

*Exhibit No.:*  
*Issue(s):* Schedule SIL/MEEIA  
*Witness:* J Luebbert  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case Nos.:* ER-2022-0129 and  
ER-2022-0130  
*Date Testimony Prepared:* June 8, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**TARIFF/RATE DESIGN DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**J LUEBBERT**

**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*

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1 **DIRECT TESTIMONY**

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5 **Case No. ER-2022-0129**

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

8 Q. Please state your name and business address.

9 A. My name is J Luebbert. My business address is P. O. Box 360, Suite 700,  
10 Jefferson City, MO 65102.

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

12 A. I am the Tariff/Rate Design Department Manager for the Missouri Public  
13 Service Commission ("Commission").

14 Q. Please describe your educational background and work experience.

15 A. I graduated from the University of Missouri in Columbia, Missouri, with a  
16 Bachelor of Science in Biological Engineering, in May 2012. My work experience prior to  
17 becoming of member of the Missouri Public Service Commission Staff includes three years of  
18 regulatory work for the Missouri Department of Natural Resources. Prior to holding my current  
19 position, I was employed as Case Manager of the Commission Staff Division and as an  
20 Associate Engineer in the Energy Resources and Engineering Analysis Departments of the  
21 Industry Analysis Division of Commission Staff.

22 Q. Have you previously filed testimony before the Commission?

1           A.     Yes, numerous times. Please refer to Schedule JL-d1, attached to this Direct  
2 Testimony, for a list of the cases in which I have assisted and filed testimony with the  
3 Commission.

4           Q.     What knowledge, skills, experience, training and education do you have in the  
5 areas of which you are testifying as an expert witness?

6           A.     I have received continuous training at in-house and outside seminars on  
7 technical matters since I began my employment at the Commission. I have been employed by  
8 this Commission since 2016 and have submitted testimony numerous times on a wide variety  
9 of issues before the Commission. During my time as a member of the Energy Resources  
10 Department, I conducted extensive research regarding demand-side management of Evergy,  
11 other Missouri investor-owned utilities, and industry trends for energy efficiency and demand  
12 response programs. As Case Manager, I was involved in the settlement process of Case  
13 No. EO-2019-0244<sup>1</sup> and authored testimony regarding the Evergy companies' Southwest  
14 Power Pool ("SPP") resource adequacy requirements, including the \*\* [REDACTED]

15 [REDACTED]  
16 [REDACTED]. \*\*

17 **EXECUTIVE SUMMARY**

18           Q.     What is the purpose of your direct testimony?

19           A.     The purpose of my direct testimony is to sponsor Staff's adjustment to the  
20 recommended revenue requirement for EMW based upon the terms of the non-unanimous  
21 Stipulation and Agreement ("Stipulation") between EMW (formerly KCP&L Greater Missouri

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<sup>1</sup> Case No. EO-2019-0244 is the docket that the Commission ordered approval of Evergy Missouri West's Special Incremental Load tariff under which Nucor is currently served.

1 Operations Company), Commission Staff (“Staff”), and Nucor Steel Sedalia, LLC (“Nucor”).<sup>2</sup>  
2 I will provide support for Staff’s updated rate revenue and billing determinants for Nucor. I will  
3 also support Staff adjustments to energy usage as they pertain to EMM’s and EMW’s  
4 Missouri Energy Efficiency Investment Act (“MEEIA”) portfolios, which are then applied to  
5 the level of current revenues, billing determinants, and Net System Input (“NSI”) of the  
6 respective companies.

7 Q. Through this testimony, do you describe the development of work products that  
8 you provided to another Staff witness for the development of an issue?

9 A. Yes, I will provide a description of my work products related to the Staff  
10 adjustment for EMW in accordance with Schedule SIL and the Stipulation and the adjustments  
11 to energy usage related to the EMM and EMW respective MEEIA portfolios.

12 Q. Through this testimony, do you provide any recommendations that should be  
13 specifically reflected in the Commission’s Report and Order in this case?

14 A. Yes, I recommend that the Commission Order an adjustment to reduce the  
15 revenue requirement of EMW in the amount of \$8.268 million based on an imputed revenue  
16 adjustment to cover the revenue shortfall in accordance with the Stipulation as supported by  
17 this testimony.

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<sup>2</sup> Non-Unanimous Stipulation and Agreement filed on September 19, 2019 in Case No. EO-2019-0244 and approved by the Missouri Public Service Commission on November 13, 2019. The Stipulation is included as Confidential Schedule JL-d2 for reference.

1 **SUMMARY OF STAFF RECOMMENDATIONS RELATED TO IMPLEMENTATION**  
2 **OF SPECIAL RATE FOR INCREMENTAL LOAD SERVICE (“SCHEDULE SIL”)**

3 Q. What revenue requirement adjustment do you recommend to insulate ratepayers  
4 from the negative financial impacts associated with EMW’s imprudent implementation of the  
5 Schedule SIL tariff in accordance with the Stipulation?

6 A. I recommend a reduction in the revenue requirement of EMW equal to  
7 \$8.268 million. This reduction is included in Staff’s Direct Accounting Schedules and overall  
8 revenue requirement recommendation as sponsored by Staff witness Karen Lyons. Because  
9 EMW has not prudently administered the Stipulation made in conjunction with the  
10 Schedule SIL tariff, the EMW revenue requirement is approximately \$5.63 million to  
11 \$11.66 million higher than it would be had EMW prudently implemented the SIL tariff in  
12 accordance with the Stipulation. An exact quantification is difficult, in that an element of  
13 EMW’s imprudence is that it has not retained the data necessary to determine the hours in which  
14 payments were due in accordance with the Stipulation, nor had EMW been properly accounting  
15 for the extent to which EMW has incurred capacity expenses due to Nucor service \*\* [REDACTED]  
16 [REDACTED] \*\*. While my recommendation will not reiterate the entirety of the  
17 terms of the Stipulation, EMW should be required to adhere to those terms in a prudent manner.

18 Q. Do you recommend that the Commission order EMW to comply with any other  
19 conditions that do not directly impact the revenue requirement ordered in this case?

20 A. Yes. I recommend that the Commission order EMW to:

- 21 1. Accurately account for the cost of capacity necessary to serve the entirety of  
22 Nucor’s peak demand in all future Cost and Revenue tracking reports in  
23 accordance with Paragraph 7 of the Agreement;

- 1           2. Establish and maintain consistent communication with Nucor to understand  
2           what impacts the expected operations at the plant will have on SPP purchased  
3           power expenses in order to facilitate accurate records;
- 4           3. Keep records of the finite expected hourly load of Nucor’s next day operations  
5           in the event an adjustment in accordance with Paragraph 7.d. of the Stipulation  
6           is necessary in a future case;
- 7           4. Identify additional SPP related costs resulting from unexpected operational  
8           events;
- 9           5. Quantify the balancing relationship between the hourly and day-ahead (“DA”)  
10          prices to identify the effect of the unplanned load change to apportion any  
11          additional SPP balancing charges; and
- 12          6. Incorporate the effect of DA and real-time (“RT”) imbalances attributed to  
13          differences between actual Nucor operations and expected operations into the  
14          tracking of Nucor costs.

15           I also recommend that the Commission hold EMW’s shareholders responsible for the  
16          recovery of the increased cost of capacity to serve Nucor and remove those costs from the FAC  
17          base factor established in this case, and from future Fuel Adjustment Clause (FAC) rates.

18           **Background of Schedule SIL and Nucor**

19           Q.     What is Nucor?

20           A.     Nucor Corporation and its affiliates are engaged in the manufacture of steel and  
21          steel products at over 60 facilities in the United States, including 21 steel mills that use electric  
22          arc furnaces to produce steel.<sup>3</sup> Nucor Corporation constructed a steel rebar producing  
23          “micro mill” in Sedalia, Missouri, which utilizes an electric arc furnace to recycle scrap steel  
24          into steel rebar. I will refer to the Sedalia facility as Nucor throughout the remainder of my

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<sup>3</sup> Page 3 of the direct testimony of Kevin Van de Ven in Case No. EO-2019-0244.

1 testimony. Nucor receives energy under a unique arrangement made possible through EMW's  
2 Schedule SIL,<sup>4</sup> the Special Incremental Load Rate Contract, and Schedule SIL-1 which  
3 contains the rates specific to Nucor service. According to the Purpose section of Schedule SIL,  
4 the rate schedule is "designed to provide certain Customers with new or incremental increases  
5 in load, access to a special rate that is not based on the Company's cost of service like generally  
6 available tariff rates, but is designed to recover no less than the incremental costs of serving the  
7 new load."<sup>5</sup> Schedule SIL is limited to customers with new, incremental load who:

- 8 • Have a facility whose primary industry is the smelting of aluminum and  
9 primary metals, (Standard Industrial Classification Code 3334); or,
- 10 • Have a facility whose primary industry is the production or fabrication of  
11 steel (North American Industrial Classification System 331110); or,
- 12 • Operate a facility with an increase in load equal to or in excess of a monthly  
13 demand of fifty megawatts.

14 Furthermore, The Special Incremental Load Rate Contract for Nucor includes a ten-year  
15 term that began January 1, 2020, and the rate "will be designed to recover no less than the  
16 incremental cost to serve the Customer over the term of the Special Incremental Load Rate  
17 Contract. Non-participating customers shall be held harmless from any deficit in revenues  
18 provided by any customer served under this tariff."<sup>6</sup>

19 Q. How does Nucor's load compare to other EMW customers?

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<sup>4</sup> Confidential Schedule JL-d2, contains Schedule SIL, pages 17-20.

<sup>5</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.

<sup>6</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.2.



1           A.     At this time, Nucor’s demand is larger than any other EMW customer.  
2 During Staff’s update period<sup>7</sup> for this case, Nucor’s maximum load exceeded \*\* [REDACTED]. \*\*  
3 Nucor’s load comprised approximately \*\* [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]<sup>8</sup> [REDACTED]<sup>9</sup> [REDACTED]  
7 [REDACTED]<sup>10</sup> \*\*

8           Q.     Why is Nucor’s load relative to other EMW customers relevant to this rate case?

9           A.     Nucor’s relative load is important to consider because the load of Nucor  
10 dramatically impacts the overall purchased power costs of EMW through SPP. Furthermore,  
11 based on EMW responses to Staff data requests, Nucor is the largest contributor to EMW’s  
12 \*\* [REDACTED]  
13 [REDACTED]. \*\* Changes in actual operational loads of Nucor  
14 compared to expected loads that are not reflected in EMW’s bids for load purchases from SPP  
15 can cause imbalances in the overall purchased power costs that will flow through the FAC if  
16 they are not identified and isolated. Furthermore, EMW entered into a wind Purchased Power  
17 Agreement (“PPA”) to offset the energy needs of Nucor and partially offset its capacity needs.

<sup>7</sup> 12-month period ending December 31, 2021.

<sup>8</sup> Average daily maximum load minus average daily minimum load.

<sup>9</sup> \*\* [REDACTED]  
[REDACTED] \*\*

<sup>10</sup> In its Report and Order in File No. EO-2019-0244 at page 5 the Commission included as a finding of fact that “The mill will take electric power with a high load factor,” citing “Ives Direct, Ex. 2, Page 8, Lines 19-21. The numbers shown in the testimony are confidential.” In that testimony, Mr. Ives stated “Nucor is a large electric customer with an anticipated total load of \*\* [REDACTED],” \*\* A higher load factor would generally indicate that a more stable level of consumption can be expected in a given interval than a lower load factor, within the mathematical range established by that load factor.

1 Wind resources are intermittent generation resources, meaning that they are not dispatched  
2 based on load needs. Said another way, the wind resource generates electricity when weather  
3 conditions allow and that generation is variable depending on those weather conditions. Nucor  
4 operations do not follow the generational output of the PPA and there will be times that a  
5 sizeable amount of Nucor load is served primarily through SPP market energy purchases  
6 without offsetting injection of wind energy from the PPA. Some of these purchases may be  
7 offset at later time periods when the PPA produces more electricity than the needs of the Nucor  
8 plant, but different market conditions occur during different time periods. Absent active  
9 identification, mitigation, isolation, and removal of these costs from the FAC, non-Nucor  
10 ratepayers may end up subsidizing these costs. While this was all known and contemplated at  
11 the time that this tariff was approved, the provisions of the tariff and the Stipulation are integral  
12 to insulating non-Nucor ratepayers from these effects.

13 Q. What level of information would it be prudent for EMW to obtain from Nucor  
14 in the ordinary course of business?

15 A. Given the impact that the Nucor load has on EMW's SPP purchased power  
16 expense and capacity requirements, EMW should obtain and understand Nucor's operational  
17 requirements on a daily basis. Further, due to the hold-harmless provisions contemplated by the  
18 tariff and the Stipulation, a high level of EMW understanding of Nucor's load is appropriate to  
19 minimize, mitigate, and isolate the impacts of Nucor operations on SPP purchased power  
20 expense and capacity purchases that flow to other ratepayers.

