Exhibit No.:	
Issues:	*PPA cost-sharing*
Witness:	*Brad J. Fortson*
Sponsoring Party:	*MO PSC Staff*
Type of Exhibit:	*Direct Testimony*
Case Nos.:	*ER-2022-0129 and ER-2022-0130*
Date Testimony Prepared:	*June 22, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY

OF

BRAD J. FORTSON

Evergy Metro, Inc., d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc., d/b/a Evergy Missouri West
Case No. ER-2022-0130

Jefferson City, Missouri
June 2022

** Denotes Confidential Information **

DIRECT TESTIMONY

OF

BRAD J. FORTSON

Evergy Metro, Inc., d/b/a Evergy Missouri Metro
Case No. ER-2022-0129

Evergy Missouri West, Inc., d/b/a Evergy Missouri West
Case No. ER-2022-0130

Q. Please state your name and business address.

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

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

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

Q. What is your educational background and work experience?

A. Please refer to the attached Schedule BJF-d1.

Q. Have you previously filed testimony before this Commission?

A. Yes. Please refer to the attached Schedule BJF-d2 for a list of cases in which I have previously filed testimony.

EXECUTIVE SUMMARY

Q. Please summarize your direct testimony in this proceeding.

A. The purpose of my direct testimony is to propose new language to Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW") and Evergy Metro, Inc. d/b/a Evergy Missouri Metro's ("EMM") (collectively "Companies") Fuel Adjustment Clause ("FAC") in regards to Purchased Power Agreements ("PPAs").

Q. What modifications to EMM's and EMW's FAC tariff language does Staff recommend in regards to PPAs?

A. Staff recommends including language to the FAC tariffs in both EMM and EMW in regards to future PPAs that lead to costs in excess of revenues. These costs flow through the FAC, therefore charging ratepayers for the majority of losses in these contracted PPAs. Staff's recommendation would hold shareholders responsible for the net costs associated with PPAs entered into after May 2019 whose costs exceed its revenues resulting in a net loss.

Q. Why is this additional language necessary?

A. This language is necessary because EMM and EMW continue to enter into wind PPA contracts that have neither followed the fundamental objective of the resource planning process[1] nor have been necessary to meet Missouri renewable energy standard ("RES") requirements, which in turn have resulted in more costs than revenues flowing through the FAC for a majority of its PPAs. Because of this, ratepayers are bearing the majority of the costs[2] of these PPAs. Since the Companies are not following the fundamental objective of the resource planning process and exceed what is needed for the RES requirements, ratepayers should not be burdened with the bulk of the costs from the losses of future PPAs.

PURCHASE POWER AGREEMENTS (PPAs)

Q. What wind facilities are a part of EMW's PPAs, and what are the applicable terms of those PPAs?

[1] 20 CSR 4240-22.010(2) The fundamental objective of the resource planning process at electric utilities shall be to provide the public with energy services that are safe, reliable, and efficient, at just and reasonable rates, in compliance with all legal mandates, and in a manner that serves the public interest and is consistent with state energy and environmental policies.

[2] 95% of the costs of these PPAs are recovered from customers through the FAC.

A. The PPAs that were included in Staff's most recent EMW FAC prudence review, Case No. EO-2022-0065, are in the table below:

Wind Facility	Contract Duration	Contract Type	Fixed Costs	Capacity	Date Entered
Gray County Wind	15 years	Take or Pay	N/A	60 MW	2001
Ensign Wind	20 years	Take or Pay	$27.65/MWh	98.9 MW	November 2012
Osborn Wind Energy	20 years	Take or Pay	$31.50/MWh	80 MW	December 2016
Rock Creek Wind Project	20 years	Take or Pay	$ 29.95/MWh	300 MW	August 2017
Pratt Wind	30 years	Take or Pay	$14.35/MWh	245 MW	November 2018
Prairie Queen Wind	20 years	Take or Pay	$14.75/MWh	200 MW	May 2019

Q. What wind facilities are a part of EMM's PPAs, and what are the applicable terms of those PPAs?

A. The PPAs that were included in the Staff's most recent EMM FAC prudence review, Case No. EO-2022-0064, are in the table below:

