4 Chapter 22 Electric Utility Resource Planning rules. As the Manager of the
5 Commission’s Energy Department, I oversaw the revision of this chapter in the
6 late 2000s.

7 I have reviewed many of the resource plan filings and have written
8 extensive testimony for this Commission regarding the resource planning of
9 Evergy Missouri West (“Evergy West) and its predecessors: KCP&L – Greater
10 Missouri Operations Company, Aquila, Inc., and UtiliCorp United, Inc.

11 **Q. Given your review of the currently filed testimony, do you have any**
12 **recommendations for the Commission?**

13 A. Based on my review of the testimony filed by witnesses for the Commission’s
14 Staff, I recommend:

- 15 1) The Commission find that Evergy West’s purchase of the Persimmon
16 Creek wind project is not in the public interest and not grant Evergy West
17 a Certificate of Convenience and Necessity (“CCN”) for the Persimmon
18 Creek Wind project;
- 19 2) If the Commission does approve a CCN, it should order, in addition to the
20 conditions recommended by Staff, a tracker for the revenues that are
21 produced by the wind project for ratemaking consideration in the rate case
22 in which Evergy West asks for customers to pay the return of and on the
23 Persimmon Creek project; and
- 24 3) In addition to the analysis that Staff has recommended the Commission
25 order for future CCN requests, the Commission should also include
26 requirements that the project specific analysis a) accurately reflect the
27 timing of the regulatory treatment of the project, and b) include an

1 examination of the costs versus the benefits the project will have for
2 customers.

3 **Response to Rebuttal Testimony of Staff witness J Luebbert**

4 **Q. Staff witness Luebbert states that “all investments of a utility that go into the**
5 **rate base charged to customers should be justified based upon the basis of**
6 **ratepayer needs”.¹ What is the “need” of Evergy West’s customers that this**
7 **project would be attempting to meet?**

8 A. Evergy West’s current reliance on the SPP energy market to provide energy for its
9 customers is resulting in volatile and large increases in fuel and purchased power
10 costs that are being passed on to ratepayers. This impact on cost is evidenced by
11 Evergy West’s fuel and purchased power costs that have more than doubled in the
12 past year.² The consequence of overreliance on the SPP energy market is further
13 demonstrated by Evergy West incurring extraordinary costs during winter storm
14 Uri in February 2021, while Evergy Metro, Inc.³ avoided the same fate and
15 produced a profit that it returned to its customers.⁴ The obvious solution to
16 mitigate the volatile swings in the market⁵ is for Evergy West to add generation
17 resources to its current fleet in a manner that maximizes market revenues.

¹ P. 6.

² See Evergy West’s current case to change its FAC rate, Case No. ER-2023-0210.

³ Evergy Metro, Inc. is a sister electric utility to Evergy West that experiences the same weather as Evergy West. Evergy Metro has generation that provides sufficient capacity and energy to meet its customers’ load requirements. It sells its excess energy into the SPP energy market.

⁴ See Evergy West request for securitization of Storm Uri costs, Case No. EF-2022-0155.

⁵ See the whitepaper “Resource Planning of a Vertically Integrated Utility in the RTO World” attached as Schedule LMM-S-2.

1 **Q. Do you believe that the Persimmon Creek project will help Evergy West meet**
2 **this need?**

3 A. Not effectively. While I agree that Evergy West needs to increase its current
4 generation capacity and become less reliant on the SPP market place, it should
5 only do so if the additional generation is *efficient*.⁶

6 As shown in the rebuttal testimony of Staff witness J Luebbert, the
7 Persimmon Creek project is very unlikely to even be cost-effective for customers.
8 Although the project would provide energy to sell into the market, the non-
9 dispatchability⁷ of the resource means that it is only generating revenue when
10 prices are low and often negative. Mr. Luebbert's testimony shows how Evergy
11 West's analysis is flawed and the project is unlikely to provide relief greater than
12 its costs to mitigate the volatile market prices that Evergy West is asking its
13 customers to pay. Thus, while the acquisition of this generation resource would
14 provide an earnings opportunity for Evergy, Inc.'s shareholders, it will only serve
15 to increase the net costs borne by Evergy West's ratepayers.