21 **Background of hold-harmless provisions and EMW representations**

22 Q. Does Schedule SIL contain hold harmless provisions?

1           A.     Yes. Under the Special Rate, Provisions, and Terms section of Schedule SIL,  
2 “Non-participating customers shall be held harmless from any deficit in revenues provided by  
3 any customer served under this tariff.”<sup>11</sup> Schedule SIL goes on to state that:

4                     The Company will make provisions to uniquely identify the costs and  
5 revenues for each respective Special Incremental Load Rate Contract  
6 within its books and records. This information will be available to support  
7 periodic reporting as ordered by the Commission. At the time of a general  
8 rate proceeding the portion of the Company’s revenue requirement  
9 associated with the incremental costs net of PPA net revenues to serve the  
10 Customer shall be assigned to the Customer. The Customer’s rate revenues  
11 shall be reflected in Company’s net revenue requirement. If the  
12 Customer’s rate revenues do not exceed the incremental cost to serve the  
13 Customer as reflected in the revenue requirement calculation, the  
14 Company shall make an additional revenue adjustment covering the  
15 shortfall to the revenue requirement calculation through the true-up  
16 period, to ensure that non-Schedule SIL customers will be held harmless  
17 from such effects from the service under Schedule SIL. In no event shall  
18 any revenue deficiency (that is, a greater amount of the Customer’s  
19 incremental costs compared to the Customer’s revenues) be reflected in  
20 the Company’s cost of service in each general rate proceeding for the  
21 duration of service to the Customer(s) during the terms of the contract  
22 between Company and Customer served under this tariff.<sup>12</sup>

23           Q.     Was a hold harmless agreement included in the Stipulation?

24           A.     Yes. Paragraph 8 of the Agreement reads as follows:

25                     Ratemaking Treatment – At the time of a general rate proceeding the  
26 portion of GMO’s revenue requirement associated with the incremental  
27 costs net of PPA net revenues to serve Nucor consistent with Exhibit 1  
28 shall be assigned to Nucor. Nucor’s rate revenues shall be reflected in  
29 GMO’s net revenue requirement. If Nucor’s revenues do not exceed  
30 Nucor’s costs as reflected in the revenue requirement calculation through

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<sup>11</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.2.

<sup>12</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.2.

1 the true-up period, GMO will make an additional revenue adjustment  
2 covering the shortfall to the revenue requirement calculation through the  
3 true-up period, to ensure that non-Nucor GMO customers will be held  
4 harmless from such effects from the Nucor service. In no event shall any  
5 revenue deficiency (that is, a greater amount of Nucor incremental costs  
6 compared to Nucor revenues) be reflected in GMO's cost of service in  
7 each general rate proceeding for the duration of Nucor service during the  
8 terms of the contract between GMO and Nucor (Confidential Schedule  
9 DRI-2 of GMO witness Darrin R. Ives).

10 Q. What components are included in Exhibit 1 of the Agreement?

11 A. At a high level, Exhibit 1 is broken into three categories: Rate Base, Net Cost of  
12 Service, and Overall Cost of Capital. My direct testimony will focus primarily on the inputs of  
13 the Net Cost of Service portion of the Exhibit.

14 Q. What components are explicitly spelled out in the Net Cost of Service portion  
15 of Exhibit 1 to the Agreement?

16 A. The Net Cost of Service portion of Exhibit 1 explicitly states the following cost  
17 categories:

- 18 1. Purchased Power
- 19 2. Customer Event Balancing
- 20 3. Other Sales for Resale
- 21 4. Transmission Costs
- 22 5. Net Capacity Costs
- 23 6. Administration Costs
- 24 7. Other Contingency Costs

25 Q. Which of the aforementioned cost categories do you plan to address in more  
26 detail through this direct testimony?

1           A.     My testimony will address or refer to purchased power, customer event  
2 balancing, and net capacity costs.

3           Q.     Did EMW witnesses discuss the protections expected to be provided to  
4 non-Nucor ratepayers through the terms of the agreement during the hearing proceedings for  
5 Case No. EO-2019-0244?

6           A.     Yes. EMW witness Darrin R. Ives testified during the hearing regarding the  
7 non-Nucor ratepayer safeguards. I will provide a few excerpts of his representations before the  
8 Commission on behalf of EMW related to non-Nucor ratepayer protections that are relevant to  
9 Staff's recommended revenue requirement adjustment in this case.

10                   **EMW representation of Non-Nucor Ratepayer Protections**

11           “There are also significant customer protections to ensure that other customers are not  
12 adversely affected by the Nucor contract or its operation. The specifics of those protections and  
13 -- are contained in paragraph 7 and paragraph 8 of the stipulation.”<sup>13</sup>

14           “...the Company will also identify and isolate the supply costs attributable to Nucor.”<sup>14</sup>

15           “The Company will monitor Nucor's operations and will identify additional SPP-related  
16 costs resulting from unexpected operational events. If these unexpected operational events  
17 would happen to increase costs to non-Nucor customers, the amount of the increased costs will  
18 be identified and reflected in the subsequent FAC rate changes and appropriate adjustments  
19 would be made.”<sup>15</sup>

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<sup>13</sup> Page 28 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>14</sup> Page 29 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>15</sup> Page 29 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

1            “In other words, we expect this to be a profitable contract that will benefit all customers,  
2 but in no event will any revenue deficiency from the Nucor operations be reflected in the rates  
3 of other customers.

4            There will also be communication between Nucor and the Company related to things  
5 like planned outages, maintenance outages and similar operational details that the Company  
6 will be in a position to carefully monitor what's going on at the plant and what effects that would  
7 have on its electric system.”<sup>16</sup>

8            “And that's why we felt it was important to put the hold harmless protection in so that  
9 non-Nucor customers would -- would not be in a position of subsidizing service to Nucor...”<sup>17</sup>

10           “And then finally, because of some of the things I discussed about timing and  
11 intermittence of supply, we've provided a hold harmless to ensure that if there were a situation  
12 where non-Nucor customers would be asked to subsidize, that we will make an adjustment to  
13 make sure that does not happen.”<sup>18</sup>

14           “So when we look at those actual costs during that period compared to the actual  
15 revenues generated from -- from serving Nucor, if those costs were in excess of those revenues  
16 in that period, then in effect, shareholders will be covering that differential because we'll make  
17 an adjustment in the rate case to ensure non-Nucor customers are not impacted.”<sup>19</sup>

18           “So there certainly will be periods where we'll have to serve, you know, from -- from  
19 other energy supply.

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<sup>16</sup> Page 30 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>17</sup> Page 116 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>18</sup> Page 118 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>19</sup> Pages 130-131 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

1           And that's why it was important to Staff, and us as well, to have the detail in the -- the  
2 monitoring and -- and reporting mechanism so that we can -- we can identify those costs and  
3 make sure that that's part of our comparison to costs -- of costs to revenues from Nucor.”<sup>20</sup>

4           “And we -- we felt so strongly that we wanted to build a rate for Nucor that would cover  
5 their costs over the ten-year term, that we said in a given case if it doesn't, we'll make an  
6 adjustment to assure that it doesn't have a negative impact on non-Nucor customers.”<sup>21</sup>

7           Q.     Why are the numerous representations of EMW in Case No. EO-2019-0244  
8 relevant to this general rate proceeding?

9           A.     The representations of EMW along with the hold harmless provisions provided  
10 assurances that non-Nucor ratepayers would not be asked to subsidize the costs of serving  
11 Nucor during the 10-year term of the contract between EMW and Nucor. These representations  
12 and the underlying terms in the Stipulation and SIL tariff were instrumental in Staff's  
13 acceptance of the terms of the agreement. EMW was willing to agree to the hold-harmless  
14 provisions and should therefore be held accountable to those agreements and representations  
15 through an adjustment to the requested revenue requirement in this case. Further, the Report  
16 and Order in File No. EO-2019-0244 at page 7-8 includes the factual findings that:

17                     The stipulation and agreement also **includes provisions to protect**  
18 **EMW's other customers from any adverse effects from the special**  
19 **rate being provided to Nucor.** EMW expects that the overall aggregate  
20 revenues it receives from Nucor over the ten-year period of the special  
21 contract and rate will exceed the company's incremental cost to provide  
22 that service. However, **EMW acknowledges that on a month-to-**  
23 **month view, conditions could fluctuate enough to produce an under-**  
24 **recovery of incremental costs in a specific month or months of the**

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<sup>20</sup> Page 134 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>21</sup> Page 147 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

1           **test year used to establish rates in a future rate case.** The stipulation  
2           and agreement addresses that possibility by providing that no such  
3           revenue deficiency would be reflected in EMW's cost of service during  
4           the ten-year term of the special contract and rate. In other words, **EMW's**  
5           **shareholders would be responsible for any such revenue shortfall,**  
6           **not ratepayers.** [Emphasis added.]

7           **Explanation of Staff Revenue Requirement adjustment**

8           Q.     Please provide an explanation of the Staff's revenue requirement adjustment  
9           related to the implementation of Schedule SIL and the Agreement.

10          A.     Staff's adjustment related to the implementation of Schedule SIL and the  
11          Stipulation is based upon the quarterly report,<sup>22</sup> which includes a calculation of the over(under)  
12          recovery envisioned by Exhibit 1 of the Agreement with values updated based upon EMW  
13          responses to Staff data requests and cost estimates which are discussed more thoroughly in the  
14          Cost Calculation Methodologies section of my testimony. I updated the Purchased Power,  
15          Customer Event Balancing, and Net Capacity costs as well as the EMW's rate revenue  
16          from Nucor for the 12-months ending December 31, 2021.<sup>23</sup> I also included the Staff midpoint  
17          rate of return<sup>24</sup> for EMW for the Overall Cost of Capital utilized in the calculation of  
18          over/under recovery.

19          Q.     Did you verify the accuracy of each of the inputs included in the Q4 report?

20          A.     I did not. Except for those inputs that I have mentioned within my testimony,<sup>25</sup>  
21          I left the inputs of the quarterly report unchanged from the Q4 report provided by EMW. The

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<sup>22</sup> Provided by EMW for the 4<sup>th</sup> quarter of 2021 in accordance with Paragraph 7 of the Stipulation for the 12 month period ending December 31, 2021.

<sup>23</sup> Ordered update period in this case.

<sup>24</sup> As discussed in more detail by Staff witness Dr. Seoung Joun Won.

<sup>25</sup> Purchased Power, Customer Event Balancing, Net Capacity Costs, Nucor Rate Revenue, and Overall Cost of Capital.



1 inputs that I have updated to calculate the revenue requirement adjustment are those that  
2 I identified as problematic through the course of discovery in this case. There may be additional  
3 issues with the other inputs, but I have not identified them at the time of drafting this testimony.  
4 The inputs updated with appropriate cost and revenue estimates affect the Rate of Return on  
5 Rate Base, Net Cost of Service, Total Cost – Nucor, and the Over/(Under) Recovered output  
6 totals of the spreadsheet described as Exhibit 1 of the Stipulation.

7 Q. What is the purpose of Staff’s revenue requirement adjustment?

8 A. Staff’s revenue requirement adjustment seeks to implement the hold-harmless  
9 provisions envisioned by Schedule SIL and the Agreement by removing the revenue deficiency  
10 associated with EMW’s provision of service to Nucor.

11 **Comparison of rate revenue and costs of service attributable to Nucor**

12 Q. Why is the accuracy of the calculation of EMW’s incremental cost to serve  
13 Nucor important?

14 A. Accurately accounting for the incremental cost of service that is attributable to  
15 Nucor is crucial in order to minimize the impact on non-Nucor ratepayers as envisioned by  
16 Paragraph 8 of the Stipulation and the hold harmless provisions included in the tariff. If the  
17 incremental costs are not accurately accounted for, non-Nucor ratepayers are left to subsidize  
18 the additional costs, which directly conflicts with the intent of the Stipulation and the language  
19 included in the tariff.

20 Q. Did other parts of the Stipulation address some of the components that should  
21 be included in the calculation envisioned by Paragraph 8?

22 A. Yes. Paragraph 7 of the Stipulation is related to the tracking of revenues from  
23 and costs of providing service to Nucor. It requires EMW to uniquely identify and track, for

1 reporting and general rate case purposes, all incremental costs associated with serving Nucor.<sup>26</sup>  
2 It further requires EMW to monitor and report to Staff and OPC whether the revenues received  
3 under the special contract rate cover the incremental cost of providing service to Nucor.

4 Q. Have the quarterly reports provided by EMW to Staff in accordance with the  
5 Stipulation accurately accounted for EMW's incremental cost to serve Nucor?

6 A. No. EMW's quarterly reports have not accurately accounted for the Net  
7 Capacity Costs to serve Nucor or Customer Balancing Events resulting from changes to  
8 expected hourly Nucor operations.<sup>27</sup>

9 Q. What specific provisions of Paragraph 7.b. of the Stipulation are especially  
10 relevant to your recommendations in this testimony?