Wind Facility	Contract Duration	Contract Type	Fixed Costs	Capacity	Date Entered
Cimarron 2 Wind Farm Project	20 years	Take or Pay	$31.50/MWh	131 MW	June 2012
Spearville 3 Wind Energy Facility	20 years	Take or Pay	$29.47/MWh	101 MW	October 2012
Slate Creek Wind Project	20 years	Take or Pay	$24.90/MWh	150 MW	November 2015
Waverly Wind Farm	20 years	Take or Pay	$26.25/MWh	200 MW	November 2015
Osborn Wind Energy	20 years	Take or Pay	$31.50/MWh	120 MW	December 2016
Rock Creek Wind Project	20 years	Take or Pay	$29.95/MWh	300 MW	August 2017
Pratt Wind	30 years	Take or Pay	$14.35/MWh	245 MW	November 2018
Prairie Queen Wind	20 years	Take or Pay	$14.75/MWh	200 MW	May 2019

Q. What was the net effect of the costs and revenues of the PPAs listed above during the review period of Staff's most recent prudence reviews (Case Nos. EO-2022-0064 and EO-2022-0065)?

A. The review period in Case No. EO-2022-0064 for EMM was January 1, 2020 through June 30, 2021, and the review period in Case No. EO-2022-0065 for EMW was December 1, 2019 through May 31, 2021. The net effect of the EMM PPAs during the review period was a loss of ** [redacted] **, and the net effect of the EMW PPAs during the review period was a loss of ** [redacted] **. In an 18-month period, the Companies' PPAs cost ratepayers a combined ** [redacted] **.[3] In fact, only Prairie Queen provided a net gain of ** [redacted] **; all other PPAs provided a net loss.

Q. Has the issue of PPA losses been raised previously?

A. Yes. In the eighth FAC prudence review for EMW (then known as KCP&L Greater Missouri Operations Company) and the second FAC prudence review for EMM (then known as Kansas City Power & Light Company), Case No EO-2019-0067 (consolidated with EO-2019-0068), Ms. Mantle raised the issue that there were approximately $104 million more costs than revenues from wind PPAs[4] in the review period.[5] However, OPC asked for a determination of imprudence only for losses from the Rock Creek and Osborn wind project PPAs because the imprudence of these two PPAs is the most obvious.

Q. What was Ms. Mantle's issue with the Rock Creek and Osborn wind project PPAs?

[3] This number grows exponentially higher for each previous review period collectively included.
[4] Rebuttal Testimony of Lena M. Mantle of the Office of the Public Council ("OPC") in Case Nos EO-2019-0067 and EO-2019-0068.
[5] December 1, 2016 – May 31, 2018 for EMM, and January 1, 2017 – June 30, 2018 for EMW.

A. On page 16, lines 3-13 of Ms. Mantle's rebuttal testimony in EO-2019-0067, she lists several reasons why these wind projects were imprudent. Those reasons are as follows:

1) KCP&L did not enter into these PPAs to meet Missouri renewable energy standard ("RES") requirements;
2) These PPAs were not identified as least-cost resources to meet customers' needs in resource planning analysis;
3) The forecasted market prices used to calculate the cost/benefit of these contracts used had been shown to be inaccurate;
4) KCP&L did not issue Request for Proposals ("RFP") prior to entering into these PPAs; and
5) The contract prices for wind PPAs were declining, yet these PPAs are priced at the same price of KCP&L earliest PPAs and much higher than KCP&L's next PPA.

Q. What was Staff's position in that case on the PPAs, particularly Rock Creek and Osborn?

A. At that time, Staff identified that the Rock Creek and Osborn wind PPAs were creating a significant amount of additional costs compared to the revenue received. Staff noted for both Rock Creek and Osborn that these were long-term PPAs, and the performance of these contracts should be viewed on a long-term basis and not just from the results during the review periods.[6] Staff did not recommend a disallowance related to the Rock Creek and Osborn losses at that time.

Q. What was the Commission's decision in regards to the Rock Creek and Osborn PPAs in that case?

[6] *Staff's Eighth Prudence Review Report*, EO-2019-0067, pages 32 – 33.

