

Public Version

Exhibit No.:
Issue: Tracking Nucor operational events
Witness: Darrin R. Ives
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2023-0444
Date Testimony Prepared: November 30, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2023-0444

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

EVERGY MISSOURI WEST

**Kansas City, Missouri
November 2023**

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

CASE NO. ER-2023-0444

1 **I. INTRODUCTION**

2 **Q: Please state your name and business address.**

3 A: My name is Darrin R. Ives. My business address is 1200 Main Street, Kansas City,
4 Missouri 64105.

5 **Q: By whom you are employed and in what capacity.**

6 A: I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory Affairs for
7 Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro”), Evergy Kansas
8 Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy
9 Kansas Central”), Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri
10 Metro”), and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri
11 West”). They are the operating utilities of Evergy, Inc. (“Evergy”).

12 **Q: Are you the same Darrin R. Ives who submitted direct testimony in this docket?**

13 A: Yes, I am.

14 **Q: On whose behalf are you testifying in this proceeding?**

15 A: I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West
16 (“EMW” or “Company”).

17 **Q: What is the purpose of your rebuttal testimony?**

18 A: The purpose of my testimony is to respond to portions of the direct testimony of Brooke
19 Mastrogiannis. Company witness John Carlson will also respond to Ms. Mastrogiannis.

1 **Q: On p. 7 of her direct testimony, Staff witness Mastrogiannis indicates that Staff**
2 **disagrees with EMW’s tracking of Nucor deviations on a cumulative basis for up to a**
3 **ten-year period because the Company excludes the first four years of Nucor**
4 **deviations from this cumulative tracking. Does Staff’s position make sense?**

5 A: No. Staff is assuming that the Company’s method of tracking Nucor deviations has
6 remained the same since the January 1, 2020 effective date of Schedule SIL. Schedule SIL
7 was approved by the Commission in EO-2019-0244 where the Commission approved a
8 Stipulation and Agreement. See the discussion in my direct testimony of the Nucor
9 Stipulation. The method of Nucor tracking has varied since the beginning of Schedule
10 SIL and has experienced changes after consultation with Staff. This is understandable, as
11 Schedule SIL was the first of its kind in Missouri and no party had experience operating
12 under it.

13 **Q: How was Nucor tracking handled at the beginning of Schedule SIL?**

14 A: ** [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 [REDACTED] ** Due to the way that Nucor tracking was performed at this time, it did not make
19 sense to undertake the cumulative tracking of positive and negative deviations.

20 **Q: Why was a load band used?**

21 A: ** [REDACTED]
22 [REDACTED]
23 [REDACTED]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

[REDACTED]

[REDACTED]

[REDACTED] **

Q: Was the load band discontinued?

A: Yes. EMW entered into a Stipulation in its next rate case (ER-2022-0130). The use of the load band was discontinued and the tracking of Nucor costs and revenues in the FAC process was refined to ensure that non-Nucor customers were held harmless as a result of Nucor operations. The 0130 Stipulation (Rate Case Stipulation) is described in my direct testimony.

Q: On page 5, lines 12-13 of the direct testimony of Ms. Mastrogiannis, she acknowledges that the Staff’s calculation is accounting only for the unexpected operational events that result in increases for non-Nucor customers. Is this approach by Staff reasonable and consistent with the Stipulation and Agreement in File No. EO-2019-0240 (“Nucor Stipulation”) and 0130 Rate Case Stipulation?

A: No. As I explained in my direct testimony, Staff is selectively using the data so that non-Nucor customers always receive a benefit no matter the circumstances of Nucor’s load. This is unreasonable and not consistent with the Rate Case Stipulation. Staff’s approach reduces the FAR by additional Southwest Power Pool (“SPP”) costs incurred to serve Nucor when unplanned load changes in an identified event increase non-Nucor customer costs, but it does not recognize that Nucor’s load may also benefit non-Nucor customers when they receive an SPP cost decrease from Nucor’s unplanned load changes. Staff’s approach is simply one-sided and should be rejected by the Commission.