16 **Q. Staff witness Luebbert states that "Evergy Missouri West has not reasonably**
17 **demonstrated that Persimmon Creek will result in rate payer benefits that**
18 **exceed the costs."⁸ Do you agree?**

19 A. Yes. The monetary benefits of a new generation resource to customers is the
20 revenues provided by the sale of energy from that resource to the SPP. In order
21 for a resource to be beneficial to customers, this revenue from the SPP for
22 Persimmon Creek energy must be greater than all the costs of the resource. Costs

⁶ Generation is efficient when it provides energy in a manner that is most cost-effective for customers. For example, there are two generating resources. They both cost \$100 million. Resource A generates revenues of \$110 while Resource B generates \$150 in revenue. Resource A is cost-effective but Resource B is even more cost-effective. To maximize the return on its investment, the utility should invest in Resource B.

⁷ Dispatchability refers to the ability to provide energy upon demand. Wind resources can only provide energy when the wind blows therefore the only dispatchability of a wind resource is to turn it off because the need for the energy is low.

⁸ P. 13.

1 include all fixed and variable operations and maintenance costs, capital cost, and
2 the return paid on that capital cost.

3 Mr. Luebbert's analysis shows that it is unlikely that market revenues will
4 exceed the costs associated with the project.⁹ The uncertainty will not lie on the
5 capital expenditure Evergy West would expect to recover from its customers, but
6 on the value of the market revenues that would pass to the customers through
7 Evergy West's fuel adjustment clause.

8 **Q. Mr. Luebbert's rebuttal testimony states that the Commission should not**
9 **approve the CCN for Persimmon Creek project because the revenues from**
10 **the projects are unlikely to be greater than the costs.¹⁰ Has Evergy West**
11 **recently taken action with a generation resource because the revenues**
12 **provided by the energy generated from that plant were less than the total cost**
13 **of the plant in a manner that shows the Company agrees with Mr.**
14 **Luebbert's assertion?**

15 A. Yes. Evergy West recently retired its Sibley 3 unit 22 years before the end of its
16 useful life for this same reason. Evergy West found the revenues from selling
17 energy Sibley 3 generated were less than the plant's total cost. It also believed that
18 the remaining revenues that would be generated through the sale of energy from
19 Sibley 3 would not provide value greater than its remaining cost. Consequently,
20 customers are currently paying for a plant that no longer exists and adds no value
21 to their service. Now, Evergy West is asking the Commission to provide it a CCN
22 for a resource that is even less likely to generate revenue that would cover the
23 costs of that resource. Given Evergy West's past behavior, it is possible, if not
24 expected, that Evergy West could purchase this project, find it is not cost effective
25 in five years, retire it, and expect customers to continue to pay for the project.

⁹ Evergy West's estimated annual revenue requirement is shown in Table 1 on page 18 of Mr. Luebbert's rebuttal testimony. Annual revenues actually received is shown in Table 2 on page 26.

1 **Q. Mr. Luebbert states that Persimmon Creek is not likely to be a hedge against**
2 **high energy prices.¹¹ Do you agree?**

3 A. Because Evergy West is a member of the SPP, it pays SPP for every mega-watt
4 hour (“MWh”) of energy that its customers use, regardless of the amount of
5 energy that it puts back into the SPP. Therefore, any energy produced by a
6 generating plant owned by Evergy West that is capable of being sold into the SPP
7 market could be considered a “hedge” against the market prices charged for
8 customer load.¹² As Mr. Luebbert points out, however, it is also necessary to
9 consider how *efficient* a hedge Persimmon Creek would be.