A. The Commission found that the Rock Creek and Osborn wind power PPAs were long-term investments made in contemplation of the long-term (20-year) ebb and flow of market and political forces. It was the Commission's decision that when made, the Companies' decisions to acquire Rock Creek and Osborn wind PPAs were not imprudent in light of the factors that they appropriately considered.[7]

Q. Did the Company sign into additional PPAs after Rock Creek and Osborn?

A. Yes. On December 16, 2019, the Companies filed a *Notice of Determination of Change* ("Notice") in Case Nos. EO-2018-0268 and EO-2018-0269.[8] In its Notice, EMW stated ** [redacted] ** Similarly, EMW's Notice stated the same with the only difference being that ** [redacted]." **

Q. Did Staff respond to the Companies' Notice in those cases?

A. Staff did not respond to the Companies' Notice in Case Nos. EO-2018-0068 and EO-2018-0069. However, on March 10, 2020, the Companies' filed the *Evergy Metro Integrated Resource Plan 2020 Annual Update* ("Evergy Missouri Metro 2020 Annual

[7] *Report and Order*, page 26, Case No. EO-2019-0067.
[8] EO-2018-0268 is the Evergy Missouri Metro 2018 IRP docket, and EO-2018-0269 is the Evergy Missouri West 2018 IRP docket.

Update") in Case No. EO-2020-0280 and the *Evergy Missouri West Integrated Resource Plan 2020 Annual Update* ("Evergy Missouri West 2020 Annual Update") in Case No. EO-2020-0281. In those dockets, on May 18, 2020, Staff filed its *Staff Report* responding not only to the Evergy Missouri Metro 2020 Annual Update and Evergy Missouri West 2020 Annual Update, but also to the Companies' Notices mentioned above. Staff voiced several concerns in regards to PPAs in its Staff Report. Some to note are as follows:

Page 2:

> The Companies have failed to meet the fundamental objective of the Commission's Chapter 22 Rules by entering into ** [redacted] ** MW of fixed price wind power purchase agreements (PPAs) based upon speculation of future SPP energy prices. Entering into a PPA based on speculated market revenues that could outweigh costs does not serve the public interest because flowing all of the costs of these PPAs through the Companies' fuel adjustment clauses creates a potentially large amount of risk to ratepayers and almost zero risk to shareholders at a point in time when the SPP Market Monitoring Unit states that "market prices have not been signaling new generation entry for some time." The Companies do not need to enter into the PPAs for SPP resource adequacy requirements, reliability needs, or Missouri Renewable Energy Standard requirements. The Companies state in the Annual Reports that the PPAs were entered into in part for the Renewable Energy Rider, however Staff cannot determine the accuracy of that statement at this time. Furthermore the economic feasibility analysis that was relied upon for the contracts blatantly ignore realities of the SPP markets, utilizes stale market price forecasts that are limited to only six potential outcomes, relies on developer estimates that are much greater than the actual outputs of the existing Evergy Metro and Evergy West PPAs, ** [redacted] [9] [redacted]. **

Page 3:

> ... The Companies did not need to enter into the PPAs to meet SPP resource adequacy needs, reliability needs, or Missouri RES compliance requirements.

[9] The footnote attached to this portion is for Company response to Staff Data Request No. 0033 in EO-2020-0280 and EO-2020-0281.

Since the Companies will be purchasing the energy generated by a third party, the Companies will not own, operate, control or manage the facilities. Further, the Companies' shareholders will not finance the purchase. Rather ratepayers will be required to finance the purchase for 15+ years through collection of costs through fuel adjustment clauses of the Companies… In the case of the wind PPAs entered into by the Companies, they are not in the public interest for several reasons. The PPAs are not needed, the economic analysis relied upon is extremely flawed, and nearly all of the risk is borne by ratepayers.

Staff requested for the Companies to demonstrate the need for the wind PPA additions in 2021 and 2022 in the preferred resource plans.[10] The Companies' response to this request simply referred to the Companies' December 16, 2019 Notice of Determination of Change in Case Nos. EO-2018-0268 and EO-2018-0269, in which the Companies notified the Commission that a decision had been made to enter into two PPAs totaling ** [redacted] ** MW that would be allocated to Evergy Missouri Metro and Evergy Missouri West. Staff requested supplemental responses to this data request that actually demonstrated the need to enter into the wind PPAs, to which the Companies continuously insisted that the original response was adequate. The notion that simply making a decision to enter into wind PPAs is an adequate demonstration of the need for the contracts is not only concerning, but insufficient. By that logic, the Companies could continually add the costs of an unlimited number of PPA contracts to Evergy West's and Evergy Metro's respective fuel adjustment clauses without any demonstration of a need to do so. In fact, the Companies' response to Staff data request 23 indicates that the Companies do not have an upper limit on the number of wind PPAs the Companies would consider entering into based on the capacity positions and customer loads of Evergy Metro and Evergy West. The Commission's regulatory oversight of the decision making of Evergy Metro and Evergy West would be significantly hindered by actions such as these… However, by entering into contracts for a large number of PPAs without demonstrating the need, relying upon speculated revenues outweighing expected costs, and not providing sound economic analysis at the time of entering the PPAs, the Companies have shifted all of the risk to ratepayers through the fuel adjustment clauses and shifted all of the burden of proof onto other stakeholders by making prudence reviews the process for initial in-depth analysis of the decision to enter into the PPAs.

