

Exhibit No.:
Issue(s): *Fuel Adjustment Clause*
Witness: *Brad J. Fortson*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *EO-2022-0061*
Date Testimony Prepared: *December 23, 2021*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

BRAD J. FORTSON

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

CASE NO. EO-2022-0061

Jefferson City, Missouri
December 2021

1 **REBUTTAL TESTIMONY**

2 **OF**

BRAD J. FORTSON

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

5 **CASE NO. EO-2022-0061**

6 Q. Please state your name and business address.

7 A. My name is Brad J. Fortson and my business address is Missouri Public Service
8 Commission, P. O. Box 360, Jefferson City, Missouri 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”) as
11 the Regulatory Compliance Manager of the Energy Resources Department.

12 Q. What is your educational background and work experience?

13 A. Please refer to Schedule BJJ-r1 attached hereto.

14 Q. Have you previously filed testimony before this Commission?

15 A. Yes. Please refer to Schedule BJJ-r2 attached hereto for a list of cases in which
16 I have previously filed testimony.

17 Q. Is your rebuttal testimony consistent with Staff’s overall recommendation to
18 reject Evergy Missouri West, Inc. d/b/a Evergy Missouri West’s (“EMW” or “Company”)
19 *Application*¹ for approval of a Special High Load Factor Market Rate tariff (Schedule MKT)
20 (“Application”)?

¹ Application filed on November 2, 2021, in Case No. EO-2022-0061.

1 A. Yes. Consistent with Staff witness Robin Kliethermes' rebuttal testimony, and
2 for the reasons stated in her rebuttal testimony, I recommend the Commission reject the
3 Company's Application. However, if the Commission approves the Company's Application,
4 I recommend the Commission order the Company to track all Schedule MKT-related costs and
5 require certain filing requirements as it pertains to its fuel adjustment clause ("FAC") to ensure
6 those costs are excluded from the FAC.

7 Q. Will customers under Schedule MKT be subject to FAC charges?

8 A. As proposed by EMW, it is Staff's understanding that customers under
9 Schedule MKT would not be subject to FAC charges. Company witness Darrin R. Ives states
10 in his direct testimony² that:

11 Billing under the proposed tariff will be excluded from charges from the
12 Company Fuel Adjustment Clause and other embedded cost recovery
13 riders... The Fuel Adjustment Clause is designed to periodically adjust
14 the price of energy sold to customers to account for changes in fuel costs
15 not represented by the cost included in the base rates paid by customers.
16 Prospective customers under this new tariff would be served under a
17 special rate designed to address their incremental cost and would not
18 subject to the base rates of the Company. Further, prospective customers
19 will be served by the SPP energy market and dedicated capacity
20 resources obtained incrementally to serve the specific load. These factors
21 do not support application of the Fuel Adjustment Clause for this
22 customer.

23 Q. Is it also Staff's understanding that Schedule MKT-related costs will not be
24 included in the Company's FAC?

25 A. Yes, through discussions with the Company, it is Staff's understanding that no
26 Schedule MKT-related costs will be included in the Company's FAC.

² Direct Testimony of Darrin R. Ives, pgs. 7 – 8, filed on November 2, 2021, in Case No. EO-2022-0061.

1 Q. Does Staff agree that Schedule MKT-related costs should not be included in the
2 Company's FAC?

3 A. Yes.

4 Q. How will the Company track Schedule MKT-related costs to ensure they are not
5 included in the Company's FAC?

6 A. It is Staff's understanding that the Company will track Schedule MKT-related
7 costs similar to how it does for its Special Incremental Load ("SIL") tariff customers, which is
8 detailed on pages 4 – 6 of the *Non-Unanimous Stipulation and Agreement*³ ("Stipulation") filed
9 on September 19, 2019, in Case No. EO-2019-0244. The public version of those pages are
10 attached hereto as Schedule BJJ-r3.