10 Figure 3 of Mr. Luebbert’s rebuttal testimony shows that when Evergy
11 West’s load was the highest in July and August, the Persimmon Creek project
12 provided very little energy because the wind was not blowing. Market prices
13 follow load. The greater the load of the SPP members, the higher the market
14 prices resulting in higher prices for energy that is provided in the SPP market.

15 Wind resource generation is not available based on customer load or
16 market prices. It is available when the wind is blowing. Typically, when the wind
17 is blowing, there is a lot of wind generation available to the SPP market. An
18 abundance of supply from wind generation drives market prices down. In such
19 circumstances, Persimmon Creek would not serve as an effective hedge because it
20 would not be producing much, if any,¹³ revenue for its owner.

21 If Evergy West’s goal is to provide a hedge against high market prices, it
22 should instead seek to spend its money on efficient natural gas generation
23 resources. Specifically, generation that would be available during times of high
24 market prices, thus mitigating the market cost of Evergy West’s customers’

¹⁰ Pp. 19 – 30.

¹¹ P. 13.

¹² This is explained in greater detailed in the whitepaper “Resource Planning of a Vertically Integrated Utility in the RTO World” attached as Schedule LMM-S-2.

¹³ This abundance of wind generation is one of the causes of negative market prices.

1 load.¹⁴ Purchasing Persimmon Creek to hedge against market prices is not an
2 efficient use of customers' money because it would typically produce revenues at
3 times when market prices are low.

4 **Q. Mr. Luebbert uses the terminology “not likely” to describe the probability**
5 **that Persimmon Creek is cost-effective and a hedge against market energy**
6 **costs. Why shouldn't the Commission approve the CCN if market revenues**
7 **are unknown?**

8 A. Because the risks related to the market revenues will rest entirely on Evergy
9 West's customers. Mr. Luebbert pointed out several flaws in Evergy West's
10 analysis that skew the results. Persimmon Creek is a known wind project with
11 known market prices and capacity factors that were not appropriately used in the
12 analysis. As I will describe later, Evergy West's analysis of the economics of
13 wind generation has been consistently wrong for almost a decade, costing its
14 customers over \$140 million since 2015.

15 Finally, Evergy West says it based its early retirement of the Sibley 3 plant
16 on its analysis that the plant was not cost effective. Mr. Luebbert shows that the
17 revenues that Persimmon Creek has generated will not cover the revenue
18 requirement of the project. Thus, for the same reason that Evergy West found that
19 it was not prudent to keep Sibley 3 generating, it should not be allowed to
20 purchase the Persimmon Creek wind project.

¹⁴ At times of high load, the market price is often set by the marginal gas turbine operating cost. New turbines should be efficient enough to operate at a cost below the marginal unit thus generating revenues at times of high market prices.

1 **Q. Mr. Luebbert states that the issues identified in Staff’s analysis should not be**
2 **considered exhaustive.¹⁵ Are you aware of any other issues that Staff did not**
3 **analyze?**

4 A. Yes. In response to Evergy West's change in its preferred plan to include
5 Persimmon Creek filed in Case No. EO-2023-0115, OPC filed its concern with
6 the timing of the acquisition. I have provided the memorandum to OPC’s
7 pleading as Schedule LMM-S-3, attached to this testimony. The following
8 paragraph from the memo expresses OPC’s concern if the Commission did
9 approve a CCN.

10 Because Persimmon Creek is commercially operable, Evergy West,
11 as soon as it takes ownership, will begin to receive revenues from
12 its generation and production tax credits (“PTCs”). However,
13 because this resource is not in rates, until the effective date of rates
14 in its next general rate case, the revenue generated from the wind
15 project will not reduce the fuel and purchased power costs that
16 Evergy West passes on to its customers through the fuel adjustment
17 clause. This opens up an opportunity for Evergy West to direct the
18 revenues generated to its shareholders while customers will in the
19 next rate case pay for 85% of the depreciation of this asset and a
20 return of 8.25% on that depreciation. This in effect delays the
21 provision of benefits to customers while lining the pockets of the
22 shareholders and increasing regulatory asset costs that customers
23 will be required to pay in future rates.

