

Exhibit No. 77

Exhibit No.:
Issue: Fuel Runs, Fuel Inventories, Fuel Prices, FAC
Witness: Jessica L. Tucker
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy Missouri
West
Case No.: ER-2022-0129 / 0130
Date Testimony Prepared: July 13, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

REBUTTAL TESTIMONY

OF

JESSICA L. TUCKER

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

**Kansas City, Missouri
July 2022**

REBUTTAL TESTIMONY

OF

JESSICA L. TUCKER

Case No. ER-2022-0129 / 0130

1 **Q: Please state your name and business address.**

2 A: My name is Jessica L. Tucker. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: Are you the same Jessica L. Tucker who submitted direct testimony in these dockets**
5 **on January 7, 2022?**

6 A: Yes.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of Evergy Metro, Inc. ("Evergy Metro" or "EM") d/b/a Evergy
9 Missouri Metro ("Evergy Missouri Metro" or "EMM") and Evergy Missouri West, Inc. d/b/a
10 Evergy Missouri West ("Evergy Missouri West" or "EMW") (collectively, the "Company").

11 **Q: What is the purpose of your rebuttal testimony?**

12 A: The purpose of my rebuttal testimony is to address certain portions of Mr. Matthew R.
13 Young's testimony related to Evergy ~~Missouri~~ Metro's coal inventory, coal expense, and
14 impact on Cash Working Capital. Additionally, I will address Staff's natural gas pricing
15 assumptions, certain aspects of EMW's fixed fuel costs, and treatment of the Company's
16 coal residuals.

1 **I. Coal Inventory, Coal Expense, and Cash Working Capital Impact**

2 **Q: Does there appear to be an omission in the calculation of Evergy ~~Missouri~~-Metro's**
3 **coal inventory value?**

4 A: Yes, I believe there is. On the "Fuel Inventory" tab in workpaper "Confidential_Fuel
5 Inventory_Young_ER-2022-0129_Direct," the coal inventory value for La Cygne PRB
6 does not appear to include any consideration for La Cygne Unit 1, but rather considers
7 only La Cygne Unit 2. The inventory calculation on the "Fuel Inventory" tab refers, in
8 part, to the fuel summary from Staff's fuel model run, which is shown on the "Fuel Run"
9 tab of the workpaper. Although the "Fuel Run" tab does include the individual fuel
10 model output for La Cygne Unit 1, the data looks to have been unintentionally excluded
11 from the fuel summary, which is the dataset upon which Staff's inventory calculation is
12 based. Therefore, the PRB coal inventory value shown in Staff's Direct Case consists of
13 Hawthorn 5, Iatan 1, Iatan 2, and La Cygne Unit 2. I believe the exclusion of La Cygne
14 Unit 1 PRB coal to be inadvertent and would recommend that the correction be made in
15 the True Up filing.

16 **Q: Does this omission impact anything other than EMM coal inventory?**

17 A: Yes. This same fuel summary dataset is utilized in the workpaper "Confidential_Fuel
18 Adjustments_Young_ER_2022-0129_Direct" and feeds into the Coal & Freight "Staff
19 Annualized & Normalized_Direct" value on the "Fuel Adjustments" tab and into the
20 "Purchased Coal & Freight" value on the "CWC" tab. As discussed above, a correction
21 of this inadvertent omission is recommended for the True Up filing.

1 **Q: Are there any other concerns with Staff’s calculation of coal inventory?**

2 A: Yes. The Company has identified two other errors in the calculations and is working
3 with Staff to get them corrected for the True Up filing. The errors in question pertain to
4 La Cygne 1 bituminous coal and Iatan 2 basemat. The Company believes these errors
5 should be addressed in Staff’s True Up filing.

6 **II. Natural Gas Pricing**

7 **Q: Do you have any concerns with the natural gas pricing assumptions as discussed in**
8 **Mr. Young’s testimony?**

9 A: Yes, potentially. Mr. Young explains in his testimony that Staff intends to use the actual
10 gas costs during the 12 months ended May 31, 2022 in True Up. However, as discussed
11 below, the utilization of actual natural gas costs for the 12 months ending May 31, 2022
12 would capture elevated pricing given the current market environment that may not be
13 reflective of future costs.