11 Q. What was agreed to in that Stipulation as it relates to the FAC?

12 A. In that Stipulation, the parties agreed that KCP&L Greater Missouri Operations
13 Company ("GMO"), now EMW, would modify its FAC accounting to ensure SIL-related costs
14 are not included in the FAC charge recovered from other customers. Exhibit 2 to that
15 Stipulation, attached hereto as Schedule BJJ-r4, details the expected modifications. It was
16 further agreed that SIL-related costs would be tracked separately from other costs and
17 specifically identified in the FAC monthly reports submitted to the Commission.

18 Q. Does Staff agree that tracking of Schedule MKT-related costs similar to
19 SIL-related costs is reasonable?

20 A. Yes, it seems reasonable.

21 Q. What should the Commission order in this case as it relates to the FAC?

³ On October 28, 2019, Midwest Energy Consumers Group filed its *Notice of Withdrawal of Objection* and on November 13, 2019, the Commission issued its *Report And Order* that deemed the unopposed Stipulation to be unanimous and approved it.

Rebuttal Testimony of
Brad J. Fortson

1 A. If the Commission does not reject the Company's Application as recommended
2 in the rebuttal testimony of Robin Kliethermes, I recommend the Commission order the
3 Company to modify its FAC accounting to ensure Schedule MKT-related costs are not included
4 in the FAC charge recovered from other customers. I further recommend the Commission order
5 the Company to track Schedule MKT-related costs separately from other costs specifically
6 identified in the FAC monthly reports submitted to the Commission.

7 Q. Does this conclude your rebuttal testimony?

8 A. Yes, it does.

Brad J. Fortson

Education and Employment Background

I am the Regulatory Compliance Manager of the Energy Resources Department, Industry Analysis Division of the Missouri Public Service Commission. Prior to my current position, I was employed at the Missouri Public Service Commission as a Regulatory Economist from December 2012 through March 2015 and August 2015 through February 2019.

I received an Associate of Applied Science degree in Computer Science in May 2003, Bachelor of Science degree in Business Administration in May 2009, and Master of Business Administration degree with an emphasis in Management in May 2012, all from Lincoln University, Jefferson City, Missouri.

Prior to first joining the Commission, I worked in various accounting positions within four state agencies of the State of Missouri. I was employed as an Account Clerk II for the Inmate Finance Section of the Missouri Department of Corrections; as an Account Clerk II for the Accounts Payable Section of the Missouri Department of Health and Senior Services; as a Contributions Specialist for the Employer Accounts Section of the Missouri Department of Labor and Industrial Relations; and as an Accountant I for the Payroll Section of the Missouri Office of Administration. From April 1 through July 31, 2015, I worked for the Missouri Office of Public Counsel before joining the Commission once again.