11 A. Paragraph 7.b. of the Stipulation states in part that:

12 b. GMO will identify and isolate supply costs attributable to Nucor.  
13 At this time these costs are expected to consist of:

14 i. energy as obtained through the SPP integrated marketplace  
15 including applicable ancillary services and transmission costs, and all  
16 transactions associated with the renewable supply source obtained via a  
17 Power Purchase Agreement ("PPA").

18 ii. Incremental capacity costs acquired from third parties, including  
19 affiliates, will be determined annually in the assessment of GMO capacity  
20 requirements. The portion of GMO capacity acquired attributable to Nucor  
21 will be separately identified for inclusion in Exhibit 1.

22 Q. Did EMW witnesses discuss the expected cost of capacity to serve Nucor during  
23 the hearing proceedings for Case No. EO-2019-0244?

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<sup>26</sup> As provided for in Exhibit 1 of the Stipulation.

<sup>27</sup> On June 1, 2022, EMW provided a second supplemental response to Staff Data Request No. 0248, which purports to contain \*\* [REDACTED] \*\* As of the drafting of this testimony, Staff has not had the opportunity to thoroughly review each of the documents provided in the second supplemental response, nor has Evergy provided any original quarterly reports including the costs.

1           A.     Yes. EMW witness Darrin R. Ives testified during the hearing regarding the cost  
2 of capacity to serve Nucor which is to be included in Exhibit 1 of the Stipulation. I have  
3 provided a few excerpts from the transcript of Mr. Ives' testimony provided during that hearing.

4           "Point being we have priced into the rate for Nucor an expected cost of capacity to serve  
5 them because they are new incremental load to GMO's system."<sup>28</sup>

6           "So it covers the expected cost of capacity to serve them..."<sup>29</sup>

7           "And then capacity will -- there will be a need to -- to have capacity from resources  
8 other than the single source energy supply wind resource."<sup>30</sup>

9           Q.     Does EMW need the capacity resulting from this contract to meet SPP resource  
10 adequacy requirements?

11          A.     \*\* [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED] <sup>31</sup> However,  
15 according to EMW, \*\* [REDACTED]

16 [REDACTED] <sup>32</sup>

17          Q.     Was the capacity purchase agreement entered into prior to Nucor taking service  
18 from EMW on Schedule SIL?

19          A.     Yes.

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<sup>28</sup> Page 123 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>29</sup> Page 125 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>30</sup> Page 137 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>31</sup> EMW response to Staff Data Request No. 0248.2.

<sup>32</sup> Ibid.

1 Q. Does that matter for purposes of calculating “the portion of [EMW] capacity  
2 acquired attributable to Nucor”<sup>33</sup> within the context of this rate case?

3 A. No. The agreement between EMW and \*\* [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]<sup>34</sup>

12 Q. [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 A. [REDACTED]<sup>35</sup> [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]<sup>36</sup> [REDACTED]

---

<sup>33</sup> Paragraph 7.b.ii. of the Stipulation.

<sup>34</sup> \*\* [REDACTED] \*\* is attached to this testimony as Confidential Schedule JL-d3.

<sup>35</sup> EMW response to Staff Data Request No. 0248.2.

<sup>36</sup> EMW response to Staff Data Request No. 0248.1.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]<sup>37</sup> [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]

9 Q. [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 A. [REDACTED]<sup>38</sup>  
13 Q. [REDACTED]  
14 [REDACTED]

15 A. [REDACTED]<sup>\*\*39</sup> Said another way, but for the peak demand impact of Nucor operations,  
16 EMW could reduce the contractual obligation to purchase capacity \*\* [REDACTED] \*\* The load  
17 of Nucor impacts the system peak of EMW and the cost of that incremental capacity is directly  
18 attributable to Nucor. Therefore, the incremental costs should be reflected in supply costs  
19 attributable to Nucor. Whether the contract was originally entered prior to EMW providing  
20 service to Nucor is irrelevant to the cost of service analysis. Absent Nucor's load, the cost of

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<sup>37</sup> EMW response to Staff Data Request No. 0248.2.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

1 capacity resulting from \*\* [REDACTED]

2 [REDACTED] \*\*

3 Q. Do any other factors within the Stipulation impact the calculation of the  
4 incremental capacity cost to serve Nucor?

5 A. Yes. As stated in Paragraph 7.b.ii., “The accredited capacity attributable to  
6 Nucor’s share of the PPA, will be netted against the capacity requirements of the Nucor load,  
7 including the SPP reserve margin requirements...” The SPP accredited capacity should serve  
8 as an offset to the incremental capacity cost to serve Nucor.

9 Q. What is the PPA referenced in that paragraph of the Stipulation?

10 A. The PPA referenced is an agreement between Evergy, Inc. and Cimarron Bend  
11 Wind Project III, LLC. EMW has designated \*\* [REDACTED] \*\* of the total nameplate capacity of  
12 the project<sup>40</sup> to Nucor service. Based on the Capacity Balance sheet provided in EMW’s most  
13 recent integrated resource plan,<sup>41</sup> EMW’s allocated portion of Cimarron Bend III accounts for  
14 13 MW of accredited capacity. Based on \*\* [REDACTED]

15 [REDACTED] \*\*<sup>42</sup>

16 Q. Is the cost of capacity attributable to serve Nucor expected to be a stagnant  
17 annual dollar value going forward?

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40 \*\* [REDACTED] \*\*

41 The capacity balance sheet is provided on Page 9, Volume 7 of EMW’s Integrated Resource Plan in Case No. EO-2021-0036.

42 SPP’s planning criteria defines the Planning Reserve Margin as 12% for each Load Responsible Entity. Thus an increase of 10 MW of Evergy peak forecasted demand requires the Company to ensure that it has enough accredited capacity to cover the entirety of the 10 MW load plus an additional 12% or 11.2 MW total. This means that the amount of capacity that should be included in the calculation of Net Capacity Costs to meet Nucor’s peak demand is \*\* [REDACTED] \*\*.

1           A.     No. Changes to Nucor’s peak demand may increase the incremental amount of  
2 capacity \*\* [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]<sup>43</sup> [REDACTED]  
6 [REDACTED] \*\* I expect that this  
7 practice will continue outside of the scope of this general rate case. It is important to note that  
8 based on Paragraph 7.c. of the Stipulation EMW was required to “modify its Fuel Adjustment  
9 Clause (“FAC”) accounting to ensure Nucor-related costs are not included in the FAC charge  
10 recovered from other customers.” As I stated previously, the cost of the \*\* [REDACTED]  
11 [REDACTED] \*\* minus the accredited capacity of the Nucor  
12 portion of the Cimarron Bend III PPA should be considered a cost to serve Nucor and therefore  
13 should have been excluded from recovery through EMW’s FAC. I recommend that the  
14 Commission hold EMW’s shareholders responsible for the recovery of this increased cost of  
15 capacity to serve Nucor and remove those costs from the FAC base factor established in this  
16 case, and from future Fuel Adjustment Clause rates.

17           Q.     Are there any other portions of Paragraph 7 of the Stipulation that are especially  
18 relevant to your testimony in this case?

19           A.     Yes. Paragraph 7.d. of the Stipulation explains the required treatment of the  
20 “balancing relationship between the hourly and day-ahead prices to identify the effect of the  
21 unplanned load change” of Nucor.

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<sup>43</sup> This means that the costs included in this direct filing includes the \*\* [REDACTED]  
[REDACTED] \*\* months ending December 31, 2021.

1 Q. Has EMW accounted for any costs of Customer Event Balancing in the quarterly  
2 reports provided to Staff to date?

3 A. No. EMW has completely side-stepped the intent of this ratepayer protection as  
4 envisioned by the Commission approved Stipulation, likely resulting in ratepayer harm through  
5 increased costs that have flowed to non-Nucor ratepayers through the FAC.

6 Q. Has Staff raised the concerns related to treatment of the incremental costs to  
7 serve Nucor in other cases before the Commission?

8 A. Yes. Staff filed a complaint in Case No. EC-2022-0315 on May 12, 2022.  
9 Evergy has been ordered to file its answer to the complaint not later than June 13, 2022.

10 Q. Does Staff's revenue requirement adjustment account for the Net Cost of  
11 Capacity and Customer Event Balancing costs?

12 A. Yes. I provide additional context for the inclusion of these costs as well as a  
13 detailed description for how the costs were calculated in the remainder of my testimony.

14 **EMW's imprudent implementation of Schedule SIL and the Agreement**  
15 **Capacity Costs**

16 Q. Has EMW prudently implemented the terms of Paragraph 7.b. of the  
17 Stipulation?

18 A. No. EMW's quarterly reports comparing revenue from Nucor to the incremental  
19 to cost to serve Nucor provided to Staff to date \*\* [REDACTED]

20 [REDACTED]

21 [REDACTED]<sup>44</sup> \*\* The load of Nucor contributes to the EMW peak load. This is an incremental

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<sup>44</sup> On June 1, 2022, EMW provided a second supplemental response to Staff Data Request No. 0248, which purports to contain \*\* [REDACTED]  
[REDACTED] \*\* As of the drafting of this testimony, Staff has not had the opportunity to thoroughly review each of the



1 cost to serve Nucor that should be reflected in the calculation of Exhibit 1 of the Stipulation as  
2 contemplated by Paragraph 7. This cost to serve Nucor is further supported by the fact that  
3 page 4 of the Stipulation includes a confidential table that includes the contractual capacity cost  
4 between EMW and **\*\* [REDACTED].\*\*** To the best of my knowledge, EMW has not made adjustments  
5 to remove these costs from the FAC to date.

6 Q. What is the result of EMW's imprudent implementation of Schedule SIL and  
7 the Stipulation?

8 A. Non-Nucor ratepayers have incurred costs that are attributable to serving Nucor  
9 through the FAC, which EMW has not identified, mitigated, and isolated as required by  
10 Schedule SIL and the Stipulation.

11 Q. Has EMW provided any information that supports Staff's position regarding the  
12 inclusion of capacity costs in the comparison of costs to serve Nucor and rate revenue?

13 A. Yes. According to EMW's amended response to Staff Data Request No. 0248,

14 **\*\* [REDACTED]**  
15 **[REDACTED]**  
16 **[REDACTED]**  
17 **[REDACTED]**  
18 **[REDACTED]**  
19 **[REDACTED]**  
20 **[REDACTED]\*\***

---

documents provided in the second supplemental response, nor has Evergy provided any original quarterly reports including the costs.

**Customer Event Balancing**

Q. Has EMW imprudently implemented any other aspect of the Stipulation?

A. Yes. Paragraph 7.d. of the Stipulation states in part that:

GMO will monitor Nucor operations and will identify additional SPP related costs resulting from unexpected operational events. If actual Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs.

If the effect of this relationship increases costs to non-Nucor customers, the amount will be reflected in a subsequent FAC rate change filing and the portion attributed to Nucor will be identified with supporting work papers and removed from the Actual Net Energy Cost prior to the calculation of the FAC rates.

Q. How might additional SPP related costs result from unexpected operational events?

A. Variations in actual Nucor operational load from the expected Nucor operational load coupled with the differences in RT LMPs and DA LMPs can result in additional costs. If RT SPP LMPs and RT Nucor load exceed the DA LMPs and expected Nucor load, additional costs will be incurred. Conversely, if RT LMPs and RT Nucor load are less than the DA LMPs and the expected load, additional costs will be incurred.

I will provide a simplified example which illustrates the potential for these additional SPP related costs resulting from unexpected Nucor operations. The aforementioned example will assume that the load of Nucor is bid and purchased independently of the rest of the

1 EMW load. While I recognize that does not reflect the reality of EMW's SPP purchases to  
2 serve the load of ratepayers, it does illustrate the need for EMW to monitor, quantify, and isolate  
3 those costs in order to shield costs of serving Nucor from non-Nucor ratepayers.

4 If EMW expects Nucor load to be 20 MW for a period of 6 hours and the DA LMP is  
5 \$10/MWh, but actual Nucor load was 30 MW and the RT LMP was \$25/MWh for that time  
6 period, an additional cost of \$900 would be incurred for that time period.<sup>45</sup> The estimation that  
7 I used for determining the estimated impact of these imbalances compares the expected load of  
8 Nucor and DA LMP to the actual Nucor load and RT LMPs. To the extent that these types of  
9 costs are incurred, they will flow through the EWM FAC unless the costs are identified,  
10 quantified, and removed from the FAC.

11 Q. Are the aforementioned costs limited to periods of time that actual Nucor loads  
12 deviate from expectation by more than 25%?

13 A. No. The costs can result in any time increment that actual Nucor load deviates  
14 from the expected load.

15 Q. Are the aforementioned costs limited to periods of time that actual Nucor loads  
16 deviate from expectation for a period of more than 4 hours?

