

**BEFORE THE
KANSAS CITY BOARD OF PUBLIC UTILITIES**

**Prepared
Rebuttal Testimony of**

Andrew Ferris

Issue:

Rebuttal Testimony of the Direct Testimony of Sarah Shenstone-Harris

June 2023

Q: What is your name?

A: Andrew Ferris

Q: What is your position at the BPU?

A: I am the Director of Financial Planning.

Q: Please summarize your professional qualifications and experience.

A: I have a Bachelor's degree in Finance from Truman State University and a Master's in Business Administration from Webster University. I have worked in Finance, Credit Risk, Audit, and Planning for 25 years with 10 of those years being with the Kansas City Board of Public Utilities.

Q: What are your responsibilities as Director of Financial Planning?

A: My responsibilities include forecasting fuel, purchase power, customer demand, electric purchases and sales, as well as the Energy Rate Component (ERC) calculations. I also manage long term capacity planning through the management of sales/purchase contracts including renewable contracts and the implementation of demand response initiatives to meet customer requirements and to satisfy the utility's capacity planning margin.

Q: What is the purpose of your rebuttal testimony in this proceeding?

A: My rebuttal testimony in this proceeding is to provide commentary on and rebuttal of the direct testimony of Sierra Club witness Sarah Shenstone-Harris.

Q What is the purpose of the Cost of Service Rate Process?

A. The purpose of the Cost of Service Rate Process is to determine the expected costs and subsequent revenue requirements needed to support the electric operations of the organization between 2023 – 2027.

Q: What is the purpose of the Integrated Resource Plan?

A. The Integrated Resource Plan (IRP) is an assessment of the future energy needs and how best to meet those needs. The IRP attempts to take a long-term view of how to meet those considerations based on various variables under various potential scenarios.

Q: When will BPU conduct its next Integrated Resource Plan?

A: The BPU is expected to finalize an Integrated Resource Plan in 2024. As part of the 2024 IRP process the BPU expects to take an exhaustive review of all potential solutions to meet the needs and requirements of the organization.

Q: The testimony by Sarah Shenstone-Harris points out that Nearman Creek Unit 1 is not expected to cover the full operating costs in the wholesale power market between 2023 – 2027 is this accurate?

A: On a standalone basis we do not generally expect the wholesale power market to be sufficient to cover the full on-going or operating costs of individual resources, including renewables and other fuel types. The value of generating resources, storage, etc. are not just based on the value of the energy they supply. Likewise we are not currently expecting Nearman Creek Unit 1 to cover its full operating costs within the wholesale power market during that time frame.

Also, all of the resources provide value through the capacity accreditation that they serve, through the ancillary services they may provide including voltage support, through the impact on overall grid congestion, and through the impact and requirements associated with transmission needs and expenses. These are all variables and factors to consider as part of the IRP and thus all these considerations will be considered when developing the 2024 IRP.

I would also note that although it is generally not expected that Nearman Unit 1 will cover its full operational costs within the wholesale energy market, Nearman Unit 1 was the most valuable resource in the BPU portfolio over the past two years with wholesale revenues far exceeding operating costs over that time and thus is a valuable resource in times of high natural gas pricing and gas supply challenges. These are all considerations that will be taken into account during the IRP process.

Q: Is cost the only variable to consider when examining resource options as part of the Integrated Resource Plan?

A: No, cost is only one variable to consider when examining resource options. There are numerous variables to consider and as part of the 2024 IRP, BPU will work to develop a strategy to meet all those needs in the best, most efficient manner possible. As NERC stated in its December 2022 Long-Term Reliability Assessment (LTRA), “The energy and capacity risks identified in this assessment underscore the need for reliability to be a top priority for the resource and system planning community of stakeholders. Planning and operating the grid must increasingly account for different characteristics and performance in electricity resources as the energy transition continues. General actions

for the industry and policymakers to address the reliability risks described in this 2022

LTRA include the following:

- Manage the pace of generator retirements until solutions are in place that can continue to meet energy needs and provide essential reliability services
- Include extreme weather scenarios in resource and system planning
- Address Incentive Base Regulation (IBR) performance and grid integration issues
- Expand resource adequacy evaluations beyond reserve margins at peak times to include energy risks for all hours and seasons
- Increase focus on Distributed Energy Resources (DER's) as they are deployed at increasingly impactful levels
- Mitigate the risks that arise from growing reliance on just-in-time fuel for electric generation and the interdependent natural gas and electric infrastructure
- Consider the impact that the electrification of transportation, space heating, and other sectors may have on future electricity demand and infrastructure”

Q: What strategy does BPU utilize for Nearman Unit 1 in regards to market operations?

A: As Sarah Shenstone-Harris pointed out, “To minimize losses from operating Nearman, BPU should avoid self-commitment into the Southwest Power Pool (“SPP”) market as much as possible.” The BPU agrees with this statement and has operated the unit nearly exclusively in a market status for the past few years and only operates in a self-commitment status when necessary for reliability, testing, and maintenance or safety needs. This is not expected to change going forward.

Q: Does the testimony of Sarah Shenstone-Harris change or impact your thoughts or needs as presented as part of the Cost of Service requirements?

A: No. The Cost of Service requirements and testimony as presented by myself, consultants, and other staff members is not impacted by the testimony of Sarah Shenstone-Harris. The information, thoughts, and concerns of Sarah Shenstone-Harris are all adequate and important and will be taken into consideration as part of the development of the 2024 Integrated Resource Plan and as such the BPU will develop an exhaustive review process for how best to meet those energy requirements over the long-term.

Q. How does BPU assist with high energy burden residential customers?

A. The Board of Public Utilities provides funding to the United Way to assist customers that need financial help with their utility bill in multiple ways.

1) The BPU Board of Directors provides matching funds to the employee's contributions during the United Way annual campaign. The United Way administers the program. Qualifications for these funds are for 150% of the federal poverty level. There are several partner agencies that work with United Way to distribute the funds. In the last several years the Board's contribution has exceeded the employee's portion of the contribution.

2) The BPU also funds a Hardship Assistance Program. This program provides for emergency assistance for the community and it is not income-based. The common reason for the hardship is health issues or economic challenges due to loss of employment.

Q: Does this conclude your prepared rebuttal testimony in this matter?

A: Yes, it does.