Brad J. Fortson

Case Participation History

Case Number	Company	Issue	Exhibit
HR-2014-0066	Veolia Energy Kansas City	Revenue by Class and Rate Design	Staff Report
GR-2014-0086	Summit Natural Gas of Missouri, Inc.	Large Volume Service Revenue	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report, Rebuttal & Surrebuttal Testimony
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Staff Report & Rebuttal Testimony
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Rebuttal Testimony
EO-2015-0240	Kansas City Power & Light Company	Custom Program Incentive Level	Direct Testimony
EO-2015-0241	KCP&L Greater Missouri Operations Company	Custom Program Incentive Level	Direct Testimony
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report, Rebuttal & Surrebuttal Testimony
EM-2016-0213	The Empire District Electric Company (merger case)	DSM Programs and MEEIA Filings	Rebuttal & Surrebuttal Testimony
ER-2016-0156	KCP&L Greater Missouri Operations Company	MEEIA summary and LED street lighting	Staff Report
EO-2016-0183	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2016-0223	The Empire District Electric Company	Triennial compliance filing	Staff Report
ER-2016-0285	Kansas City Power & Light Company	LED street lighting	Staff Report
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	LED street lighting	Staff Report
ER-2016-0285	Kansas City Power & Light Company	Response to Commissioner questions	Staff Report
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	Response to Commissioner questions	Staff Report
EO-2017-0209	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2017-0210	KCP&L Greater Missouri Operations Company	MEEIA prudence review	Staff Report
EO-2015-0055	Union Electric Company d/b/a Ameren Missouri	Flex pay pilot program	Rebuttal Testimony
GR-2018-0013	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	Red Tag Program and Energy Efficiency Program Funding	Staff Report, Rebuttal & Surrebuttal Testimony
ER-2018-0145	Kansas City Power & Light Company	LED street lighting, TOU rates	Rebuttal Testimony
ER-2018-0146	KCP&L Greater Missouri Operations Company	LED street lighting, TOU rates	Rebuttal Testimony
EO-2018-0211	Union Electric Company d/b/a Ameren Missouri	Program Design	Rebuttal Report & Surrebuttal Testimony
EO-2019-0132	Kansas City Power & Light Company	Program Design	Rebuttal Report & Surrebuttal Testimony
EO-2019-0376	Union Electric Company d/b/a Ameren Missouri	MEEIA prudence review	Direct Testimony
ER-2019-0374	The Empire District Electric Company	Hedging policy and EE/LI programs	Supplemental Testimony
EO-2020-0280	Evergy Metro	IRP Annual Update	Staff Report
EO-2020-0281	Evergy Missouri West	IRP Annual Update	Staff Report
ER-2020-0311	The Empire District Electric Company	Fuel Adjustment Clause	Rebuttal Testimony
EO-2020-0227	Evergy Metro and Evergy Missouri West	MEEIA prudence review	Direct Testimony
EO-2020-0262	Evergy Metro and Evergy Missouri West	FAC prudence review	Direct & Rebuttal Testimony
EO-2021-0021	Union Electric Company d/b/a Ameren Missouri	Triennial compliance filing	Staff Report
EO-2021-0035	Evergy Metro	Triennial compliance filing	Staff Report
EO-2021-0036	Evergy Missouri West	Triennial compliance filing	Staff Report
EO-2021-0416	Evergy Missouri West	MEEIA prudence review	Staff Report
EO-2021-0417	Evergy Metro	MEEIA prudence review	Staff Report

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- c. GMO will modify its Fuel Adjustment Clause (“FAC”) accounting to ensure Nucor-related costs are not included in the FAC charge recovered from other customers. Exhibit 2 to this Stipulation details the expected modifications, including:
- i. **Power Purchase Agreement Cost** – Costs to follow conventional PPA accounting, with Nucor portion tracked separately from other PPA transactions completed by the Company. Costs to be recorded to a SIL-specific 555 subaccount and identifiable to Nucor. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.
 - ii. **Production Market Cost** – Revenue from the sale of the energy from the PPA will be tracked in a separate SIL-specific 447 subaccount and identifiable to Nucor. These revenues will be specifically identified in the FAC monthly reports submitted to the Commission. The net effect of the sale of PPA purchase and the

Nucor load are to be recorded within the SIL-specific 447 and 555 subaccounts and identifiable to Nucor.

- iii. **Transmission Market Cost** – If occurring, costs would accompany the associated Southwest Power Pool (“SPP”) sale or purchase transactions and are to be recorded within SIL-specific 561, 565, and 575 subaccounts and identifiable to Nucor and created for the purpose of tracking these costs. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.

Load purchased for Nucor will be calculated at the five minute level, aggregated to the hour as demonstrated in Exhibit 3. Based upon GMO load node locational marginal price.

- d. GMO will monitor Nucor operations and will identify additional SPP-related costs resulting from unexpected operational events. If actual Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs. If the effect of this relationship increases costs to non-Nucor customers, the amount will be reflected in a subsequent FAC rate change filing and the portion attributed to Nucor will be identified with supporting work papers

and removed from the Actual Net Energy Cost prior to the calculation of the FAC rates.

For any incremental Nucor costs not specifically listed in Exhibit 1, including GMO internal costs attributal to Nucor, the costs will be uniquely recorded after they are incurred consistent with the cause of the cost and identified as contingency cost category within Exhibit 1.