17 A. No. As I stated previously, additional costs can result in any time increment that  
18 actual Nucor load deviates from the expected load. However, Paragraph 7.d. of the Stipulation  
19 is the result of negotiations between the signatories and only requires EMW to quantify the cost  
20 impacts when "actual Nucor load experiences a 25% deviation from the expected Nucor load  
21 for more than 4 hours and that load change is not reflected in the GMO DA commitments."

---

<sup>45</sup> The estimation determines the cost in a given hour based on the following formula: (DA LMP \* DA Load)  
+ (RT Load-DA Load)\*RT LMP)-(DA LMP\*RT Load). For the example shown: ((\$10/MWh \* 20MWh) +  
(30 MWh - 20 MWh) \* \$25/MWh) - (\$10/MWh \* 30 MWh))\*6 hours = \$900.

1 Q. Has EMW prudently implemented Schedule SIL in accordance with  
2 Paragraph 7.d. of the Stipulation?

3 A. No. EMW has completely side-stepped the intent of this ratepayer protection as  
4 envisioned by the Commission ordered Stipulation, likely resulting in ratepayer harm. Based  
5 on EMW response to Staff Data Request No. 0249.1,

6 \*\* [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]<sup>46</sup> [REDACTED]  
15 [REDACTED]<sup>47</sup> \*\*

16 Q. Does the fact that EMW has \*\* [REDACTED]  
17 [REDACTED] \*\* alleviate EMW from the obligations of the Stipulation and Schedule SIL?

18 A. No. EMW has not identified an “unexpected operational event” nor quantified  
19 the financial harm to the non-Nucor ratepayers through the FAC simply because EMW has  
20 interpreted Paragraph 7.d. to allow this absurd “operational load band” that would essentially  
21 allow EMW to turn a blind eye to any potential non-Nucor ratepayer harm so long as Nucor  
22 operates somewhere between \*\* [REDACTED]<sup>48</sup> [REDACTED]

<sup>46</sup> EMW response to Staff Data Request No. 0249.3.

<sup>47</sup> Ibid.

<sup>48</sup> \*\* [REDACTED]  
[REDACTED]  
[REDACTED] \*\*

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]<sup>49</sup> \*\* In 2021, Nucor never operated outside of the EMW described  
4 “operational load band,” therefore Evergy did not identify time periods for “unexpected  
5 operational events,” quantify the financial impact of the changes in actual load compared to  
6 expected load in a given hour, or remove those financial impacts from the FAC. The result of  
7 EMW’s lack of identification, quantification, and removal of these costs from the FAC is that  
8 Evergy shareholders have been insulated from the financial impact to the detriment of  
9 non-Nucor ratepayers. However, no such band is contemplated in the Stipulation, and this  
10 interpretation is either a bad faith implementation of the agreement, or an imprudent execution  
11 of the Stipulation. To rectify this imprudence, the revenue requirement of EMW should be  
12 adjusted based on the best estimates available at this time, and going forward, the Commission  
13 should order Evergy to comply with the terms of Paragraph 7.d. in the event an adjustment is  
14 necessary in a future case.

15 Q. Is there a single expected hourly load for the entire year that would suffice to  
16 comply with Paragraph 7.d. of the Stipulation?

17 A. No. The operations of Nucor are highly variable and EMW should have  
18 near-constant communication with Nucor to understand what impacts the expected operations  
19 at the plant will have on SPP purchased power expenses. The expected hourly load of Nucor  
20 should be based upon the expected next-day operations of the facility, which will vary  
21 throughout the day based upon the cycle of processes employed in the production of steel rebar.

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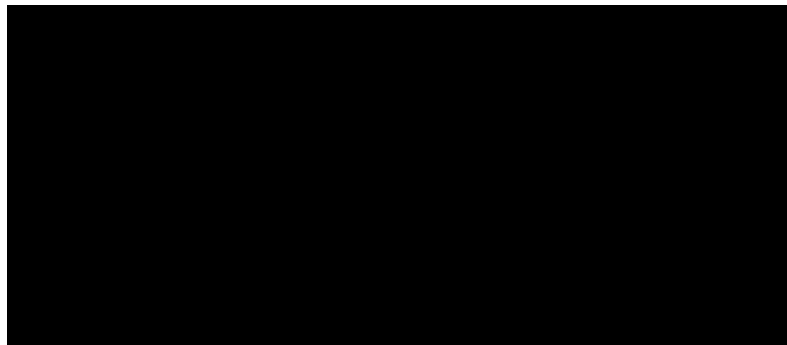
<sup>49</sup> EMW response to Staff Data Request No. 0249.4.

1 Q. Was Staff able to precisely quantify the ratepayer harm from EMW's practice  
2 of assuming this \*\* [REDACTED]? \*\*

3 A. Unfortunately, because EMW did not provide finite expected loads for Nucor  
4 and insisted that Nucor operations \*\* [REDACTED]  
5 [REDACTED] \*\* Staff is unable to precisely quantify the ratepayer harm. If EMW  
6 had provided this information on an hourly or intra-hourly basis, Staff would have been able to  
7 provide a more precise estimate of the harm caused to non-Nucor ratepayers through the FAC.  
8 Based on the information provided through the context of discovery in this case, Table 1 below  
9 provides a quantification of the number of hours that Nucor operations would have exceeded  
10 the 25% deviation for 4-hour threshold envisioned by Paragraph 7.d. of the Stipulation based  
11 on various set-points as well as the cost impacts based upon those set-points.<sup>50</sup> This table is for  
12 illustrative purposes as the expected operational loads should be varied based on actual  
13 expectations of load for a given date and not one finite hourly load.

14 **Table 1**

15 \*\*



16  
17 \*\*

---

<sup>50</sup> The setpoints used in the table and to estimate the financial impact of the DA and RT imbalances can be considered a proxy for the expected load of Nucor. For those purposes, Staff utilized a fixed value load (MW) for the entire period. While I recognize that does not reflect the likely expectation of Nucor load, EMW did not provide any better information to utilize despite multiple requests from Staff.

1 Q. Are there any other conclusions that should be drawn from Table 1?

2 A. Yes. Table 1 provides an important illustration of the wide range of outcomes  
3 that could result from the balancing relationship of DA and RT prices, which EMW agreed to  
4 quantify and isolate from non-Nucor ratepayers. It also shows that EMW's practice of  
5 assuming \*\* [REDACTED] \*\* subjects non-Nucor ratepayers to  
6 potential cost increases through the FAC, which are not transparent nor aligned with the intent  
7 of the hold harmless provisions of the Agreement and Schedule SIL.

8 Q. Earlier in your testimony you cited that EMW committed to "monitor Nucor  
9 operations and will identify additional SPP related costs resulting from unexpected operational  
10 events" and "quantify the balancing relationship between the hourly and day-ahead prices to  
11 identify the effect of the unplanned load change to apportion any additional SPP balancing  
12 charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs."<sup>51</sup>  
13 Based on the language included in the Stipulation, the representations of EMW, and the  
14 variability of Nucor operations, what level of communication would you expect for EMW to  
15 have had with Nucor?

16 A. When the discovery process began for this case I expected to find that EMW  
17 was in near constant communication with Nucor to evaluate, mitigate, and isolate potential costs  
18 of serving Nucor from non-Nucor ratepayers. Based on the responses from EMW, my  
19 assumptions were incorrect. EMW has indicated that \*\* [REDACTED]  
20 [REDACTED]  
21 [REDACTED]. \*\* I will provide excerpts from Staff

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<sup>51</sup> Paragraph 7.d. of the Stipulation.

1 Data Request No. 0249.5<sup>52</sup> and the EMW response, which further illustrate Staff's concern  
2 with EMW's adherence to the representations and commitments EWM made to Staff and  
3 the Commission.

4           \*\* [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8           [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12           [REDACTED]

13 [REDACTED]

14 [REDACTED]

15           [REDACTED]

16           [REDACTED]

17 [REDACTED]

18           [REDACTED]

19 [REDACTED]

20 [REDACTED]

21           [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25           [REDACTED]

26 [REDACTED]

---

<sup>52</sup> EMW response to Staff Data Request No. 0249.5 is attached as Confidential Schedule JL-d4.



1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
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3. [REDACTED]
4. [REDACTED]
3. [REDACTED]
4. [REDACTED]
7. [REDACTED]
5. [REDACTED]
9. [REDACTED]
10. [REDACTED] \*\*

11 Q. If the costs of the “additional SPP related costs resulting from unexpected  
12 operational events” is not being identified and/or quantified by EMW, does that mean that they  
13 do not exist?

14 A. No. The costs almost certainly exist based on the interaction of SPP’s DA and  
15 RT markets, the relative size of Nucor’s load, and the variability of Nucor’s operations.

16 Q. If the costs of the “additional SPP related costs resulting from unexpected  
17 operational events” is not being identified and/or quantified by EMW and excluded from  
18 EMW’s FAC, how are those costs recovered?

19 A. These costs are recovered through EMW’s FAC by all non-Nucor ratepayers.

20 Q. Does that align with the representations and commitments of EMW?

21 A. No, it does not. For that reason, it is not a prudent implementation of  
22 Schedule SIL in accordance with the Stipulation.

1 Q. Is monthly monitoring as part of the billing process reasonable given Nucor's  
2 relative size, EMW's representations that non-Nucor ratepayers will be held-harmless, and the  
3 potential for non-Nucor ratepayer harm through the FAC?

4 A. No. \*\* [REDACTED]

5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]<sup>53</sup> \*\* Evergy should be consistently communicating and monitoring the  
8 operations of Nucor in order to fulfill EMW's representation that the company will monitor,  
9 mitigate, and isolate costs of serving Nucor from non-Nucor ratepayers.

10 Q. Does the Agreement contemplate a grace period for compliance with the terms  
11 while Nucor operational load "normalizes"?

12 A. No. If EMW felt that a grace period was necessary, then it could have negotiated  
13 as much for inclusion in the Agreement. Based on Evergy's "operational load band," in order  
14 for Nucor operations to exceed the 25% variance envisioned by Paragraph 7.d. of the  
15 Stipulation, Nucor would need to achieve and maintain a load of \*\* [REDACTED] \*\* for more than  
16 4 hours. \*\* [REDACTED]<sup>54</sup> \*\* The Stipulation  
17 was based upon negotiations among the parties and EMW could have abstained from the  
18 agreement. However, that was not the case and EMW is required by Commission order to  
19 comply with the terms of the Stipulation.

20 Q. Are there financial incentives for EMW to continue to imprudently implement  
21 Schedule SIL and the Agreement?

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<sup>53</sup> EMW response to Staff Data Request No. 0249.5.

<sup>54</sup> EMW response to Staff Data Request No. 0249.

1           A.     Yes. Absent adjustments substantially consistent with Staff's recommended  
2 revenue requirement adjustment, EMW shareholders are shielded from the hold-harmless  
3 provisions articulated in Schedule SIL, the Agreement, and throughout the testimony in Case  
4 No. EO-2019-0244 to the detriment of non-Nucor ratepayers.

5           Q.     What are the key representations from Mr. Ives' testimony during the hearing in  
6 Case No. EO-2019-0244?

7           A.     EMW has portrayed to the Commission and other parties, that the Company  
8 intended to shield non-Nucor ratepayers from costs incurred to serve Nucor. Those costs were  
9 expected to be the result of the need to have capacity, energy, and transmission to serve Nucor.  
10 Furthermore, the Agreement contemplated, and Mr. Ives reiterated, that additional costs may  
11 result from imbalances in the wind PPA output and actual Nucor operations and those costs will  
12 need to be isolated from EMW's FAC to avoid passing those costs on to non-Nucor ratepayers.  
13 As I discussed throughout my testimony, EMW has failed to account for the very sources of  
14 costs that it described and agreed to shield non-Nucor ratepayers from. This general rate case  
15 is the time for EMW, and the Commission, to account for the differences in revenues from  
16 Nucor compared to the costs to serve Nucor, but EMW has not been accounting for the costs to  
17 serve Nucor properly and/or avoided quantifying the detriment to non-Nucor customers likely  
18 because of the potential detriment to Evergy shareholders.

19          Q.     Will a Commission order accepting Staff's recommended prudence adjustment  
20 in this case mean that the Nucor rate must change?

21          A.     No. The Commission can order an adjustment to the revenue requirement in  
22 this case that will hold non-Nucor customers harmless and retain the Nucor rate as envisioned  
23 by the Agreement and the contract between EMW and Nucor. Such an adjustment is

1 consistent with the hold harmless provisions of the Agreement. It should be noted that EMW  
2 developed the rates in question and also agreed to such a provision within the context of the  
3 EO-2019-0244 case.

