BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Ninth Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Evergy Missouri West Inc., d/b/a Evergy Missouri West	))))	File No. EO-2020-0262
In the Matter of the Third Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Evergy Metro, Inc., d/b/a Evergy Missouri Metro	))))	File No. EO-2020-0263

POSITION STATEMENT OF
EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (collectively "Evergy" or the "Company") and pursuant to the Commission's *Order Consolidating Cases and Setting Procedural Schedule* ("Order") issued September 22, 2020 and files this *Position Statement*.

LIST OF ISSUES[1]

1. Was Evergy imprudent by virtue of the assumptions it included in the integrated resource planning process?

No. Evergy acted reasonably in its 2017 integrated resource planning process by inclusion of capacity contracts. First, the inclusion of capacity contracts resources in the 2017 resources modeling did not affect the outcome of Evergy's preferred plan. (Messamore Rebuttal, p. 7-8.) Second, OPC can show absolutely no customer harm from the inclusion of such capacity contracts into the planning assumptions of Evergy's preferred plan. (Messamore Rebuttal, p. 8.) Thirdly, the inclusion of capacity contract was reasonable because while there was no assurance

[1] Despite the Parties' best efforts, not every party agrees with the wording of the issues.

that such capacity contracts would be available, Evergy's business practices and relationship made such capacity contracts a reasonable possibility (Carlson Rebuttal, p. 16-17).

2. Was the decision by Evergy to include capacity sales in its assumptions for its IRP imprudent?

No. See response to question 1 above.

3. Was it imprudent for Evergy to not include FAC cost reductions arising from capacity sale contracts in its FAC rate calculations as modeled in its IRP?

No. OPC's proposed adjustment linking IRP assumptions to actual fuel costs recovered in an FAC does not make sense. (Messamore Rebuttal, p. 7). The IRP is a planning process mandated by the Commission's rules. These rules do not impose a yardstick to measure the Company's performance. As stated in 20 CSR 4240-22.010 (2) (B), one of the fundamental objectives of the resource planning process is that the utility "shall…use minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan". There is no implication here that the calculated present worth of long-run utility costs (NPVRR) modeled should then *determine* actual customer costs going forward. These costs are established through general rate cases, FAC proceedings, and any other proceedings which exist *for the purpose of* assessing customer costs. (Messamore Rebuttal, p. 6.)

4. Was Evergy imprudent in the management of its demand response programs?

No. Evergy managed its demand response programs as those programs were designed and approved by the Commission to be managed. (File Rebuttal, P. 4-6, 10, 13-14). The demand response programs in question were designed to reduce annual system-wide peak load. (File Rebuttal, P. 6, 13). This is how those programs were designed, implemented, and managed. In so doing, those demand response programs achieved the level of cost-effectiveness sought by the Commission via the methodology approved by the Commission, the avoided capacity costs. (File Rebuttal, P. 11-13). The demand response programs in question were not designed to arbitrage day ahead locational marginal prices or to reduce SPP Schedule 11 fees through the calling of numerous demand response events. (File Rebuttal, P. 4-6, 14). The calling of more demand response events is not cost free to Evergy or its customers. (File Rebuttal, P. 8-10, Carlson Rebuttal, P. 18-20). Staff and OPC's position are based on hindsight analysis of historical data (File Rebuttal, P. 7-8). The additional demand response events supported by Staff and OPC, assuming hindsight *maximum* values, would comprise less than 6% of the total value of those programs as they were designed, approved by the Commission and managed by Evergy. (File Rebuttal, P. 12).

5. Was it imprudent for Evergy to not call additional demand response events in a manner that would have reduced FAC costs?

No, see response to question #4.

6. If it was imprudent for Evergy to not call additional demand response events in a manner that would have reduced FAC costs, is it more appropriate to address the imprudent implementation of the programs through an ordered FAC adjustment or an ordered DSIM adjustment?

Evergy agrees that when a disallowance is recommended for a capital expenditure for MEEIA programs that would be subject to the DSIM, then a MEEIA proceeding is the appropriate proceeding to evaluate such a proposed disallowance. The Company believes that for any adjustment that involves energy costs that flow through the FAC, it is the FAC prudence review that is the appropriate proceeding to analyze those costs. This is why the Company attempted to remove these FAC adjustments (purchased power, SPP Schedule 11 fees) from the MEEIA 2 prudence audit cases (EO-2020-0227/0228). The Commission did not grant the Company's motion but did indicate that it would consider removing FAC issues from the MEEIA case when it heard the evidence. That case is now on hold while the parties work on settlement.

However, the issues in the two cases are intertwined and it does not make sense to hear the same issues in two separate cases. Therefore, the Company would not oppose postponing this hearing while the 0227/0228 case settlement discussions take place.

Respectfully submitted,

/s/ Roger W. Steiner

Robert J. Hack, MBN 36496
Roger W. Steiner, MBN 39586
Evergy, Inc.
1200 Main Street
Kansas City, Missouri 64105
Phone: (816) 556-2791
rob.hack@evergy.com
roger.steiner@evergy.com

James M. Fischer MBN 27543
Fischer & Dority, P.C.
101 Madison, Suite 400
Jefferson City, MO 65101
Telephone: 573-636-6758
Facsimile: 573-636-0383
jfischerpc@aol.com

Joshua Harden MBN 57941
Collins & Jones, P.C.
1010 W. Foxwood Dr.
Raymore, MO 64083
Telephone: 816-318-9966
Facsimile: 888-376-8024
Email: jharden@collinsjones.com

Attorneys for Evergy Missouri Metro and Evergy Missouri West

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to counsel for all parties this 21st day of January 2021.

/s/ Roger W. Steiner

Roger W. Steiner