8. **Ratemaking Treatment** – At the time of a general rate proceeding the portion of GMO’s revenue requirement associated with the incremental costs net of PPA net revenues to serve Nucor consistent with Exhibit 1 shall be assigned to Nucor. Nucor’s rate revenues shall be reflected in GMO’s net revenue requirement. If Nucor’s revenues do not exceed Nucor’s costs as reflected in the revenue requirement calculation through the true-up period, GMO will make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Nucor GMO customers will be held harmless from such effects from the Nucor service. In no event shall any revenue deficiency (that is, a greater amount of Nucor incremental costs compared to Nucor revenues) be reflected in GMO’s cost of service in each general rate proceeding for the duration of Nucor service during the terms of the contract between GMO and Nucor (Confidential Schedule DRI-2 of GMO witness Darrin Ives).

9. **Section 393.1655 RSMo. treatment** – The Signatories agree that because Nucor’s rate will be fixed for ten years and because the incremental cost to serve Nucor will be excluded from the revenue requirement of other customers: (1) Nucor’s average rate and kilowatt hours usage shall not be included in the rate limitation calculations performed under section 393.1655 RSMo.; (2) Nucor’s rate shall not be affected by the rate limitation provisions of 393.1655

Exhibit 2

Kansas City Power & Light Company - GMO			
FAC Calculation			
Before Wind Farm			
All numbers are hypothetical for illustration purposes only			
Account	GMO		
Total Production Fuel (Fuel Operations)	7,341,235.78		
Less: Fuel Handling	332,128.39		
Less: 557100	2,591,314.70		
Less: Labor Residuals 501420			
Less: Labor in Residuals 501400	1,076.52		
Less: Steam Operations 501700 (501730-501734)	568,940.88		
Less: Natural Gas Demand 501000 RES 6025 (501228)	17,943.06		
Less: Natural Gas Demand 547027	265,842.34		
Less: Landfill Gas 547000 RES 6036			
Less: Unit Train BIT 501000 RES 6003 (501028)			
Less: Unit Train PRB 501000 RES 6008 (501029)	71,919.20		
Less: Book 11 Fuel 501033			
Less: RECs 509000 RES 6070 (509500)			
Plus: RECs sold 509000 RES 6174 (509500)			
Less: Book 11 Fuel 547033			
Total Fuel and Emissions (FC + EC)	3,472,070.89		
Total Purchased Power	12,132,424.20		
Less: Purchased Power-Nuor	487,667.11		
Less: Capacity 555005	2,578.13		
Plus: Short Term Capacity (Query)			
Less: Book 11 555032			
Total Purchased Power (PP)	11,642,178.96		
Total Transmission (565)	2,796,351.19		
Less: Historical Z2 (Query)			
Less: Non-recoverable SPP schedules			
Less: Crossroads (Query)	777,654.04		
Less: 62.80% of SPP Transmission	1,016,554.11		
Total Transmission (TC)	1,092,141.94		
		SPP Transmission (Query)	1,978,923.08
		Less: Transmission-Nuor	53,630.64
		Eligible SPP Transmission	1,925,292.44
		47.20% of SPP Transmission	938,736.03
			1,015,554.41
Total Wholesale Sales	(2,038,337.39)		
Other Sales for Resale-Nuor			
Other Sales for Resale-Municipals 447103	(68,857.76)		
Other Sales for Resale-Private Utilities 447101	(921.63)		
Less: Book 11 Sales 447031			
Less: Book 11 Sales 447032			
Less: Book 11 Sales 447034			
Total Off System Sales Revenue (OSSR)	(1,966,558.10)		
TEC (FC+EC+PP-OSSR)	14,149,833.69		
Retail Sales	596,523,014.03		
Other Sales for Resale-Municipals	1,147,431.00		
Sales - Nuor	(20,311,000.00)		
Other Sales for Resale-Border	37,288.02		
Estimated Losses	40,326,288.56		
Est. Losses - Prior Period Corr.	(4,379,103.00)		
Unaccounted for kWh			
Used by Company	1,377,081.00		
kWh Net System Input	614,720,999.61		
Base Energy Cost	0.0224		
Total Base Energy Cost	13,769,750.39		
(TEC - B)	380,083.30		
(TEC - B) * 5%	19,004.17		
(TEC - B) * 95%	351,079.14		
Revenue Mwh	596,523,014.03		
Residential	215,695,533.01	0.37	
Commercial	219,250,635.14	0.38	
Industrial (less Nuor)	139,549,922.56	0.24	
Streetlights	1,715,923.32	0.00	Industrial 159,850,922.56
Govt-Other			Nuor 20,311,000.00
Total CIS+	576,212,014.03		
Municipals	1,147,431.00	0.00	
Total	577,359,445.03	1.00	
Residential	134,895.45		
Commercial	137,118.79		
Industrial	87,274.17		
Streetlights	1,073.13		
Govt-Other			
Total CIS+	360,361.54		
Municipals	717.60		
Total	361,079.14		