24 Evergy West analyzed the project based on “perfect regulation.” Thus, Evergy
25 West’s analysis assumes that the revenues offset costs each year. An accurate
26 model of the impact this purchase, and the impact Evergy West’s election of plant
27 in-service accounting (“PISA”) has on customers should show that customers
28 receive no revenues from energy generation and no PTC values until the project is
29 put into rate base (one to four years). At the expected time of that rate case, 85%
30 of the accumulated depreciation with the weighted average cost of capital applied

¹⁵ P. 6 footnote 5.

1 would be put into rate base and recovered over the next 20 years with Evergy
2 West receiving a return on that amount over the 20 years. While analysis based
3 on “perfect regulation” is permissible for *high-level* resource planning, it should
4 not be assumed in the analysis of the profitability of a *specific* project.

5 **Q. To be clear, in contrast to your surrebuttal testimony, did you suggest in**
6 **your memorandum in Case No. EO-2023-0115 that this project is a good fit**
7 **for Evergy West?**

8 A. No. While I did state in the memorandum that there was likely to be energy and
9 capacity benefits to this project, I did not opine on how efficient it would be as a
10 generation resource. The purpose of that memorandum was to discuss the
11 resource planning process of Evergy West and how Evergy West had timed its
12 request to purchase the Persimmon Creek project. I was also aware of Evergy’s
13 decision to retire the Sibley Plant early so that customers would pay for the capital
14 and expense costs of Sibley for years until the next rate case. I wrote the
15 memorandum to inform the Commission of how Evergy West could again
16 manipulate the timing of a resource acquisition to its shareholders’ benefit and the
17 customers’ detriment, all while claiming its actions benefited customers.

18 I had not reviewed the analysis and data provided in the CCN case to
19 determine whether or not I could recommend the Commission approve a CCN for
20 this project.

21 **Q. Did Mr. Luebbert discuss this timing consideration in his analysis?**

22 A. No. Even so, it was not necessary to show that the analysis that Evergy West had
23 done was incorrect with a bias to showing benefits that are unlikely to be
24 attainable.

1 **Q. How would modeling the timing correctly impact Mr. Luebbert’s analysis?**

2 A. The timing of the inclusion of this resource in rate base and PISA treatment
3 increases the value of the purchase to Evergy’s shareholders and decreases the
4 benefits to the customers since all of the revenue and production tax benefits
5 received prior to the rate case go to the shareholders.

6 **Q. Mr. Luebbert recommends “the Commission order Evergy Missouri West to
7 provide resource specific economic analysis utilizing reasonable assumptions
8 beyond the IRP results, LCOE estimates, and installed capacity costs in
9 support of future CCN applications.”¹⁶ Should the regulatory treatment also
10 be accurately modeled in this analysis?**

11 A. Yes.

12 **Q. Is there anything else that should be included?**

13 A. While there may be other aspects that I have not considered, an estimate of the
14 costs and benefits of the specific resource to the customers’ rates is essential in
15 determining whether a CCN for a resource is in the public interest.

16 **Response to the Rebuttal testimony of Staff witness Brad J. Fortson**

17 **Q. Is Staff witness Brad Fortson correct when he testifies that the resource
18 planning results should not be used as justification for a specific project?¹⁷**

19 A. Yes. The resource planning process is an initial, long-term, high-level analysis of
20 how a utility can meet the needs of its customers in a least-cost, most efficient
21 manner, taking into account risk and uncertainty. In the resource planning
22 analysis, the resource data inputs, both demand- and supply-side, are generic but
23 specific to each type of resource. A resource type (e.g. wind, combustion turbine,
24 modular nuclear) and size is identified in the resource planning process as the

¹⁶ P. 50.