[10] The footnote attached to this portion is for Company response to Staff Data Request No. 0001 in EO-2022-0280 and EO-2020-0281.

Pages 5 – 6:

> ** [redacted][11] [redacted] **

Page 6:

> ** [redacted] **

Pages 6 – 7:

> However, ratepayers should not have to bear all of the risk of PPAs which were entered into when there is not a need for capacity to meet minimum capacity requirements. Staff is of the opinion that in the case where PPAs are entered into when there is not a need for capacity to meet minimum capacity requirements that this risk could be addressed fairly in the Commission-approved fuel adjustment clauses of the Companies to mitigate ratepayer risk and to ensure that rates are fair and the public interest is served.

Page 7:

> Because of the long term uncertainty of energy prices in the SPP competitive marketplace, there exists a possibility – if not a probability – that the ** [redacted] ** MW of fixed price take-or-pay PPAs will result in an excessive level of costs that exceed the revenues associated with off-system sales over the term of the PPAs. The Annual Reports contain no assessment of potential long term rate increases which are possible if the energy prices in the SPP marketplace do not behave as modeled over the term of the PPAs. This consideration is required by rule, because this is a risk which ratepayers should not have to bear alone. Staff is of the opinion that this risk could be addressed fairly through the risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies.

[11] The footnote attached to this portion is for Company response to Staff Data Request No. 0050 in EO-2020-0280 and EO-2020-0281.

Page 9:

> In summary, as previously stated, Staff understands that, due to the non-contested nature of the Annual Report review process, the Commission is not required to conduct a hearing, and Staff has no right to one. However, Staff would also suggest that the annual update is also not the proper time to include such significant resources without the benefit of the robust triennial process. This is further recognized by the notice of change of preferred plan process, which envisions a robust analysis. In short, the rules envision a robust integrated analysis and demonstration of such things as risk mitigation and uncertain factors, when considering changes of the magnitude and significance that were included in this annual update. To better ensure compliance with the rules as set forth in Chapter 22, Staff recommends the Commission order that the Companies, in future Chapter 22 filings, address Staff's issues and criticisms as outlined in this Staff Report.

Q. What was the outcome of Case Nos. EO-2020-0280 and EO-2020-0281?

A. On June 17, 2020, the Commission issued its *Order Closing Files* which stated that the Commission's rule does not require the Companies to respond to the concerns raised by the stakeholders, nor does it require any action by the Commission. The Commission did not require the Companies to respond to stakeholder concerns at that time. However, the Commission will expect the Companies to appropriately consider those concerns in future IRP filings.

Q. Has Staff made reference to the losses from PPAs in other FAC Prudence Reviews?

A. Yes. Staff has referenced the PPA issue and risk sharing in each prudence review since the 2020 Annual Reports. Below are the case numbers and references to that language.

1) On page 39, line 14, through page 40 line 5, of *Staff's Ninth Prudence Review Report* for EMW, Case No. EO-2020-0262 (Consolidated with EMM Case No. EO-2020-0263), Staff references the potential inclusion of additional FAC language in regards to PPAs;

   a. Evergy Missouri West had long-term purchased power contracts with six wind farms during the Review Period. A further description of these contracts can be found in Section III.N through S of this Report. Not included in these sections of Staff's Report is the new purchased power wind contracts that Evergy Missouri West has recently signed into because the associated costs and revenues have not yet been sought for recovery through the FAC. However, Staff is aware of these additional purchased power wind contracts and provided, as part of its Staff Report in the most recent Evergy Missouri West 2020 IRP Annual Update,[12] concerns with these additional purchased power wind contracts. Given that a majority of Evergy Missouri West's current wind PPAs are creating more costs for ratepayers than revenues and additional purchased power wind contracts could put ratepayers at greater risk, in its Staff Report in Case No. EO-2020-0281, Staff noted "that this risk could be addressed fairly through risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies."