1 **Q: Please explain what calculation approach is fair, reasonable and consistent with the**
2 **Nucor Stipulation and the 0130 Rate Case Stipulation?**

3 A: The Company's calculation is fair, reasonable and consistent with the Nucor Stipulation
4 and the 0130 Rate Case Stipulation. As the Commission recognized in its 0130 Report and
5 Order, the Rate Case Stipulation addresses the possibility that on a month-to-month view,
6 conditions could fluctuate enough to produce an under-recovery of incremental costs in a
7 specific month or months of the test year used to establish rates in a future rate case by
8 providing that no such revenue deficiency would be reflected in EMW's cost of service
9 during the ten-year term of the special contract and rate. The Commission recognized that
10 over the life of the ten-year contract, there would be both positive and negative impacts on
11 non-Nucor customers, and that it was intended that any revenue deficiency, if that occurred
12 during the life of the contract, would not be reflected in the rates of non-Nucor customers.
13 It is therefore important that the approach used by the Commission include both the
14 positive and negative impacts on non-Nucor customers, and not just the negative impacts
15 as reflected in Staff's approach.

16 **Q: Does the Company's approach accomplish this goal?**

17 A: Yes. Under the Company's approach, the positive impact of the Nucor contract is netted
18 against any negative impact during the accumulation periods over the term of the contract
19 so that non-Nucor customers are held harmless. This approach is fair and reasonable to all
20 stakeholders, including the non-Nucor customers, Nucor, and the Company.

1 **Q: On page 5, lines 1-3 of the direct testimony of Brooke Mastrogiannis, she asserts that**
2 **“the Company’s new method of taking the net effect of the six-month accumulation**
3 **period undercounts the variance impact of what the adjustment would be if it were**
4 **made when each event occurs.” Do you agree?**

5 A: First, there is nothing “new” about the Company approach. This approach was always
6 contemplated by the Company when Evergy entered into the 0130 Rate Case Stipulation.
7 Second, the Company’s calculation does not undercount the variance impact of the Nucor
8 operations, but instead it captures the full effect of Nucor’s operations on non-Nucor
9 customers over the life of the contract, as contemplated by the Commission in 0130 as well
10 as the Company.

11 **Q: Do you agree that the one-sided approach used by Staff was contemplated by the Rate**
12 **Case Stipulation?**

13 A: Absolutely not. The Stipulation recognizes that the goal is to keep non-Nucor customers
14 from being negatively impacted over the life of the ten-year contract. Staff’s approach
15 ensures that even though non-Nucor customers may benefit over the 10-year period from
16 the Nucor operations, as we expect to be the case, there would be negative adjustments on
17 a short-term basis for any period where an isolated negative impact occurred. The Staff’s
18 approach simply does not accomplish the goal of the Rate Case Stipulation and the intent
19 of the parties.

20 **Q: Does this conclude your testimony?**

21 A: Yes, it does.

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


In the Matter of the Application of Evergy West,)
Inc. d/b/a Evergy Missouri West for Authority)
To Implement Rate Adjustments Required by) File No. ER-2023-0444
20 CSR 4240-20.090(8) and the Company's)
Approved Fuel and Purchased Power Cost)
Recovery Mechanism)

AFFIDAVIT OF DARRIN R. IVES

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

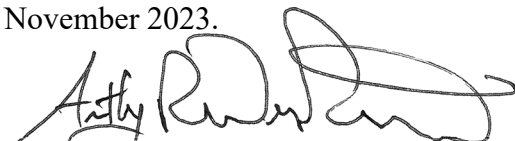
Darrin R. Ives, being first duly sworn on his oath, states:

1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President – Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri West consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Darrin R. Ives

Subscribed and sworn before me this 30th day of November 2023.



Notary Public

My commission expires: 4/26/2025