¹⁷ Rebuttal testimony, p. 19.

1 most cost-effective and efficient option across a wide range of possible futures.
2 Subsequent to the resource planning process, the utility is expected to conduct
3 analysis on specific resources to determine if the assumptions made in the
4 resource planning process were accurate and the specific project that is the best
5 suited from all potential projects available of that resource type.

6 **Q. In Mr. Fortson’s direct testimony in Case Nos. ER-2022-0129 and ER-2022-**
7 **0130 that he attached to his rebuttal testimony in this case as Schedule BJJ-**
8 **r3, he states that you raised the issue of Evergy West wind PPA losses in**
9 **Evergy West’s eighth prudence review case for the Rock Creek and Osborn**
10 **wind PPAs.¹⁸ In that case did you review Evergy West’s analysis of the**
11 **economics of these wind PPAs?**

12 **A.** Yes. Evergy West’s Osborn and Rock Creek wind PPA analyses showed a 95%
13 likelihood that these PPAs would be economic with an 81% probability of
14 revenues being greater than costs after year three.¹⁹ Six years into these PPAs,
15 they have cost customers over \$48.3 million and have yet to have a year where
16 they have earned a profit.

17 Similarly, Evergy West has stated that it entered into all of its wind PPAs
18 because its analysis showed that the PPAs were a good deal for customers.
19 However, the PPAs have cost customers over \$140 million, revealing that Evergy
20 West’s analysis of the economics of the wind PPAs was, and is, flawed.

¹⁸ Page 5 of 21.

¹⁹ KCP&L – Greater Missouri Operations Company response to OPC data request 8004.1.

1 **Q. In his rebuttal testimony Mr. Fortson listed several cases in which Staff has**
2 **communicated with Evergy West its concerns regarding its resource**
3 **planning analysis. Has OPC similarly communicated to Evergy West and the**
4 **Commission its concerns with Evergy West’s resource planning process?**

5 A. Numerous times. In OPC’s comments regarding Evergy West’s 2017 annual
6 resource planning update,²⁰ OPC questioned the significant changes in the annual
7 update from Evergy West’s triennial filing. OPC also expressed concerns
8 regarding lack of modeling of extreme conditions and changing reliability
9 requirements to analyze the impact on Evergy West’s resource plans. A copy of
10 OPC’s response to Evergy West’s annual update is attached as Schedule LMM-
11 S-4.

12 In case no. EO-2018-0045,²¹ OPC expressed concerns with Evergy West’s
13 erratic changes to its preferred resource plan to retire its dispatchable base load
14 plant and add wind PPAs. OPCs unease about the impact of Evergy West’s plan
15 to rely on the SPP market would have on its customers, as expressed in this filing,
16 have subsequently been found to be valid. A copy of this filing is attached as
17 Schedule LMM-S-5.

18 In response to Evergy West’s 2018 triennial resource plan filing,²² OPC
19 again expressed its concerns with the degree that this triennial preferred plan
20 deviated from the previous plan and how Evergy West did not fully account for
21 the highly uncertain energy market and policy arena that Evergy West’s preferred
22 plan would be implemented in. A copy of this filing is attached as Schedule
23 LMM-S-6.

²⁰ Case no. EO-2017-0230.

²¹ *In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by KCP&L Greater Missouri Operations Company in its Next Triennial Compliance Filing or Next Annual Update Report.*

²² Case no. EO-2018-0269.

1 OPC again filed its concerns in case no. EO-2020-0281 in its comments to
2 Evergy West’s 2020 annual resource planning update. In its filing, OPC showed
3 trepidation about the addition of several wind PPAs that Evergy entered into
4 outside of the resource planning process. OPC also stressed the unrealistically
5 narrow range of uncertainties that Evergy modeled in its resource planning
6 process. Staff witness Fortson reiterates this concerns in his rebuttal testimony in
7 this case, case no. EA-2022-0328. A copy of this filing is attached as Schedule
8 LMM-S-7.