Exhibit 2 (continued)

Kansas City Power & Light Company - GMO			
FAC Calculation			
After Wind Farm			
All numbers are hypothetical for illustration purposes only			
Account	GMO		
Total Production Fuel (Fuel Operations)	7,341,235.78		
Less: Fuel Handling	332,128.39		
Less: 557100	2,591,314.70		
Less: Labor Residuals 501420	-		
Less: Labor in Residuals 501400	1,076.52		
Less: Steam Operations 501700 (501730-501734)	558,940.88		
Less: Natural Gas Demand 501000 RES 6025 (501228)	17,843.06		
Less: Natural Gas Demand 547027	285,842.34		
Less: Landfill Gas 547000 RES 6036	-		
Less: Unit Train BIT 501000 RES 6003 (501028)	-		
Less: Unit Train PRB 501000 RES 6008 (501029)	71,919.20		
Less: Book 11 Fuel 501033	-		
Less: RECs 509000 RES 6070 (509500)	-		
Plus: RECs sold 509000 RES 6174 (509500)	-		
Less: Book 11 Fuel 547033	-		
Total Fuel and Emissions (FC + EC)	3,472,070.89		
Total Purchased Power	11,930,945.92		
Less: Purchased Power -Nucor	265,188.83		
Less: Capacity 555005	2,578.13		
Plus: Short Term Capacity (Query)	-		
Less: Book 11 555032	-		
Total Purchased Power (PP)	11,642,178.96		
Total Transmission (565)	2,796,351.19		
Less: Historical Z2 (Query)	-		
Less: Non-recoverable SPP schedules	-		
Less: Crossroads (Query)	777,654.84		
Less: 62.80% of SPP Transmission	1,016,554.41		
Total Transmission (TC)	1,002,141.94		
Total Wholesale Sales	(2,036,337.39)		
Other Sales for Resale-Nucor	-		
Other Sales for Resale-Municipals 447103	(68,857.76)		
Other Sales for Resale-Private Utilities 447101	(921.63)		
Less: Book 11 Sales 447031	-		
Less: Book 11 Sales 447032	-		
Less: Book 11 Sales 447034	-		
Total Off System Sales Revenue (OSSR)	(1,966,558.10)		
TEC (FC+EC+PP-OSSR)	14,149,833.69		
Retail Sales	598,523,014.03		
Other Sales for Resale-Municipals	1,147,431.00		
Sales -Nucor	(20,311,020.00)		
Other Sales for Resale-Border	37,288.02		
Estimated Losses	40,326,288.56		
Est. Losses - Prior Period Contr.	(4,379,103.00)		
Unaccounted for kWh	1,377,081.00		
Used by Company	1,377,081.00		
kWh Net System Input	614,720,993.61		
Base Energy Cost	0.0224		
Total Base Energy Cost	13,769,750.39		
(TEC - B)	380,083.30		
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Residential	215,695,533.01	0.37	
Commercial	219,250,635.14	0.38	
Industrial (less Nucor)	139,549,822.56	0.24	
Streetlights	1,715,923.32	0.00	
Govt-Other	-	-	
Total CIS+	576,212,014.03		
Municipals	1,147,431.00	0.00	
Total	577,359,445.03	1.00	
Residential	134,895.45		
Commercial	137,118.79		
Industrial	87,274.17		
Streetlights	1,073.13		
Govt-Other	-		
Total CIS+	360,361.54		
Municipals	717.80		
Total	361,079.14		
		Industrial	159,850,922.56
		Nucor	20,311,000.00