2) On page 46, lines 6 – 18, in *Staff's Third Prudence Review Report* for EMM, Case No. EO-2020-0263 (Consolidated with EMW Case No. EO-2020-0262), Staff references the potential inclusion of additional FAC language in regards to PPAs;

   a. Evergy Missouri Metro had long-term purchased power contracts with eight wind farms during the Review Period. A further description of these contracts can be found in Sections III. N, O, P, Q, R, S, T, and U of this report. Not included in these sections of Staff's Report is the new purchased power wind contracts that Evergy Missouri Metro has recently signed into since the associated costs and revenues have not yet been sought for recovery through the FAC. However, Staff is aware of these additional purchased power wind contracts and provided as part of its Staff Report in the most recent Evergy Missouri Metro 2020 IRP Annual Update[13] concerns with these additional purchased power wind contracts. Given that a majority of Evergy Missouri Metro's current wind PPAs are creating more costs for ratepayers than revenues and additional purchased power wind contracts could put ratepayers at greater risk, Staff notes in its Staff Report in Case No. EO-2020-0280 "that this risk could be addressed fairly through risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies."[14]

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[12] Case No. EO-2020-0281.
[13] Case No. EO-2020-0280.
[14] Case No. EO-2020-0280, Staff Report, page 7.

3) On page 49, lines 5 – 23, of the *Staff Report* in Staff's fourth prudence review for EMM, Case No. EO-2022-0064, Staff references the potential inclusion of additional FAC language in regards to PPAs;

   a. Evergy Missouri Metro had long-term purchased power contracts with eight wind farms during the Review Period. A further description of these contracts can be found in Sections III. M, N, O, P, Q, R, S, and T of this report. Not included in these sections of Staff's Report is the new purchased power wind contracts that Evergy Missouri Metro has recently signed into since the associated costs and revenues have not been sought for recovery through the FAC. However, Staff is aware of these additional purchased power wind contracts and provided as part of its Staff Report in the most recent Evergy Missouri Metro 2020 IRP Annual Update[15] concerns with these additional purchased power wind contracts. Given that a majority of Evergy Missouri Metro's current wind PPAs are creating more costs for ratepayers than revenues and additional purchased power wind contracts could put ratepayers at greater risk, Staff notes in its Staff Report in Case No. EO-2020-0280 "that this risk could be addressed fairly through risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies." Subsequently, Staff's Report in the most recent Evergy Missouri Metro Triennial IRP Filing in Case No. EO-2021-0036 also stated, "Staff echoes its past comments in regards to Evergy Metro and PPAs, and that ratepayers should not have to bear all of the risk of PPAs which are entered into when there is not a need for capacity to meeting minimum capacity requirements. To remedy this concern, Staff suggests as it has before, that ratepayer risk mitigation or risk sharing could be addressed fairly in the Commission-approved fuel adjustment clause of Evergy Metro."

4) On page 46, line 16, through page 47, line 15, of the *Staff Report* in Staff's tenth prudence review for EMW, Case No. EO-2020-0065, Staff references the potential inclusion of additional FAC language in regards to PPAs;

   a. Evergy Missouri West had long-term purchased power contracts with six wind farms during the Review Period. A further description of these contracts can be found in Section III.M. through R of this Report. Not included in these sections of Staff's Report is the new purchased power wind contracts that Evergy Missouri West has recently signed into because the associated costs and revenues have not been sought for recovery through the FAC. However, Staff is aware of these additional purchased power wind contracts and provided, as part of its Staff Report in the most recent Evergy Missouri West 2020 IRP Annual Update,[16] concerns with these additional purchased power wind contracts. Given that a majority of Evergy Missouri West's current wind PPAs

[15] Case No. EO-2020-0280.
[16] Case No. EO-2020-0281.