4 Q. Please provide a brief overview of the issue of quantification and removal of  
5 Customer Event Balancing costs.

6 A. The implementation of the process to determine the effects of the Customer  
7 Event Balancing costs sounds complicated, but the issue and the resolution are fairly simple.  
8 EMW agreed to hold-harmless provisions in both the Stipulation and Schedule SIL. One part  
9 of holding non-Nucor ratepayers harmless is the identification, mitigation, isolation, and  
10 removal of the costs incurred based on differences in SPP DA LMPs and RT LMPs coupled  
11 with variations in expected Nucor operations and actual Nucor operations. EMW agreed to the  
12 provisions of the Stipulation, which included provisions which shield non-Nucor ratepayers  
13 from the costs incurred due to Nucor service. Absent active identification, mitigation, isolation,  
14 and removal of these costs from the FAC, non-Nucor ratepayers may end up subsidizing these  
15 costs. EMW's interpretation and implementation of the provisions included in Paragraph 7.d.  
16 has resulted in EMW side-stepping the intent of the agreement, because \*\* [REDACTED]

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED] \*\*<sup>55</sup> This practice ignores the cost consequences of the variations in Nucor load, shifts  
20 those cost consequences onto non-Nucor ratepayers through the FAC, and shields EMW's

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<sup>55</sup> EMW response to Staff Data Request No. 0249.4.

1 shareholders from the agreed upon non-Nucor ratepayer protections envisioned by the  
2 Stipulation and Schedule SIL.

3 **Cost Calculation Methodologies**

4 Q. What costs have you included for the Net Capacity Cost to serve Nucor?

5 A. I have included the Net Capacity Costs provided by EMW as an amended  
6 Q4 2021 quarterly report through the second supplemental response to Staff Data Request  
7 No. 0248. These estimation of the costs multiplied the expected peak demand impact of  
8 Nucor operations for 2021<sup>56</sup> by the \*\* [REDACTED]

9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED] \*\* I have included this amount in the  
12 determination of Staff's recommended revenue requirement adjustment related to the cost of  
13 serving Nucor.

14 Q. How did you estimate the Purchased Power cost attributable to Nucor service?

15 A. I multiplied the hourly SPP RT Locational Marginal Price at the EMW load node  
16 by the hourly Nucor load as provided in response to Staff Data Request No. 0249 for the  
17 12-month period ending December 31, 2021. I then added in the net costs<sup>57</sup> of the Nucor portion  
18 of the Cimarron Bend III Wind PPA for the same time period.<sup>58</sup>

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<sup>56</sup> Minus the accredited capacity of the Nucor portion of the wind PPA.

<sup>57</sup> Sum of hourly revenues minus the sum of the contractual costs of generation.

<sup>58</sup> For this direct filing, I based my analysis on data associated with the 12-months ending December 31, 2021, consistent with the update period end date. This period includes data from February of 2021. However, I will "true-up" this data to reflect the 12-months ending May 31, 2022, for the true-up testimony in this case. EMW has requested authority to securitize extraordinary costs related to the Winter Storm Uri, which occurred in February of 2021. Due to this timing, the Commission will be able to consider the positions advanced by Staff and EMW in this case and Case No. EF-2022-0155 independently without an added concern of double counting the effects of Nucor cost comparisons to revenue in the respective determinations.

1 Q. Which set-point, or proxy expected Nucor load, from Table 1 did you utilize as  
2 the basis for the revenue requirement adjustment as it pertains to Customer Event Balancing?

3 A. I utilized the set-point load, or proxy expected load of Nucor equal to  
4 \*\* [REDACTED] \*\* for several reasons. I want to reemphasize that this estimation is not how I would  
5 have expected to account for the impacts of Nucor's load when estimating the ratepayer harm.  
6 Because EMW \*\* [REDACTED] \*\* the Company did not  
7 identify any "unexpected operational events," which would result in a quantification of costs to  
8 be adjusted from FAC costs. EMW also did not provide Staff with finite hourly-expected loads  
9 for Nucor, which are necessary to determine a more precise cost impact.

10 Q. Why did you utilize the chosen set-point, or proxy expected load of Nucor to  
11 estimate the Customer Event Balancing costs included in Staff's revenue requirement  
12 adjustment?

13 A. Paragraph 7.d. requires EMW to "identify additional SPP related costs resulting  
14 from unexpected operational events" and "incorporate the effect attributed to Nucor into the  
15 tracking of Nucor costs." Absent the data necessary to quantify a more accurate estimate,  
16 I utilized \*\* [REDACTED]  
17 [REDACTED] \*\* resulted in the lowest number of hours of 25% load deviation for 2021 of the  
18 set-points that I reviewed. The cost analysis that I provided in this estimation also accounts for  
19 periods of cost savings that serve as offsets to costs incurred during the hypothetical  
20 "unexpected operational events". Given the inability to provide an estimation of costs based  
21 upon finite expected hourly loads, I believe the quantification of the imbalance utilizing the



1 lowest hours of deviation<sup>59</sup> and the inclusion of both the costs and potential cost savings  
2 associated with the events based upon the proxy expected load results in a conservative estimate  
3 of the potential ratepayer harm.

4 Q How did you estimate the Customer Event Balancing costs based upon the  
5 various set-points, or proxy expected loads of Nucor, which were included in Table 1?

6 A. After determining a set-point to compare to actual Nucor RT operations,  
7 I identified the hours in which Nucor operational load was 25% greater than or less than the  
8 various set-points reviewed for periods of four or more hours as envisioned by Paragraph 7.d.  
9 of the Stipulation. For the hours identified, I calculated and summed the cost impacts (both  
10 negative and positive) based on the differences in the hourly SPP RT LMPs and DA LMPs for  
11 the EMW load node and the actual Nucor load compared to the proxy expected load set-points.<sup>60</sup>  
12 Based on the set-points analyzed in support of this testimony the Customer Event Balancing  
13 costs range from \*\* [REDACTED]

14 [REDACTED] \*\*

15 Q. Did you request the methodology that EMW would utilize to quantify the  
16 balancing relationship between hourly RT and DA prices attributable to Nucor in accordance  
17 with Paragraph 7 of the Stipulation?

18 A. Yes. Staff Data Request No. 0249.2 asked EMW to define this “balancing  
19 relationship” and provide examples of contemplated scenarios that may result in quantification  
20 of such a “balancing relationship.” The methodology utilized to determine the cost impacts of

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<sup>59</sup> Of the those reviewed in my analysis.

<sup>60</sup> The estimation determines the cost in a given hour based on the following formula: (DA LMP \* DA Load) + (RT Load-DA Load)\*RT LMP)-(DA LMP\*RT Load).

1 Customer Balancing Events included in Staff's revenue requirement adjustment is substantially  
2 similar to the methodology provided by EMW in response to that data request.

3 **Nucor Rate Revenue adjustment**

4 Q. Did you calculate the rate revenues attributable to Nucor for Staff's revenue  
5 requirement calculations?

6 A. Yes. I provided revenue adjustments and usage adjustments based upon the rate  
7 revenue and total usage being updated through the end of Staff's update period, which are the  
8 12-months ending December 31, 2021. Rate revenue adjustments for EMW are applied to the  
9 test year actual revenues experienced by EMW in the respective Staff accounting schedules.  
10 These adjustments are also applied to the test year billing determinants of EMW that underlie  
11 the Staff's fuel and production cost modeling, and will be the basis of Staff's recommended  
12 rate designs. I calculated the rate revenues from Nucor for the 12-months ending December 31,  
13 2021, based upon the billing determinants provided by EMW and the rates included in  
14 Schedule SIL-1. The update period adjustments to rate revenue and usage (kWh) were  
15 calculated by subtracting the totals for the test year from the respective totals for Staff's update  
16 period. For a more thorough discussion and explanation of Staff's utilization of rate revenues  
17 and billing determinants, please refer to the direct testimony of Staff witness Kim Cox.

18 **MEEIA RATE CASE ANNUALIZATION**

19 Q. What adjustments did you calculate with respect to the EMM and EMW MEEIA  
20 portfolios?

1           A.     I calculated annualized energy savings for each rate class for EMM and EMW  
2 based upon reported savings<sup>61</sup> from energy efficiency measures that were installed during  
3 Staff's update period. Staff annualized the level of energy efficiency savings that occurred at  
4 the end of the update period as if they had occurred throughout the year, which is consistent  
5 with the Staff approach in Case Nos. ER-2018-0145 and ER-2018-0146. I provided the  
6 annualized energy savings by rate class by month for the Staff update period to Staff witnesses  
7 Kim Cox and Michelle A. Bocklage to determine appropriate revenue adjustments include  
8 in the overall revenue requirement. The annualized energy savings are incorporated into  
9 the normalized and annualized usage for EMM and EMW, which Staff witness  
10 Michael L. Stahlman included in his calculation of Net System Input.

11           Q.     Why did Staff include the annualized MEEIA adjustments to the energy usage  
12 for each rate class for the update period?

13           A.     Through the course of general rate cases, the throughput disincentive component  
14 of the EMM and EMW respective Demand-Side Investment Mechanisms need to be rebased to  
15 zero. The reduction of energy usage from each rate class' energy usage based on this adjustment  
16 allows for the throughput disincentive to be rebased.

17 **CONCLUSION**

18           Q.     Briefly summarize the issue before the Commission regarding the revenue  
19 requirement adjustment necessary to fulfill the hold harmless provisions of Schedule SIL and  
20 the Stipulation.

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<sup>61</sup> EMM response to Staff Data Request No. 0250 in Case No. ER-2022-0129 and EMW response to Staff Data Request No. 0247A in Case No. ER-2022-0130.

1           A.     The issue before the Commission regarding the implementation of Schedule SIL  
2 and the Stipulation is relatively straightforward. EMW agreed to “make an additional revenue  
3 adjustment covering the shortfall to the revenue requirement calculation through the true-up  
4 period, to ensure that non-Nucor GMO customers will be held harmless from such effects from  
5 the Nucor service. In no event shall any revenue deficiency (that is, a greater amount of Nucor  
6 incremental costs compared to Nucor revenues) be reflected in GMO’s cost of service in each  
7 general rate proceeding for the duration of Nucor service during the terms of the contract  
8 between GMO and Nucor.”<sup>62</sup> Staff’s proposed revenue requirement adjustment appropriately  
9 accounts for the costs of serving Nucor and seeks to hold non-Nucor ratepayers harmless in  
10 accordance with Schedule SIL and the Stipulation.

11           Q.     How do you recommend the Commission resolve the issues raised in this direct  
12 testimony?

13           A.     I recommend a reduction in the revenue requirement of EMW equal to  
14 \$8.268 million. In addition to Staff’s proposed revenue requirement adjustment, I recommend  
15 that the Commission order EMW to:

- 16           1. Accurately account for the cost of capacity necessary to serve the entirety of  
17           Nucor’s peak demand in all future Cost and Revenue tracking reports in  
18           accordance with Paragraph 7 of the Stipulation;
- 19           2. Establish and retain consistent communication with Nucor to understand what  
20           impacts the expected operations at the plant will have on SPP purchased power  
21           expenses in order to facilitate accurate records;
- 22           3. Keep records of the finite expected hourly load of Nucor’s next day operations  
23           in the event an adjustment in accordance with Paragraph 7.d. of the Stipulation  
24           is necessary in a future case;

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<sup>62</sup> Paragraph 8 of the Stipulation.

- 1           4. Identify additional SPP related costs resulting from unexpected operational
- 2           events;
- 3           5. Quantify the balancing relationship between the hourly and DA prices to identify
- 4           the effect of the unplanned load change to apportion any additional SPP
- 5           balancing charges; and
- 6           6. Incorporate the effect of DA and RT imbalances attributed to differences
- 7           between actual Nucor operations and expected operations into the tracking of
- 8           Nucor costs.

9           I also recommend that the Commission hold EMW's shareholders responsible for the  
10 recovery of the increased cost of capacity to serve Nucor and remove those costs from the FAC  
11 base factor established in this case, and from future Fuel Adjustment Clause rates.

12           Q.     Does this conclude your direct testimony for Cost of Service in this case?

13           A.     Yes.

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 ) Case No. ER-2022-0129  
Implement a General Rate Increase for Electric )  
Service )

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

**AFFIDAVIT OF J LUEBBERT**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

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

Further the Affiant sayeth not.