14 **Q: Is the Company considering a different approach to natural gas pricing for True**
15 **Up?**

16 A: Yes. The Company is potentially considering a natural gas pricing approach similar to
17 what was utilized in the Direct case, which was based upon a three-year average of 2022
18 - 2024. At the time, the intention for the True Up filing was to utilize actual natural gas
19 prices for the True Up period ending May 2022. However, given the continued
20 escalation of the natural gas market since then, utilizing actual pricing from the True Up
21 period would capture elevated market pricing that may not be reflective of pricing over
22 the next three years. Therefore, the Company is considering a natural gas pricing

1 methodology based upon a three-year average of 2023 – 2025, which should avoid
2 capturing natural gas costs at peak levels.

3 **Q: Has the Company made a final decision as to the natural gas pricing approach that**
4 **will be utilized for True Up?**

5 A: No, the Company has not made a final decision, however it will address the methodology
6 ultimately used in True Up Direct testimony. ~~EMM~~ and EMW would encourage Staff to
7 also consider an alternate approach to natural gas pricing to avoid capturing elevated
8 costs.

9 **III. Fixed Fuel Costs**

10 **Q: As you understand it, how does Staff intend to account for fixed fuel costs in the**
11 **True Up revenue requirement?**

12 A: Although it is a bit unclear from Mr. Young's Direct Testimony as to what methodology
13 Staff intends to use for True Up, the discussion in testimony pertains to the use of
14 annualized amounts for fixed fuel costs based on actual costs during the 12 months
15 ending December 31, 2021.

16 **Q: Do you have any concerns with regards to fixed fuel costs for True Up?**

17 A: Yes, in particular as it relates to Every Missouri West's fuel handling non-labor, it
18 appears that the Test Year value was used in Staff's Direct case. With regard to True Up,
19 it is unclear whether or not Staff intends to use the Test Year costs or utilize costs from a
20 more recent period such as the 12-months ending December 31, 2021 or from the True-
21 Up period.

1 **Q: Why would using the Test Year value for Evergy Missouri West’s fuel handling**
2 **non-labor be of concern?**

3 A: The Evergy Missouri West Test Year 501.5xx fuel handling non-labor costs are
4 extremely low as compared to what they would normally be. The test year value for
5 West was ****[REDACTED]**** as compared to ****[REDACTED]**** for the 12-month period
6 ending December 31, 2021. The driver behind the abnormally low Test Year value was
7 that there was a one-time Sibley adjustment made during that timeframe. In December
8 2020, a journal entry for ****[REDACTED]**** was made to move Sibley fuel handling out
9 of fuel expense and over to a regulatory asset due to a Sibley rate deferral. As a result,
10 the Test Year fuel handling non-labor costs were adjusted down to a level that is well
11 below normal.

12 **Q: What would your recommendation be to address the concern with using the Test**
13 **Year value for fuel handling non-labor?**

14 A: In order to reflect a more normal level of fuel handling non-labor costs, I would
15 recommend using the 12 months ending May 31, 2022 as adjusted for fuel strategy non-
16 recurring costs.

17 **IV. Residuals**

18 **Q: Do you have any concerns regarding how Staff addressed coal combustion**
19 **byproducts (“CCPs” or “residuals”)?**

20 A: I do not have any significant concerns with regards to how residuals were treated in
21 Staff’s Direct case. However, it is unclear if the costs associated with residuals will be
22 updated at True Up as I was unable to locate any discussion in testimony to address
23 Staff’s plan. There have been a number of changes in EMM and EMW CCP contracts, in

1 particular for Hawthorn ash, that took effect in January 2022; therefore, I believe it is
2 important to update these values for the True Up period.

3 **Q: Does that conclude your testimony?**

4 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro's Request for Authority to) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

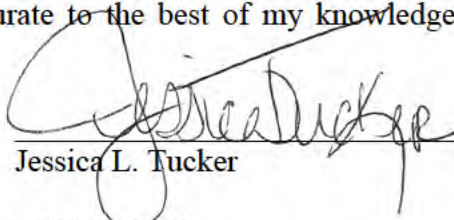
In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF JESSICA L. TUCKER

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Jessica L. Tucker, being first duly sworn on his oath, states:

1. My name is Jessica L. Tucker. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Senior Manager, Fuels & Emissions.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri Metro consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Jessica L. Tucker

Subscribed and sworn before me this 13th day of July 2022.



Notary Public

My commission expires: 4/26/2025