> are creating more costs for ratepayers than revenues and additional purchased power wind contracts could put ratepayers at greater risk, in its Staff Report in Case No. EO-2020-0281, Staff noted "that this risk could be addressed fairly through risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies." Subsequently, Staff's Report in the most recent Evergy Missouri West Triennial IRP Filing in Case No. EO-2021-0035 also stated, "Staff echoes its past comments in regards to Evergy West and PPAs, and that ratepayers should not have to bear all of the risk of PPAs which are entered into when there is not a need for capacity to meeting minimum capacity requirements. To remedy this concern, Staff suggests as it has before, that ratepayer risk mitigation or risk sharing could be addressed fairly in the Commission-approved fuel adjustment clause of Evergy West."

Q. Has Staff made reference to the losses from PPAs in any other dockets?

A. Yes. In Case No. EO-2021-0032, in its *Staff Investigation Report*, Staff again stated, "In its 2020 IRP Staff Report, Staff stated that to address the concern of 20 CSR 4240-22.010(2)(C)1 that it is Staff's opinion that in the case where PPAs are entered into when there is not a need for capacity to meet minimum capacity requirements that this risk could be addressed fairly in the Commission-approved fuel adjustment clauses of Evergy to mitigate ratepayer risk and to ensure that rates are fair and the public interest is served. Further, Staff stated that to address the concern of 20 CSR 4240-22.010(2)(C)3 that it is Staff's opinion that this risk could be addressed fairly through risk mitigation or risk sharing in the Commission-approved fuel adjustment clauses of the Companies." In addition, in Case Nos. EO-2021-0035 and EO-2021-0036, the Companies' triennial IRP filings, Staff's "Concern C" states that the Companies issued an RFP in February 2021, soliciting offers from interested parties with the intent of securing proposals for the acquisition of long-term dispatchable renewable energy resources with a minimum size of 50 MW together with all associated environmental and renewable energy attributes. The RFP offers two business structure options: 1) Ownership based on construction services and asset purchase agreements; and 2) PPAs. Staff echoes its past comments in regards to the Companies and PPAs, and that ratepayers should not have to bear all of the risk of PPAs that are entered into when there is not a need for capacity to meet minimum capacity requirements. To remedy this concern, Staff suggested, as it has before, that ratepayer risk mitigation or risk sharing could be addressed fairly in the Commission-approved FAC of the Companies.

Q. Does Staff believe that given EMM's and EMW's history mentioned above regarding these new PPA contracts and the probability of the EMM and EMW entering into new PPA contracts, that its recommendation is reasonable?

A. Yes. When looking through the history of PPAs entered into by EMM and EMW, Staff believes the new PPA language in the FAC tariff is not only reasonable but necessary in order to be fair to EMM and EMW customers who have, to this point, had to bear a majority of the costs of these PPAs whose costs have exceeded its revenues.

Q. What do the Companies' current FAC tariff sheets state about the purchased power costs associated with PPAs?

A. Tariff sheet P.S.C MO. No 1 Original Sheet No. 50.23 in the EMM tariff states,

PP = Purchased Power Costs:

> The following costs or revenues reflected in FERC Account Number 555: Subaccount 555000: purchased power costs, energy charges from capacity purchases of any duration, insurance recoveries, and subrogation recoveries for purchased power expenses, broker commissions and fees (fees charged by an agent, or agent's company to facilitate transactions between buyers and sellers), charges and credits related to the SPP Integrated Marketplace ("IM") or other IMs, including energy, revenue neutrality, make whole and out of merit payments and distributions, over collected losses payments and distributions, Transmission Congestion Rights ("TCR") and Auction Revenue Rights ("ARR") settlements, virtual energy costs, revenues and related fees where the virtual energy transaction is a hedge in support of physical operations related to a generating resource or load, load/export charges, ancillary services including non-performance and distribution payments and charges and other miscellaneous SPP Integrated Market charges including uplift charges or credits, excluding (1) the amounts associated

> with purchased power agreements associated with the Renewable Energy Rider tariff and (2) the Missouri allocated portion of the difference between the amount of the bilateral contract for hydro energy purchased from CNPPID and the average monthly LMP value at the CNPPID nodes times the amount of energy sold to the SPP at the CNPPID nodes. The CNPPID nodes are defined as NPPD.KCPL.JFY1, NPPD.KCPL.JFY2, NPPD.KCPL.JHN1, NPPD.KCPL.JN11, NPPD.KCPL.JN12;

Similarly, tariff sheet P.S.C. MO. No. 7 Original Sheet No. 127.15 in the EMW tariff states:

> PP = Purchased Power Costs:
>
> The following costs or revenues reflected in FERC Account Number 555:
>
> Subaccount 555000: purchased power costs, energy charges from capacity purchases, insurance recoveries, and subrogation recoveries for purchased power expenses, broker commissions and fees (fees charged by an agent, or agent's company to facilitate transactions between buyers and sellers), and charges and credits related to the SPP Integrated Marketplace ("IM") or other IMs, excluding the amounts associated with purchased power agreements associated with the Renewable Energy Rider tariff.