  
\_\_\_\_\_  
J LUEBBERT

**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 6<sup>th</sup> 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

  
\_\_\_\_\_  
Notary Public

**Case Participation of  
J Luebbert**

<b>Case Number</b>	<b>Company</b>	<b>Issues</b>
EO-2015-0055	Ameren Missouri	Evaluation, Measurement, and Verification
EO-2016-0223	Empire District Electric Company	Integrated Resource Planning Requirements
EO-2016-0228	Ameren Missouri	Utilization of Generation Capacity, Plant Outages, and Demand Response Program
ER-2016-0179	Ameren Missouri	Heat Rate Testing
ER-2016-0285	Kansas City Power & Light Company	Heat Rate Testing
EO-2017-0065	Empire District Electric Company	Utilization of Generation Capacity and Station Outages
EO-2017-0231	Kansas City Power & Light Company	Utilization of Generation Capacity, Heat Rates, and Plant Outages
EO-2017-0232	KCP&L Greater Missouri Operations Company	Utilization of Generation Capacity, Heat Rates, and Plant Outages
EO-2018-0038	Ameren Missouri	Integrated Resource Planning Requirements
EO-2018-0067	Ameren Missouri	Utilization of Generation Capacity, Heat Rates, and Plant Outages
EO-2018-0211	Ameren Missouri	Avoided Costs and Demand Response Programs
EA-2019-0010	Empire District Electric Company	Market Protection Provision
GO-2019-0115	Spire East	Policy
GO-2019-0116	Spire West	Policy
EO-2019-0132	Kansas City Power & Light Company	Avoided Cost, SPP resource adequacy requirements, and Demand Response Programs

<b>Case Number</b>	<b>Company</b>	<b>Issues</b>
ER-2019-0335	Ameren Missouri	Unregulated Competition Waivers and Class Cost Of Service
ER-2019-0374	Empire District Electric Company	SPP resource adequacy
EO-2020-0227	Evergy Missouri Metro	Demand Response programs
EO-2020-0228	Evergy Missouri West	Demand Response programs
EO-2020-0262	Evergy Missouri Metro	Demand Response programs
EO-2020-0263	Evergy Missouri West	Demand Response programs
EO-2020-0280	Evergy Missouri Metro	Integrated Resource Planning Requirements
EO-2020-0281	Evergy Missouri West	Integrated Resource Planning Requirements
EO-2021-0021	Ameren Missouri	Integrated Resource Planning Requirements
EO-2021-0032	Evergy	Renewable Generation and Retirements
GR-2021-0108	Spire Missouri	Metering and Combined Heat and Power
ET-2021-0151	Evergy	Capacity costs
ER-2021-0240	Ameren Missouri	Market Prices, Construction Audit, Smart Energy Plan, AMI
ER-2021-0312	Empire District Electric Company	Construction Audit, Market Price Protection, PISA Reporting
EO-2022-0193	Empire District Electric Company	Retirement of Asbury



**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 Rate for a Facility ) File No. EO-2019-0244  
Whose Primary Industry is the Production or )  
Fabrication of Steel in or Around Sedalia, Missouri. )

**NON-UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW KCP&L Greater Missouri Operations Company (“GMO” or “Company”), the Staff (“Staff”) for the Missouri Public Service Commission (“Commission”), Nucor Steel Sedalia, LLC (“Nucor”), (collectively, “Signatories”) by and through their respective counsel, and for their Non-Unanimous Stipulation and Agreement (“Stipulation”), respectfully state to the Commission:

**BACKGROUND**

1. On July 12, 2019, GMO filed its Application requesting Commission authority for a special incremental load rate for a steel production facility in Sedalia, Missouri, along with direct testimony in support.
2. On July 22, 2019, Midwest Energy Consumers Group (“MECG”) intervened.
3. On July 31, 2019, Nucor Steel Sedalia, LLC (“Nucor”) intervened.
4. The Signatories agree to the following terms and conditions regarding the Application and the approval of the special incremental load rate.

**AGREEMENTS**

5. **Contract** – The Signatories agree that the Commission should approve the Contract between GMO and Nucor, attached to the Direct Testimony of Darrin Ives as Confidential Schedule DRI-2.

6. **Special Incremental Load Tariff** – The Signatories agree that the Special Incremental Load (“SIL”) tariff attached to the Direct testimony of Darrin Ives as DRI-2, as modified and attached as Exhibit 4 to this Stipulation, should be approved by the Commission and become effective no later than January 1, 2020. Service under the SIL tariff has a term of no greater than 10 years. If an extension to the service of Nucor pursuant to the SIL tariff is not approved by the Commission, the Company will request Commission approval to serve all of GMO’s retail customers with the associated wind energy used to serve Nucor and for the related costs for that wind to be recovered by the Company through its Fuel Adjustment Clause, or sell the associated wind energy to a customer or customers who wish to purchase the renewable energy resource directly. This agreement is not evidence of the prudence of GMO’s or an affiliate’s entry into any PPA.

7. **Cost and Revenue Tracking** – GMO will monitor and report to Staff and OPC whether the revenues received under the special contract rate cover the incremental cost of providing service to Nucor. This reporting will be submitted quarterly for the first year following the effective date of the SIL tariff and the associated contract with Nucor, bi-annually for the second and third year, and annually thereafter. The Company will solicit feedback from Staff and the Office of Public Counsel up to and including meetings to evaluate and assess the content of the reports and any changes that may be needed to Exhibit 1 as a result of that feedback. The reporting will be submitted within 15 days after each of Evergy’s SEC 10-Q or 10-K filings are made and will detail Nucor-related transactions on a rolling twelve-month basis. GMO will uniquely identify and track for reporting and general rate case purposes all incremental costs

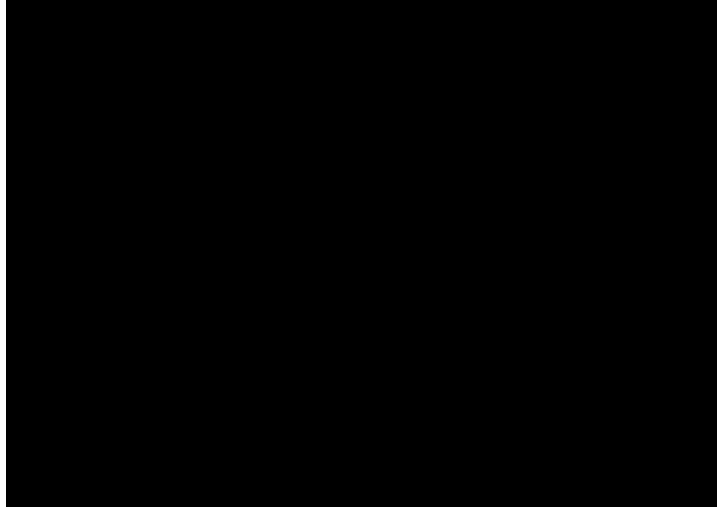
associated with serving Nucor<sup>1</sup>. An example of the anticipated reporting format is provided in Exhibit 1 to this Stipulation.

- a. GMO will identify and isolate the plant costs to provide service to Nucor.
- b. GMO will identify and isolate supply costs attributable to Nucor. At this time these costs are expected to consist of:
  - i. energy as obtained through the SPP integrated marketplace including applicable ancillary services and transmission costs, and all transactions associated with the renewable supply source obtained via a Power Purchase Agreement (“PPA”).
  - ii. Incremental capacity costs acquired from third parties, including affiliates, will be determined annually in the assessment of GMO capacity requirements. The portion of GMO capacity acquired attributable to Nucor will be separately identified for inclusion in Exhibit 1. Similarly, if GMO constructs or acquires capacity during the term of the contract rather than purchasing capacity, or otherwise modifies its capacity source, capacity costs to Nucor will be calculated annually using prices as follows and be separately identified for inclusion in Exhibit 1. The accredited capacity attributable to Nucor’s share of the PPA, will be netted against the capacity requirements of the Nucor load, including the SPP reserve margin requirements, prior to pricing as described above for inclusion in Exhibit 1.

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<sup>1</sup> As provided for in Exhibit 1.

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- c. GMO will modify its Fuel Adjustment Clause (“FAC”) accounting to ensure Nucor-related costs are not included in the FAC charge recovered from other customers. Exhibit 2 to this Stipulation details the expected modifications, including:
- i. **Power Purchase Agreement Cost** – Costs to follow conventional PPA accounting, with Nucor portion tracked separately from other PPA transactions completed by the Company. Costs to be recorded to a SIL-specific 555 subaccount and identifiable to Nucor. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.
  - ii. **Production Market Cost** – Revenue from the sale of the energy from the PPA will be tracked in a separate SIL-specific 447 subaccount and identifiable to Nucor. These revenues will be specifically identified in the FAC monthly reports submitted to the Commission. The net effect of the sale of PPA purchase and the

Nucor load are to be recorded within the SIL-specific 447 and 555 subaccounts and identifiable to Nucor.

- iii. **Transmission Market Cost** – If occurring, costs would accompany the associated Southwest Power Pool (“SPP”) sale or purchase transactions and are to be recorded within SIL-specific 561, 565, and 575 subaccounts and identifiable to Nucor and created for the purpose of tracking these costs. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.

Load purchased for Nucor will be calculated at the five minute level, aggregated to the hour as demonstrated in Exhibit 3. Based upon GMO load node locational marginal price.

- d. GMO will monitor Nucor operations and will identify additional SPP-related costs resulting from unexpected operational events. If actual Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs. If the effect of this relationship increases costs to non-Nucor customers, the amount will be reflected in a subsequent FAC rate change filing and the portion attributed to Nucor will be identified with supporting work papers

and removed from the Actual Net Energy Cost prior to the calculation of the FAC rates.

For any incremental Nucor costs not specifically listed in Exhibit 1, including GMO internal costs attributable to Nucor, the costs will be uniquely recorded after they are incurred consistent with the cause of the cost and identified as contingency cost category within Exhibit 1.

8. **Ratemaking Treatment** – At the time of a general rate proceeding the portion of GMO’s revenue requirement associated with the incremental costs net of PPA net revenues to serve Nucor consistent with Exhibit 1 shall be assigned to Nucor. Nucor’s rate revenues shall be reflected in GMO’s net revenue requirement. If Nucor’s revenues do not exceed Nucor’s costs as reflected in the revenue requirement calculation through the true-up period, GMO will make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Nucor GMO customers will be held harmless from such effects from the Nucor service. In no event shall any revenue deficiency (that is, a greater amount of Nucor incremental costs compared to Nucor revenues) be reflected in GMO’s cost of service in each general rate proceeding for the duration of Nucor service during the terms of the contract between GMO and Nucor (Confidential Schedule DRI-2 of GMO witness Darrin Ives).

9. **Section 393.1655 RSMo. treatment** – The Signatories agree that because Nucor’s rate will be fixed for ten years and because the incremental cost to serve Nucor will be excluded from the revenue requirement of other customers: (1) Nucor’s average rate and kilowatt hours usage shall not be included in the rate limitation calculations performed under section 393.1655 RSMo.; (2) Nucor’s rate shall not be affected by the rate limitation provisions of 393.1655

RSMo.; and (3) Nucor shall not be considered to be, in whole or in part, a member of GMO's large power service rate class under section 393.1655.7(4) RSMo.

10. **Operational Communications** – Under the terms of the contract between GMO and Nucor (Confidential Schedule DRI-2), Nucor is obligated to notify GMO of planned outages, including maintenance outages, to a designated representative (section 4.3). Nucor is also obligated under the contract to notify GMO of any changes or additions of equipment or operations that would result in a material changes to the Nucor facility's peak demand that could impact GMO's transmission system (section 4.4). GMO has designated and will retain for the duration of service to Nucor a Customer Solutions Manager to Nucor to receive these notices. Nucor commits to providing the above notifications and coordinating with GMO to execute planned outages to minimize the impact on the GMO system.

11. **Future Commission proceedings** – Neither the Commission, Staff, OPC nor any other party shall be prejudiced, bound by, or in any way limited in litigating the allocation, tracking, or treatment of costs or revenues associated with serving Nucor under this Stipulation and Agreement in future FAC filings and general rate proceedings before the Commission. See section 13 in General Provisions below.

### **GENERAL PROVISIONS**

12. Contingent upon Commission approval of this Stipulation without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the testimony of their witnesses, and the witnesses of the parties who do not oppose this Stipulation, on the issues that are resolved by this Stipulation.

13. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. Unless otherwise explicitly provided

herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

14. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same. No Signatory shall assert the terms of this agreement as a precedent in any future proceeding.

15. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

16. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

17. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

18. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this



Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

19. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

**WHEREFORE**, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

*/s/ Roger W. Steiner*

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Roger W. Steiner, #39586  
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*/s/ Nicole Mers*

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**ATTORNEYS FOR KCP&L GREATER  
MISSOURI OPERATIONS COMPANY**

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**ATTORNEYS FOR NUCOR STEEL  
SEDALIA, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 19<sup>th</sup> day of September 2019.

