

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of	)	
KCP&L Greater Missouri Operations Company	)	
For Approval of a Special Incremental Load	)	Case No. EO-2019-0244
Rate for a Steel Production Facility	)	
In Sedalia Missouri	)	

**POSITION STATEMENT OF NUCOR STEEL SEDALIA, LLC**

COMES NOW, Nucor Steel Sedalia, LLC, a Division of Nucor Corporation (“Nucor”) and states its position regarding the issues identified in the *Lists of Issues* filed in this proceeding on October 10, 2019.

- 1. Should the Commission approve the Special Incremental Load (“SIL”) tariff proposed by GMO and the Special Incremental Load Rate proposed for Nucor subject to the customer protections and monitoring and reporting requirements recommended by Staff, Nucor and GMO? <sup>1</sup>**

**Nucor Position:** Yes. On July 12, 2019, KCP&L Greater Missouri Operations Company (“GMO”) filed an application seeking approval of: (i) a new Special Rate for Incremental Load Service Schedule (“Schedule SIL”) and (ii) an Incremental Load Rate Contract for electric service between Nucor and GMO (“Nucor Contract”). Schedule SIL allows GMO to provide qualifying customers with new or incremental increases in load access to a special rate not based on GMO’s embedded cost of service, but that is designed to recover no less than the incremental cost of the new load. GMO seeks approval for the Nucor Contract under the new Schedule SIL. Although Schedule SIL largely tracks the requirements of Section 393.355, RSMo, GMO is not seeking approval for Schedule SIL and the Nucor Contract under that statute. Rather, GMO is seeking approval under Sections 393.130, 393.140(11) and 393.150, RSMo.

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<sup>1</sup> This issue is designated as Issue 1 in the List of Issues filed by Staff, GMO, Nucor and OPC. This issue is designated as Issue 2 in the List of Issues filed by MECG.

On September 19, 2019, GMO, the Staff of the Missouri Public Service Commission (“Staff”), and Nucor entered into a Non-Unanimous Stipulation and Agreement (“Stipulation”). The Stipulation recommends that the Nucor Contract be approved and affirms the operational communication commitments included in the Nucor Contract, including Nucor’s commitment to coordinate with GMO in an effort to execute planned outages to minimize the impact on the GMO system. The Stipulation also sets out the mechanisms that will be used by KCP&L, Staff, and OPC to monitor and report costs and revenues associated with the Nucor Contract, and addresses how the Nucor Contract will be treated for purposes of ratemaking. Finally, the Stipulation recommends revisions to the Rate Schedule SIL consistent with the monitoring, reporting and ratemaking provisions of the Stipulation.

The legal standard for approving the proposed SIL tariff is that the rates are just and reasonable and do not constitute an undue or unreasonable preference or advantage in any respect whatsoever, or charge a greater or less compensation than charged another for doing a like and contemporary service under the same or substantially similar circumstances or conditions. *See* Sections 393.130, 393.140(11) and 393.150, RSMo.

Here, the testimony of GMO Witness Darrin Ives, makes clear that the rate in the special contract at issue in this case is just and reasonable. Under the special contract, Nucor’s rate exceeds the incremental cost to serve Nucor. Ives Direct, 10:4-7. The expected profitability will contribute to recovery of fixed costs such that rates for all other GMO customers will be reduced. Ives Direct, 10:14-17. Any positive revenues associated with the Nucor contract will be shared with the other ratepayers to their benefit. Ives Direct, 15:18-20. Any potential deficiency in revenues related to the Nucor contract will not be borne by the other customers. Ives Direct, 15:20-16:2. The addition of Nucor employees to the GMO residential customer class will also potentially reduce rates for

all GMO customers. Ives Direct, 10:17-23. While initially, Nucor will be the only customer on the SIL tariff, it does not grant Nucor any undue or unreasonable preference or advantage -- no other customer currently is doing a like and contemporary service under substantially the same conditions. Nucor will be the largest energy user within the GMO jurisdiction. Ives Direct, 8:20-21. The proposed tariff sheet will allow any customer which can meet the conditions for the service to take electric service at the rates established using the incremental costs of providing the service.

Nucor respectfully requests an Order by the Commission approving GMO's Application, Schedule SIL, and the Nucor Contract, subject to the customer protections and monitoring and reporting requirements recommended by Staff, GMO, and Nucor in the Stipulation.

- 2. Must the proposed special incremental load tariff and Nucor special contract be approved pursuant to Section 393.355, RSMo? If not, under what statutory authority is the Commission approving the terms of the SIL tariff and the Nucor special contract?<sup>2</sup>**

**Nucor Position:** While the Nucor Contract is consistent with, and advances the purposes of, Section 393.355, the Commission is not required to approve the special increment load tariff and Nucor special contract pursuant to Section 393.355, RSMo. The Commission has broad statutory authority to approve GMO's Application, the terms of the SIL tariff, and the Nucor Contract under Sections 393.130, 393.140(11) and 393.150, RSMo.

The Commission has long held that it has the authority to review and approve special contracts. The Commission issued a Report and Order on November 22, 1995 in which, among other things, it held that “special contracts are recognized both historically and in the statutes and are a lawful method of providing service to customers of regulated utilities.” *Re Kansas City Power & Light Co.*, 4 Mo.P.S.C.3d 233, 240 (1995). The Commission found that Sections 393.130 and

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<sup>2</sup> This issue is designated as Issue 1 in MCEG's List of Issues.

393.140 authorize the Commission to set rates by either tariff rate or contract as long as similarly situated customers are charged the same rates. *Id.* at 235, 242. “The Commission’s primary concerns in this area are to ensure that other ratepayers do not pay for costs for which the customers receiving the special rates should pay, and that KCPL does not discriminate among its own customers in providing the special contracts.” *Id.* at 238; *see also In the Matter of the Application of Union Electric Company for a [CCN] authorizing it to... maintain electric plant...to provide electric service in a portion of New Madrid, County, Missouri*, Case No. EA-2005-0180, Order Approving Stipulation and Agreement (Mar. 20, 2005). In particular, KCP&L has a long history of utilizing special contracts.<sup>3</sup> The applicable legal standard and relevant facts for purposes of approval of the SIL tariff are set forth under Issue 1.

It is Nucor's position that that: (1) GMO and Nucor are proceeding in this case under the broad authority granted to this Commission pursuant to Sections 393.130, 393.140(11) and 393.150, RSMo, and (2) nothing in Section 393.355, RSMo, precludes GMO and Nucor from proceeding in this case under Sections 393.130, 393.140(11) and 393.150, RSMo. Nucor respectfully requests an Order by the Commission approving GMO's Application, Schedule SIL, and the Nucor Contract, subject to the customer protections and monitoring and reporting requirements recommended by Staff, GMO, and Nucor in the Stipulation.

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<sup>3</sup> *See, e.g., State ex rel. GS Technologies Operating Co., Inc. v. Public Serv. Comm’n*, 116 S.W.3d 680 (Mo. App. W.D. 2003); *see also Re Kansas City Power & Light Co.*, Report And Order, Case No. EO-78-227, 22 Mo.P.S.C.(N.S.) 260 (1978) (Armco Steel Corporation); *Re Kansas City Power & Light Co.*, Case No. ER-83-49, *et al.* Report And Order, 26 Mo.P.S.C.(N.S.) 104, 139-40 (1983) (Mobay Chemical Corporation).

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served upon all of the parties of record or their counsel, pursuant to the Service List maintained by the Data Center of the Missouri Public Service Commission on October 15, 2019.

/s/ Stephanie S. Bell

Stephanie S. Bell