

Exhibit No.:  
Issue: Capacity Sales; SPP Fees  
Witness: John R. Carlson  
Type of Exhibit: Sur-Surrebuttal Testimony  
Sponsoring Party: Evergy Metro, Inc. and Evergy  
Missouri West, Inc.  
Case No.: EO-2020-0227 / 0228  
Date Testimony Prepared: October 21, 2020

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NOS.: EO-2020-0227 / 0228**

**SUR-SURREBUTTAL TESTIMONY**

**OF**

**JOHN R. CARLSON**

**ON BEHALF OF**

**EVERGY METRO, INC. and EVERGY MISSOURI WEST, INC.**

**Kansas City, Missouri  
October 21, 2020**

**SUR-SURREBUTTAL TESTIMONY**

**OF**

**JOHN R. CARLSON**

**Case Nos. EO-2020-0227 / 0228**

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

2 A: My name is John R. Carlson. My business address is 1200 Main, Kansas City, Missouri  
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. and serve as Senior Manager of Missouri Operations  
6 for Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and  
7 Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”).

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

9 A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West.

10 **Q: Are you the same John R. Carlson who previously filed rebuttal testimony in these**  
11 **dockets?**

12 A: Yes.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my sur-surrebuttal testimony is to respond to surrebuttal testimony from  
15 Staff witness J Luebbert and Office of the Public Counsel witness Geoff Marke, both in  
16 regard to potential capacity sales and SPP fees.

1 **Q: In his surrebuttal testimony Staff witness Luebbert discusses the sales of unused**  
2 **capacity vis a vis MEEIA Cycle 2 and Cycle 3 programs. Are his arguments valid?**

3 A: No, they are not. First, Mr. Luebbert references the MEEIA Cycle 3 program as a proxy  
4 to determine whether the Company was prudent in its MEEIA Cycle 2 spending. In this  
5 proceeding we are reviewing the prudence of spending for the MEEIA Cycle 2 programs,  
6 and the cost-benefit analysis for these programs shows the spending was prudent.  
7 Company witness Brian File discusses this point in more detail in his sur-surrebuttal  
8 testimony.

9 Second, as I mentioned in my rebuttal testimony, under Commission Rule 20 CSR  
10 4240-20.093, the MEEIA audit concerns costs that are recovered through the Company's  
11 Demand Side Investment Mechanism ("DSIM") rider. Proceeds from any capacity sales,  
12 hypothetical or otherwise, cannot be recovered under the DSIM. Since we did not recover  
13 costs associated with any capacity sales, how can the Company be disallowed the potential  
14 revenues?

15 Third, even if one looks past applying Cycle 3 to Cycle 2 in this audit, and  
16 accounting for capacity sales in a rider that does not allow for it, the value of a potential  
17 capacity sale as presented by Mr. Luebbert is still incorrect. Applying a hypothetical  
18 capacity sale across the 4-month summer season, the time period allowed by tariff for the  
19 company to call demand response events, instead of the full 12 months of the year as  
20 incorrectly applied by Mr. Luebbert, reduces a hypothetical capacity sale to \$396,267.60.

1 **Q: On page 19 of his surrebuttal testimony, has Mr. Luebbert represented your day-**  
2 **ahead (“DA”) locational marginal prices (“LMP”) example, taken from your rebuttal**  
3 **testimony, accurately?**

4 A: No, he has not. The example I showed starting on page 9 of my rebuttal testimony was a  
5 hypothetical scenario using actual DA and real-time (“RT”) prices. While it is true that the  
6 Company reviews many variables when analyzing a potential demand response event,  
7 weather being one of them, just because the Company may have cancelled a demand  
8 response event because of weather does not mean the RT prices would have dropped as  
9 well. The truth is that we do not know why the RT price spiked as high as it did on August  
10 6, 2019 at hour-ending 15. It could have been a transmission-related issue, a substation-  
11 related issue, a localized congestion issue or any number of events.

12 Mr. Luebbert has simplified the example to one variable, weather, when I was  
13 showing how the SPP market is dynamic with many variables at play. Betting on high DA  
14 LMP’s is risky at best, and arguably imprudent. Cancelling a demand response event  
15 because of weather does not mean the RT LMPs won’t spike.

16 **Q: Is OPC witness Geoff Marke’s assertion at p. 12 of his surrebuttal testimony that**  
17 **“Evergy left money on the table” an accurate analogy, applicable to this proceeding?**

18 A: No, it is not. The phrase “left money on the table” infers that the Company had a deal to  
19 make and either decided not to or did so at a price less than optimal. The fact is that the  
20 Company had no such capacity agreement, despite its best efforts. There was no deal on  
21 the table. The only part of selling capacity the Company can control is developing  
22 relationships with potential counterparties so that when capacity is needed, the Company  
23 is considered a viable option.

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