*/s/ Roger W. Steiner*

\_\_\_\_\_  
Roger W. Steiner

Exhibit 1

Evergy Missouri West				
NUCOR				
Tracking Report				
Period Ending March 31, 2020				
<b>CONFIDENTIAL</b>				
<u>Rate Base:</u>				
Plant in Service	End of Period	XX,XXX,XXX		
Less: Reserve for Depreciation	End of Period	X,XXX		
Net Plant in Service			XX,XXX,XXX	
Less:				
Accumulated Deferred Income Taxes	End of Period		XX,XXX	
NUCOR Rate Base			XX,XXX	
Current Month Rate of Return			X.XX%	
Rate of Return on Rate Base				XX,XXX
<u>Net Cost of Service:</u>				
	Rolling 12 Months			
Purchased Power			XXX,XXX	
Customer Event Balancing			XX,XXX	
Other Sales for Resale			(XXX,XXX)	
Transmission Costs			XX,XXX	
Net Capacity Costs			XX,XXX	
Administration Costs			X,XXX	
Other Contingency Costs:				
REC Fees			XXX	
Maintenance/Other O&M			XXX	
Depreciation			XXX	
X			XXX	
Y			XXX	
Z			XXX	
Net Cost of Service				XXX,XXX
Total Cost - NUCOR				XXX,XXX
NUCOR Revenue				(XXX,XXX)
(Over)/Under Recovered				XXX,XXX
<b>Overall Cost of Capital (Evergy Missouri West)</b>				
	Amount ('\$ in 000's)	Percent	Cost	Weighted Cost
Long Term Debt	X,XXX,XXX	XX.XX%	X.XX%	X.XX%
Common Equity	X,XXX,XXX	XX.XX%	9.50%	X.XX%
Total Overall Capital	X,XXX,XXX	100.00%		X.XX%
<p>Note: The indicated ROE value of 9.50% will be fixed until GMO's next general rate case. All other amounts will represent GMO's actual costs associated with service to Nucor.</p>				

## Exhibit 2

Kansas City Power & Light Company - GMO			
FAC Calculation			
Before Wind Farm			
All numbers are hypothetical for illustration purposes only			
Account	GMO		
Total Production Fuel (Fuel Operations)	7,341,235.78		
Less: Fuel Handling	332,128.39		
Less: 557100	2,591,314.70		
Less: Labor Residuals 501420	-		
Less: Labor in Residuals 501400	1,076.52		
Less: Steam Operations 501700 (501730-501734)	568,940.68		
Less: Natural Gas Demand 501000 RES 6025 (501228)	17,943.06		
Less: Natural Gas Demand 547027	285,842.34		
Less: Landfill Gas 547000 RES 6036	-		
Less: Unit Train BIT 501000 RES 6003 (501028)	-		
Less: Unit Train PRB 501000 RES 6008 (501029)	71,919.20		
Less: Book 11 Fuel 501033	-		
Less: RECs 509000 RES 6070 (509500)	-		
Plus: RECs sold 509000 RES 6174 (509500)	-		
Less: Book 11 Fuel 547033	-		
<b>Total Fuel and Emissions (FC + EC)</b>	<b>3,472,070.89</b>		
Total Purchased Power	12,132,424.20		
Less: Purchased Power -Nucor	487,667.11		
Less: Capacity 555005	2,578.13		
Plus: Short Term Capacity (Query)	-		
Less: Book 11 555032	-		
<b>Total Purchased Power (PP)</b>	<b>11,642,178.96</b>		
Total Transmission (565)	2,796,351.19		
Less: Historical Z2 (Query)	-		
Less: Non-recoverable SPP schedules	-		
Less: Crossroads (Query)	777,654.84		
Less: 52.80% of SPP Transmission	1,016,554.41		
<b>Total Transmission (TC)</b>	<b>1,002,141.94</b>		
		SPP Transmission (Query)	1,978,923.08
		Less: Transmission -Nucor	53,630.64
		Eligible SPP Transmission	1,925,292.44
		47.20% of SPP Transmission	908,738.03
<b>Total Wholesale Sales</b>	<b>(2,036,337.39)</b>		
Other Sales for Resale-Nucor	-		
Other Sales for Resale-Municipals 447103	(68,857.76)		
Other Sales for Resale-Private Utilities 447101	(921.53)		
Less: Book 11 Sales 447031	-		
Less: Book 11 Sales 447032	-		
Less: Book 11 Sales 447034	-		
<b>Total Off System Sales Revenue (OSSR)</b>	<b>(1,966,558.10)</b>		
<b>TEC (FC+EC+PP-OSSR)</b>	<b>14,149,833.69</b>		
Retail Sales	596,523,014.03		
Other Sales for Resale-Municipals	1,147,431.00		
Sales -Nucor	(20,311,000.00)		
Other Sales for Resale-Border	37,288.02		
Estimated Losses	40,326,288.56		
Est. Losses - Prior Period Corr.	(4,379,103.00)		
Unaccounted for kWh	-		
Used by Company	1,377,081.00		
<b>kWh Net System Input</b>	<b>614,720,999.61</b>		
Base Energy Cost	0.0224		
<b>Total Base Energy Cost</b>	<b>13,769,750.39</b>		
(TEC - B)	380,083.30		
(TEC - B) * 5%	19,004.17		
(TEC - B) * 95%	361,079.14		
Revenue Mwh	596,523,014.03		
Residential	215,695,533.01	0.37	
Commercial	219,250,635.14	0.38	
Industrial (less Nucor)	139,549,922.56	0.24	
Streightights	1,715,923.32	0.00	Industrial 159,860,922.56
Govt-Other	-	-	Nucor 20,311,000.00
Total CIS+	576,212,014.03		
Municipals	1,147,431.00	0.00	
Total	577,359,445.03	1.00	
Residential	134,895.45		
Commercial	137,118.79		
Industrial	87,274.17		
Streightights	1,073.13		
Govt-Other	-		
Total CIS+	360,361.54		
Municipals	717.80		
Total	361,079.14		

## Exhibit 2 (continued)

Kansas City Power & Light Company - GMO			
FAC Calculation			
After Wind Farm			
All numbers are hypothetical for illustration purposes only			
Account	GMO		
Total Production Fuel (Fuel Operations)	7,341,235.78		
Less: Fuel Handling	332,128.39		
Less: 557100	2,591,314.70		
Less: Labor Residuals 501420	-		
Less: Labor in Residuals 501400	1,076.52		
Less: Steam Operations 501700 (501730-501734)	568,940.68		
Less: Natural Gas Demand 501000 RES 6025 (501228)	17,943.06		
Less: Natural Gas Demand 547027	285,842.34		
Less: Landfill Gas 547000 RES 6036	-		
Less: Unit Train BIT 501000 RES 6003 (501028)	-		
Less: Unit Train PRB 501000 RES 6008 (501029)	71,919.20		
Less: Book 11 Fuel 501033	-		
Less: RECs 509000 RES 6070 (509500)	-		
Plus: RECs sold 509000 RES 6174 (509500)	-		
Less: Book 11 Fuel 547033	-		
<b>Total Fuel and Emissions (FC + EC)</b>	<b>3,472,070.89</b>		
Total Purchased Power	11,930,945.92		
Less: Purchased Power -Nucor	286,188.83		
Less: Capacity 555005	2,578.13		
Plus: Short Term Capacity (Query)	-		
Less: Book 11 555032	-		
<b>Total Purchased Power (PP)</b>	<b>11,642,178.96</b>		
Total Transmission (565)	2,796,351.19		
Less: Historical Z2 (Query)	-		
Less: Non-recoverable SPP schedules	-		
Less: Crossroads (Query)	777,654.84		
Less: 52.80% of SPP Transmission	1,016,554.41		
<b>Total Transmission (TC)</b>	<b>1,002,141.94</b>		
		SPP Transmission (Query)	1,978,923.08
		Less: Transmission -Nucor	53,630.64
		Eligible SPP Transmission	1,925,292.44
		47.20% of SPP Transmission	908,738.03
<b>Total Wholesale Sales</b>	(2,036,337.39)		1,016,554.41
Other Sales for Resale-Nucor	-		
Other Sales for Resale-Municipals 447103	(68,857.76)		
Other Sales for Resale-Private Utilities 447101	(921.53)		
Less: Book 11 Sales 447031	-		
Less: Book 11 Sales 447032	-		
Less: Book 11 Sales 447034	-		
<b>Total Off System Sales Revenue (OSSR)</b>	<b>(1,966,558.10)</b>		
<b>TEC (FC+EC+PP-OSSR)</b>	<b>14,149,833.69</b>		
Retail Sales	596,523,014.03		
Other Sales for Resale-Municipals	1,147,431.00		
Sales -Nucor	(20,311,000.00)		
Other Sales for Resale-Border	37,288.02		
Estimated Losses	40,326,288.56		
Est. Losses - Prior Period Corr.	(4,379,103.00)		
Unaccounted for kWh	-		
Used by Company	1,377,081.00		
<b>kWh Net System Input</b>	<b>614,720,999.61</b>		
Base Energy Cost	0.0224		
<b>Total Base Energy Cost</b>	<b>13,769,750.39</b>		
(TEC - B)	380,083.30		
(TEC - B) * 5%	19,004.17		
(TEC - B) * 95%	361,079.14		
Revenue Mwh	596,523,014.03		
Residential	215,695,533.01	0.37	
Commercial	219,250,635.14	0.38	
Industrial (less Nucor)	139,549,922.56	0.24	
Streetlights	1,715,923.32	0.00	Industrial 159,860,922.56
Govt-Other	-	-	Nucor 20,311,000.00
Total CIS+	576,212,014.03		
Municipals	1,147,431.00	0.00	
Total	577,359,445.03	1.00	
Residential	134,895.45		
Commercial	137,118.79		
Industrial	87,274.17		
Streetlights	1,073.13		
Govt-Other	-		
Total CIS+	360,361.54		
Municipals	717.60		
Total	361,079.14		

## Exhibit 2 (continued)

Scenario A (After Wind Farm)	Scenario B (Before Wind Farm)			
<b>All numbers are hypothetical for illustration purposes only</b>				
<b>Inputs:</b>	<b>Inputs:</b>			
Wind Farm Purchase (MWh) 26,828	Wind Farm Purchase (MWh) 0			
Nucor Load Purchases (MWh) 20,311	Nucor Load Purchases (MWh) 20,311			
Wind Farm Contract Price \$ 16.50	Wind Farm Contract Price \$ 16.50			
GMO Load Purchase Price \$ 24.01	GMO Load Purchase Price \$ 24.01			
Nucor Retail Rate \$ 35.00	Nucor Retail Rate \$ 35.00			
<hr/>				
<b>Hourly Energy Calculations</b>	<b>Hourly Energy Calculations</b>			
<b>Wind Farm Purchase by GMO to Developer</b>				
Wind Farm Purchase (MWh) 26,828	Dr. 555xxx 442,662			
Wind Farm Contract Price \$ 16.50	Cr. 232xxx (442,662)			
\$ 442,662				
<b>GMO sells wind MWH to SPP at load node (BSS)</b>				
SPP BSS Settlement (MWh) (26,828)	Dr. 143xxx 644,140			
Load node Price \$ 24.01	Cr. 447xxx (644,140)			
\$ (644,140)	SPP Netting FERC Order 668			
	Dr. 447xxx 644,140			
	Cr. 555xxx (644,140)			
<b>GMO purchases all Load from SPP (including Nucor)</b>				
Nucor Load Purchases (MWh) 20,311	Dr. 555xxx 487,667			
GMO Purchase Price \$ 24.01	Cr. 232xxx (487,667)			
487,667				
<b>GMO Retail Transactions</b>				
Nucor Load Purchases (MWh) 20,311	Dr. 142xxx 710,885			
Retail Rate \$ 35.00	Cr. 442xxx (710,885)			
\$ 710,885				
<hr/>				
<b>Monthly Calculations</b>	<b>Monthly Calculations</b>			
<b>Example:</b>				
GMO load for May (MWh) 635,032	GMO load for May (MWh) 635,032			
Nucor monthly usage (MWh) 20,311	Nucor monthly usage (MWh) 20,311			
Nucor's Percentage of Load 0.032	Nucor's Percentage of Load 0.032			
GMO monthly load (Mw) 2,179	GMO monthly load (Mw) 2,179			
Nucor monthly load (Mw) 59	Nucor monthly load (Mw) 59			
Nucor's Percentage of Load 0.027	Nucor's Percentage of Load 0.027			
<b>SPP Transmission charges driven by load</b>				
Admin	Sched 11	Sched 12	Z2	
Fee Type	Admin	Sched 11	Sched 12	Z2
Fee Amount \$ 461,693	\$ 1,974,154	\$ 65,382	\$ 4,096	
Ratio 0.032	0.027	0.027	0.032	
Nucor Share \$ 14,774	\$ 53,500	\$ 1,772	\$ 131	
Eligible to include in FAC \$ -	\$ 1,920,654	\$ -	\$ 3,965	
FAC% 47.2%	47.2%	47.2%	47.2%	
Included in FAC \$ -	\$ 906,549	\$ -	\$ 1,872	
<hr/>				
Wind farm purchase is at GMO load node so no TCRs or ARRs or network service is required.				