Q. What additional language is Staff recommending be included to EMM's FAC tariff sheets?

A. For EMM's tariff sheet P.S.C MO. No 1 Original Sheet No. 50.23, Staff proposes the following:

> PP = Purchased Power Costs:
>
> The following costs or revenues reflected in FERC Account Number 555:
>
> Subaccount 555000: purchased power costs, energy charges from capacity purchases of any duration, insurance recoveries, and subrogation recoveries for purchased power expenses, broker commissions and fees (fees charged by an agent, or agent's company to facilitate transactions between buyers and sellers), charges and credits related to the SPP Integrated Marketplace ("IM") or other IMs, including energy, revenue neutrality, make whole and out of merit payments and distributions, over collected losses payments and distributions, Transmission Congestion Rights ("TCR") and Auction Revenue Rights ("ARR") settlements, virtual energy costs, revenues and related fees

> where the virtual energy transaction is a hedge in support of physical operations related to a generating resource or load, load/export charges, ancillary services including non-performance and distribution payments and charges and other miscellaneous SPP Integrated Market charges including uplift charges or credits, excluding (1) the amounts associated with purchased power agreements associated with the Renewable Energy Rider tariff; ~~and~~ (2) the Missouri allocated portion of the difference between the amount of the bilateral contract for hydro energy purchased from CNPPID and the average monthly LMP value at the CNPPID nodes times the amount of energy sold to the SPP at the CNPPID nodes. The CNPPID nodes are defined as NPPD.KCPL.JFY1, NPPD.KCPL.JFY2, NPPD.KCPL.JHN1, NPPD.KCPL.JN11, NPPD.KCPL.JN12; and (3) net costs associated with purchased power agreements entered into after May 2019 whose costs exceed its revenues resulting in a net loss.

Q. What additional language is Staff recommending be included to EMW's FAC tariff sheets?

A. For EMW's tariff sheet P.S.C. MO. No. 7 Original Sheet No. 127.15, Staff proposes the following:

PP = Purchased Power Costs:

The following costs or revenues reflected in FERC Account Number 555:

> Subaccount 555000: purchased power costs, energy charges from capacity purchases, insurance recoveries, and subrogation recoveries for purchased power expenses, broker commissions and fees (fees charged by an agent, or agent's company to facilitate transactions between buyers and sellers), and charges and credits related to the SPP Integrated Marketplace ("IM") or other IMs, excluding (1) the amounts associated with purchased power agreements associated with the Renewable Energy Rider tariff; and (2) net costs associated with purchased power agreements entered into after May 2019 whose costs exceed its revenues resulting in a net loss.

Q. What is the significance of May 2019?

A. The Prairie Queen wind farm contract is based on a fixed energy price that EMM and EMW began receiving in May 2019. Prairie Queen is the most recent PPA that EMM and EMW has passed the costs and revenues through the FAC. Since these costs and revenues flow through the FAC, they are reviewed in Staff's FAC prudence review. To date, Staff has not raised any concerns or recommended any disallowances for Prairie Queen. Therefore, since the Prairie Queen contract began in May 2019, and Staff has reviewed this PPA as part of its most recent FAC prudence review and did not raise any concerns or recommend any disallowances, Staff proposes any PPAs signed into after May 2019 whose costs exceed its revenues and are passed through the FAC, those net costs be borne by shareholders.

Q. Does this conclude your direct testimony?

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 Implement a General Rate Increase for Electric Service	))))	Case No. ER-2022-0129
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2022-0130

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BRAD J. FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Brad J. Fortson*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Brad J Fortson

BRAD J. FORTSON

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 21st day of June 2022.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

D Suzie Mankin

Notary Public

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
EO-2022-0061	Evergy Missouri West	Application for Special Rate	Rebuttal Testimony
EO-2022-0064	Evergy Missouri Metro	FAC prudence review	Direct Testimony
EO-2022-0065	Evergy Missouri West	FAC prudence review	Direct Testimony