9 In case no. EO-2021-0067²³ OPC, in its proposed special contemporary
10 issues for Evergy West, explained its concern with the narrowness of the inputs to
11 Evergy West’s resource planning analysis. It proposed that the Commission order
12 Evergy West to include 1) realistic market prices in its analysis, 2) an analysis of
13 the reliability of service provided, and 3) greater variety of resources. A copy of
14 this filing is attached as Schedule LMM-S-8.

15 In its comments in case no. EO-2022-0056,²⁴ OPC detailed the very
16 concern Staff outlined in its testimony in this case, case no. EA-2022-0328,
17 regarding the addition of resources due to favorable economics. OPC expressed
18 its concerns regarding Evergy’s analysis considering that all of the resources that
19 it added using “economics” as the rationale had actually ended up increasing the
20 customers’ bills.²⁵ A copy of this filing is attached as Schedule LMM-S-9.

21 Finally, in case no. EO-2023-0101,²⁶ OPC cautioned the Commission
22 regarding Evergy West’s over-reliance on the SPP market to meet the customers’

²³ *In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by Evergy Missouri West in its Next Triennial Compliance Filing or Next Annual Update Report*

²⁴ *In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by Evergy Missouri West in its Next Triennial Compliance Filing or Next Annual Update Report*

²⁵ Evergy West has one wind PPA that has resulted in positive margins. However this PPA is reserved for Evergy West’s renewable energy rider. The large customers on this rider have received benefits of over \$16 million since December 2020.

²⁶ *In the Matter of a Determination of Special Contemporary Resource Planning Issues to be Addressed by Evergy Missouri West in its Next Triennial Compliance Filing or Next Annual Update Report.*

1 needs. It urged the Commission to include a requirement for Evergy West to
2 analyze how well its resources actually met its customers' needs without the SPP
3 market as a backup in its order. A copy of this filing²⁷ is attached as Schedule
4 LMM-S-10.

5 In addition to all of these resource planning dockets, I have filed in
6 numerous cases regarding my concerns for and ultimately the fallout from Evergy
7 West's poor resource planning.²⁸ Evergy West's shortsightedness and its
8 willingness to put the risk on its customers of its analysis being wrong is well
9 documented beyond the cases identified in Mr. Fortson's rebuttal.

10 **Conclusion**

11 **Q. In conclusion, would you summarize your testimony?**

12 A. I agree with Mr. Luebbert that Evergy Missouri West's application fails to show
13 that this project will improve either its operation's safety or reliability. I also agree
14 that the economic analysis Evergy West provided in support is unreliable.
15 Therefore, despite the unknown future market prices, the Commission should find
16 that Evergy West has not shown that this project is in the public interest and
17 should not grant Evergy West a CCN for the purchase of the Persimmon Creek
18 wind project.

19 The monetary benefits of a new generation resource to customers is the
20 revenues provided by the sale of energy from that resource to the SPP. In order
21 for a resource to be beneficial to customers, this revenue should be greater than all
22 the costs of the resource – fuel, fixed and variable operations and maintenance
23 costs, capital cost, and the return paid on that capital cost.

24 If Evergy West purchases the Persimmon Creek project, its customers
25 would be required to not only pay the costs of the project, itself, but also provide a

²⁷ Attachment OPC-1 to the memorandum is not included in Schedule LMM-S-10.

²⁸ Case nos. EO-2017-0232, ER-2022-0130, EF-2022-0155, and ER-2023-0011.

1 return for its shareholders. Therefore, the only risk to Evergy’s shareholders is the
2 risk of the Commission not allowing recovery of the cost of the project in rate
3 base.

