

Exhibit No.:
Issue(s): *Staff's Report of Tenth
Prudence Review of
Costs Subject to the
Commission-Approved
Fuel Adjustment Clause*
Witness: *Cynthia M. Tandy*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *EO-2022-0065*
Date Testimony Prepared: *July 6, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

CYNTHIA M. TANDY

**EVERGY WEST, INC.,
d/b/a EVERGY MISSOURI WEST**

CASE NO. EO-2022-0065

*Jefferson City, Missouri
July 2022*

1 calculation to \$2.17. Staff's new recommended disallowance for Evergy West Inc.,
2 d/b/a Evergy Missouri West ("EMW") is now \$173,586.98 plus interest².

3 Q. Does Staff still consider its new recommended disallowance conservative?

4 A. Yes. The Ameren REC price that Staff initially used in its calculation was from
5 August 2021, which is no more than three months after the Review Period in this case. The
6 price of a REC was continuously increasing through 2021, and as Ms. Messamore states, the
7 price of RECs increased to current levels around \$4.00 - \$4.50 during 2021 with a majority of
8 this price increase happening specifically beginning in the spring of 2021.³ However, Staff has
9 chosen to simply remove the Ameren REC price and not replace it with another price in an
10 effort to minimize any conflict between the parties.

11 Q. Did Ms. Messamore address the \$2.17 average REC price in her direct
12 testimony?

13 A. Yes, on page 12, lines 1-5, Ms. Messamore agrees that if you remove the
14 Ameren REC price Staff used in its calculation that the new average is \$2.17. However,
15 Ms. Messamore states that the value of 2017 vintage RECs would be at \$.54 per REC.

16 Q. Do you agree with the \$.54 per REC price?

17 A. No, Staff does not agree. The imprudence in this review goes beyond the
18 issue of price per REC, and using the oldest vintage price for a REC is not applicable to this
19 situation. It is Staff's recommendation that EMW should be using the more vintage RECs to
20 meet Renewable Energy Standard ("RES") compliance, leaving the more valuable and current
21 RECs available for sale on a regular and timely basis. Staff believes there were improper

² Original disallowance was \$271,980 plus interest.

³ Messamore Direct Testimony, pg. 6, lines 6-8.

1 monitoring, evaluation, and actions taken in regards to the sale of assets amounting in sales of
2 over ** [REDACTED] ⁴ **.

3 Given the limited information provided to Staff by EMW, Staff used the best
4 information it had at the time, including the Ameren REC price. However, Staff's use of an
5 average for Evergy Missouri Metro and Liberty seems to now be the best option to determine
6 an average REC price and is still a conservative approach to assigning values to RECs available
7 to sell during the Review Period. EMW only provided Staff the price of a REC as of
8 December 17, 2019 in response to DR 57.1, but no update for the spring of 2021. Had EMW
9 provided an updated REC price for 2021, the average Staff is now using of \$2.17 would have
10 been higher. EMW's inability to provide Staff with a price per REC in the spring of 2021, or at
11 the end of the Review Period, indicates EMW was not appropriately monitoring RECs during
12 a time that REC prices were drastically increasing.

13 Q. Please summarize Staff's updated recommended disallowance.

14 A. It remains Staff's position that if EMW was monitoring the market and the
15 available RECs for sale on a more continuous basis than once a year, it would have taken action
16 as the REC prices increased through 2021 along with the continuous increase in the quantity of
17 available RECs to sell. There was a continuous growth in the prices of RECs from the beginning
18 of this Review Period to the end, with a tremendous price increase in the spring of 2021. If not
19 before, at least by that point in the Review Period, there should have been action taken to sell
20 excess RECs from 2017, 2018, 2019, 2020, and possibly 2021 to create a revenue opportunity

⁴ Amount of REC dollars sold in the accumulation period covering December, 2021 through May 31, 2022 according to FAR filing on July 1, 2022.

1 | by selling RECs, still leaving a sufficient amount of RECs for RES compliance for the year.

2 | Therefore, Staff recommends an updated disallowance for EMW of \$173,586.98.

3 | Q. Does this conclude your surrebuttal testimony in this proceeding?

4 | A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Tenth Prudence Review)
of Costs Subject to the Commission-) Case No. EO-2022-0065
Approved Fuel Adjustment Clause of)
Evergy Missouri West, Inc. d/b/a Evergy)
Missouri West)

AFFIDAVIT OF CYNTHIA M. TANDY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CYNTHIA M. TANDY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Cynthia M. Tandy*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



CYNTHIA M. TANDY

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 6th day of July, 2022.

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