Exhibit 3

SPP hourly load purchases					Load purchased for Nucor will be calculated at the 5 minute level, aggregated to the hour per the example below.								
GMO Load Hub													
All numbers are hypothetical for illustration purposes only													
GMO Load Point	Year	Month	Day	HE	DA Load (MWh)	DA LMP (\$/MWh)	DA Charges Load (\$)	RT Meter Load (MWh)	RT LMP (\$/MWh)	RT Charges Load (\$)	RT Load MWh	Load \$	Load \$/MWh
MPS_MPS	2019	May	1	1	713	\$24.97	(\$17,807)	689.7541667	\$18.33	\$448	689.75	\$ 17,358.62	25.166
MPS_MPS	2019	May	1	2	684	\$22.47	(\$15,370)	668.5195833	\$19.84	\$307	668.52	\$ 15,063.71	22.533
MPS_MPS	2019	May	1	3	669	\$22.98	(\$15,374)	655.59425	\$18.62	\$250	655.59	\$ 15,123.86	23.069
MPS_MPS	2019	May	1	4	664	\$23.08	(\$15,326)	657.6149167	\$19.35	\$123	657.61	\$ 15,202.98	23.118
MPS_MPS	2019	May	1	5	680	\$24.59	(\$16,722)	682.0743333	\$19.32	(\$43)	682.07	\$ 16,765.28	24.580
MPS_MPS	2019	May	1	6	733	\$28.55	(\$20,925)	720.4675833	\$44.02	(\$97)	720.47	\$ 21,021.52	29.178
MPS_MPS	2019	May	1	7	814	\$36.38	(\$29,616)	803.52725	\$40.66	\$881	803.53	\$ 28,735.48	35.762
MPS_MPS	2019	May	1	8	857	\$38.84	(\$33,288)	842.016	\$23.55	\$354	842.02	\$ 32,934.08	39.113
MPS_MPS	2019	May	1	9	873	\$41.43	(\$36,169)	844.2758333	\$23.53	\$676	844.28	\$ 35,493.34	42.040
MPS_MPS	2019	May	1	10	880	\$42.30	(\$37,226)	850.3253333	\$25.82	\$763	850.33	\$ 36,463.12	42.881
MPS_MPS	2019	May	1	11	887	\$43.34	(\$38,444)	847.0004167	\$26.69	\$1,068	847.00	\$ 37,375.81	44.127
MPS_MPS	2019	May	1	12	887	\$43.48	(\$38,567)	839.5871667	\$27.17	\$1,283	839.59	\$ 37,284.13	44.408
MPS_MPS	2019	May	1	13	867	\$44.49	(\$38,575)	833.6218333	\$26.60	\$886	833.62	\$ 37,689.18	45.211
MPS_MPS	2019	May	1	14	846	\$44.12	(\$37,326)	835.8728333	\$27.03	\$271	835.87	\$ 37,055.64	44.332
MPS_MPS	2019	May	1	15	849	\$41.33	(\$35,089)	831.39175	\$25.77	\$454	831.39	\$ 34,634.83	41.659
MPS_MPS	2019	May	1	16	861	\$40.59	(\$34,945)	831.0279167	\$28.49	\$855	831.03	\$ 34,089.56	41.021
MPS_MPS	2019	May	1	17	875	\$40.08	(\$35,071)	839.6754167	\$24.48	\$865	839.68	\$ 34,206.18	40.737
MPS_MPS	2019	May	1	18	908	\$36.13	(\$32,804)	847.0579167	\$21.29	\$1,296	847.06	\$ 31,508.40	37.197
MPS_MPS	2019	May	1	19	911	\$33.42	(\$30,445)	850.9856667	\$21.22	\$1,273	850.99	\$ 29,171.83	34.280
MPS_MPS	2019	May	1	20	970	\$35.95	(\$34,874)	854.0291667	\$26.16	\$3,027	854.03	\$ 31,846.86	37.290
MPS_MPS	2019	May	1	21	969	\$39.00	(\$37,786)	874.2036667	\$26.42	\$2,504	874.20	\$ 35,282.00	40.359
MPS_MPS	2019	May	1	22	931	\$32.46	(\$30,217)	842.4994167	\$21.92	\$1,866	842.50	\$ 28,350.24	33.650
MPS_MPS	2019	May	1	23	846	\$27.08	(\$22,907)	771.5226667	\$22.89	\$1,686	771.52	\$ 21,220.81	27.505
MPS_MPS	2019	May	1	24	763	\$20.81	(\$15,877)	711.3428333	\$15.68	\$844	711.34	\$ 15,032.43	21.132
SPP 5 minute load purchases					GMO Load Hub								
All numbers are hypothetical for illustration purposes only													
ReportingID	Year	Month	Day	HE	Minutes	DA Charges Load (\$)	DA Load (MWh)	RT Meter Load (MWh)	RT Charges Load (\$)				
MPS_MPS	2019	May	1	1	0	(\$17,807)	713	705	\$14				
MPS_MPS	2019	May	1	1	5	\$0	713	704	\$4				
MPS_MPS	2019	May	1	1	10	\$0	713	697	\$20				
MPS_MPS	2019	May	1	1	15	\$0	713	696	\$27				
MPS_MPS	2019	May	1	1	20	\$0	713	696	\$28				
MPS_MPS	2019	May	1	1	25	\$0	713	687	\$46				
MPS_MPS	2019	May	1	1	30	\$0	713	688	\$40				
MPS_MPS	2019	May	1	1	35	\$0	713	684	\$49				
MPS_MPS	2019	May	1	1	40	\$0	713	682	\$52				
MPS_MPS	2019	May	1	1	45	\$0	713	679	\$58				
MPS_MPS	2019	May	1	1	50	\$0	713	679	\$56				
MPS_MPS	2019	May	1	1	55	\$0	713	680	\$54				
										\$448			



**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**P.S.C. MO. No.**     1                          Original Sheet No.   157  

Canceling P.S.C. MO. No.     1                          Original Sheet No.                     

For Missouri Retail Service Area

**Special Rate for Incremental Load Service  
Schedule SIL**

**PURPOSE:**

This rate schedule is designed to provide certain Customers with new or incremental increases in load access to a special rate that is not based on the Company's cost of service like generally available tariff rates, but is designed to recover no less than the incremental costs of serving the new load. The Customer load will be served primarily by renewable energy resources separate from energy resources used to serve general customers of the Company.

**AVAILABILITY:**

This special rate is available to customers with new, incremental load who:

- Have a facility whose primary industry is the smelting of aluminum and primary metals, (Standard Industrial Classification Code 3334) or
- Have a facility whose primary industry is the production or fabrication of steel (North American Industrial Classification System 331110) or
- Operate a facility with an increase in load equal to or in excess of a monthly demand of fifty megawatts

Each customer must demonstrate the new, incremental load can:

- Show a competitive need, documenting the facility would not commence operations absent the special rate,
- Show the special rate is in the interest of the state of Missouri when considering the interests of the customers of the Company, considering the incremental cost of serving the facility to receive the special rate, and the interests of the citizens of the state generally in promoting economic development, improving the tax base, providing employment opportunities in the state, and promoting such other benefits to the state as the commission may determine are created by approval of the special rate

This rate is not available for standby, breakdown, supplementary, maintenance or resale service except as noted below. Sub-metering or the reselling of electricity is prohibited.

Availability of service under this tariff may be limited by the Company due to constraints with, or protection for, Company generation resources or the transmission grid.

Service under this tariff may not be combined with service under an Economic Development Rider, an Economic Redevelopment Rider, , the Renewable Energy Rider, Community Solar program, service as a Special Contract, or be eligible for participation in programs offered pursuant to the Missouri Energy Efficiency Investment Act, or for participation in programs related to demand response or off-peak discounts, unless otherwise ordered by the Commission when approving a contract for service under this tariff.

Service under this tariff shall be excluded from projected energy calculations used to establish charges under Riders FAC and RESRAM, and programs offered pursuant to the Missouri Energy Efficiency Investment Act, unless otherwise ordered by the Commission when approving a contract for service under this tariff.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

P.S.C. MO. No. 1 Original Sheet No. 157.1  
 Canceling P.S.C. MO. No. 1 Original Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

**Special Rate for Incremental Load Service  
Schedule SIL**

**TERMS & CONDITIONS:**

Service under this rate schedule requires a written contract between the Company and the Customer. Each Special Incremental Load Rate Contract shall collect at least the incremental cost incurred by the Company to serve the Customer. Incremental costs shall be calculated, and profitability must be demonstrated at the time the contract is approved to confirm that revenues to be received from Customers under this Schedule are expected to be sufficient to cover the Company's increased costs to offer service pursuant to each Special Incremental Load Rate Contract. All charges for service under this rate schedule shall be limited to the charges contained in the contract between the Company and the Customer.

**CONTRACT DOCUMENTATION:**

At least 60 days prior to the effective date of the Special Incremental Load Rate Contract, the Company will file the individual Special Incremental Load Rate Contract and supporting documentation with the Commission for approval. The supporting documentation will include the following items:

1. Customer Needs: Company shall provide a narrative description of the reasons why the Special Incremental Load Rate is necessary for this Customer.
2. Customer Alternatives: Company shall describe competitive alternatives available to the Customer.
3. Incremental Costs: Company shall quantify the expected incremental cost associated with the Special Incremental Load Rate Contract Customer.
4. Profitability: Company shall quantify the expected profitability of the Special Incremental Load Rate Contract as the difference between the revenues expected to be generated from the pricing provisions in the Special Incremental Load Rate Contract compared to Company's expected incremental costs. All significant assumptions shall be identified that affect this quantification.
5. Other Ratepayer Benefits: Company shall quantify the benefits that it believes will accrue to other ratepayers from the Special Incremental Load Rate Contract. All significant assumptions shall be identified that affect this quantification.
6. Other Economic Benefits to the Area: the Company and/or local economic development agency shall quantify the economic benefits to the state, metropolitan area, and/or local area that Company projects to be realized as a result of the Special Incremental Load Rate Contract. The Company will also file an affidavit from the state, metropolitan area and/or local area economic development agency that is also providing benefits to the customer.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**P.S.C. MO. No.** 1                      Original Sheet No. 157.2

Canceling P.S.C. MO. No. 1                      Original Sheet No.                     

For Missouri Retail Service Area

**Special Rate for Incremental Load Service  
Schedule SIL**

**TERM:**

The initial term may vary for each customer served under this rate schedule but in no instance, should the term be greater than ten (10) years. Prior to the end of the term, the Company and Customer will work together to evaluate an extension of the term and if mutually appropriate, work together to secure any required approvals for an extension of the term. Each subsequent extension shall not exceed an additional ten (10) years.

**SPECIAL RATE, PROVISIONS, AND TERMS:**

1. The Special Incremental Load Rate will be determined for each Customer based on expected loads and the renewable energy resource planned to serve the Customer. Details about the rate including all terms and conditions related to the Special Incremental Load Rate will be documented through a Special Incremental Load Rate Contract.
2. The Special Incremental Load Rate will be designed to recover no less than the incremental cost to serve the Customer over the term of the Special Incremental Load Rate Contract. Non-participating customers shall be held harmless from any deficit in revenues provided by any customer served under this tariff.
3. All Special Incremental Load Rate Contracts executed under this tariff will include the following provisions:
  - a. Special Rate – details about the structure and rate to be paid by the Customer.
  - b. Agreement Term – clear identification of the dates associated with the Special Rate, particularly the start date for contract term.
  - c. Confidentiality – terms to establish protections needed to protect data under competitive conditions.
  - d. Operational Parameters – details about the expected operation of the facility to be served.
4. The Company will make provisions to uniquely identify the costs and revenues for each respective Special Incremental Load Rate Contract within its books and records. This information will be available to support periodic reporting as ordered by the Commission. At the time of a general rate proceeding the portion of the Company’s revenue requirement associated with the incremental costs net of PPA net revenues to serve the Customer shall be assigned to the Customer. The Customer’s rate revenues shall be reflected in Company’s net revenue requirement. If the Customer’s rate revenues do not exceed the incremental cost to serve the Customer as reflected in the revenue requirement calculation, the Company shall make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Schedule SIL customers will be held harmless from such effects from the service under Schedule SIL. In no event shall any revenue deficiency (that is, a greater amount of the Customer’s incremental costs compared to the Customer’s revenues) be reflected in the Company’s cost of service in each general rate proceeding for the duration of service to the Customer(s) during the terms of the contract between Company and Customer served under this tariff.

**REGULATIONS:**

Subject to Rules and Regulations filed with the State Regulatory Commission.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

P.S.C. MO. No. 1 Original Sheet No. 157.3  
Canceling P.S.C. MO. No. 1 Original Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

<b>Special Rate for Incremental Load Service Schedule SIL</b>
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**SPECIAL INCREMENTAL LOAD RATE CONTRACTS:**

<b>Start Date of Special Incremental Load Rate Contract</b>	<b>Name of Customer</b>	<b>Address</b>	<b>Term of Special Incremental Rate</b>
January 1, 2020	Nucor Steel Sedalia, LLC	500 Rebar Rd, Sedalia, MO	10 years

**SCHEDULE JL-d3**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**

**SCHEDULE JL-d4**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**