4 Mr. Luebbert’s testimony shows both the flaws in Evergy West’s analysis
5 and that is unlikely that market revenues will exceed the costs associated with the
6 project. Therefore, if Evergy West acquires this project and it is put into rate base
7 for recovery from customers, the revenues this project generates will not cover the
8 project’s cost and customers will end up with higher bills. This is not a risk that
9 should be placed on customers, who are already shouldering the risk of the SPP
10 market prices because of Evergy West’s past poor resource planning decisions

11 **Q. Do you agree with Mr. Luebbert that resources should not be built based on**
12 **the preferred resources of a subset of customers?**²⁹

13 A. Yes. Most customers do not understand all of the economics and consequences of
14 different resources types. For example, many people believe that wind energy can
15 meet all of their demand for electricity not taking into account that it can only
16 generate electricity at times when the wind is blowing.³⁰ These customers do not
17 realize that the wind often does not blow at times when they want air conditioning
18 in the summer. Many customers believe that wind energy is free and they do not
19 think of the substantial capital cost to erect wind turbines or know that Evergy
20 West’s current purchased power agreements (“PPAs”) with wind projects alone
21 has cost them over \$140 million since 2015.³¹

22 On the other hand, Evergy West, as a provider of electricity, should be the
23 expert regarding the pros and cons of various resources. It should know that while
24 there is no fuel cost to generate energy with wind, it is likely unavailable during

²⁹ P. 52.

³⁰ One woman I met informed me that there were little storage sheds at the base of every turbine that stored electricity until it was needed. Her husband chided me for telling her that this information was not correct.

³¹ Information provided in Evergy West’s monthly FAC reports submitted to the Commission.

1 the hottest hours of the day. It should know that there are still substantial benefits
2 to fossil fuel generation. Evergy West should know the actual potential of energy
3 efficiency programs and how long it would take to achieve that potential.

4 The tools for analyzing and optimizing the resources that best fit the needs
5 of the Evergy West's customers are included in the rates that Evergy West's
6 customers pay. Resource decisions are incredibly complex and should therefore
7 not be based on what a subset of uninformed customers desire. These decisions
8 should be developed by the resource planning professionals whose pay is included
9 in customer's rates.

10 **Q. Do you agree with Mr. Luebbert that Evergy West's resource decisions**
11 **should not be based on Evergy, Inc.'s corporate renewable goals?**³²

12 A. Yes. As a public utility, Evergy is very different from Google, Wal-Mart and other
13 large corporations that have set sustainability goals for their business. Evergy
14 West has captive customers. Evergy West's customers cannot go to a different
15 provider when rates increase due to uneconomic decisions driven by corporate
16 renewable goals. They must trust Evergy West to provide safe and reliable
17 service and charge just and reasonable rates for that service.

18 Commission resource planning rules do not require the resource planning
19 process to take corporate renewable goals into account or to set the desires of a
20 sub-group of customers above the welfare of all customers.

21 However, the rules do require the resource planning process be consistent
22 with state energy and environmental policies. One of the core values of the
23 Missouri state energy plan ("SEP") is to "[e]nsure *affordability* and equity in
24 access to energy resources, services and programs."³³ The purchase of the

³² P. 51.

³³ [2021-22 SEP - Missouri State Energy Plan \(moenergyplan.org\)](https://moenergyplan.org)

1 Persimmon Creek wind project is very likely to increase rates which goes against
2 this core value of the Missouri SEP.
3 Another core value of the Missouri SEP is to “[e]nhance Missouri’s
4 competitive position in business retention, expansion and attraction through
5 *affordable* rates and renewable energy options.” (emphasis added) Again the
6 Persimmon Creek wind project will likely result in increased rates and does not
7 add a “renewable energy option.” It would instead force the increased costs on all
8 of Evergy West’s ratepayers. For all these reasons, I concur with the assessment
9 set forth by Staff Witness J Luebbert that the Commission should deny this CCN
10 request.
11 **Q. Does this conclude your surrebuttal testimony?**
12 **A. Yes, it does.**

