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Violations*
Witness: *Jordan T. Hull*
Sponsoring Party: *MoPSC Staff*
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Case No.: *EO-2023-0408*
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MISSOURI PUBLIC SERVICE COMMISSION

ENERGY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

JORDAN T. HULL

EVERGY MISSOURI WEST, INC.,

d/b/a EVERGY MISSOURI WEST

CASE NO. EO-2023-0408

Jefferson City, Missouri
March, 2024

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JORDAN T. HULL
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JORDAN T. HULL**

4 **EVERGY MISSOURI WEST, INC.,**

5 **d/b/a EVERGY MISSOURI WESTCASE NO. EO-2023-0408**

6 Q. Please state your name and business address.

7 A. Jordan T. Hull, 200 Madison Street, Jefferson City, Missouri 65102.

8 Q. Are you the same Jordan T. Hull that filed direct testimony in this case?

9 A. Yes, I am. I filed direct testimony in this case on February 27, 2024.

10 **EXECUTIVE SUMMARY**

11 Q. Please summarize your rebuttal testimony in this proceeding.

12 A. The purpose of my rebuttal testimony is to respond to the direct testimony of
13 Evergy Missouri West Inc., d/b/a Evergy Missouri West (“Evergy Missouri West”
14 or “Company”) witness Mr. Brian File regarding Evergy Missouri West allowing
15 Nucor-Sedalia to participate in the Company’s business demand response (“BDR”) program
16 when Nucor-Sedalia’s Special Rate for Incremental Load Service Schedule SIL (“SIL”) tariff¹
17 does not allow it.² Staff also briefly responds to Evergy Missouri West witness
18 Mr. Bradley D. Lutz regarding amending the Nucor-Sedalia contract to allow Nucor-Sedalia to
19 participate in the Company’s BDR program.

¹ P.S.C MO. No. 1 Original Sheet Nos. 157 – 157.3.

² SIL tariff sheet no. 157 states: 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.

1 **RESPONSE TO MR. BRIAN FILE**

2 Q. Describe Mr. File’s direct testimony?

3 A. Mr. File acknowledges that Evergy Missouri West violated its SIL tariff that was
4 approved by the Commission making Nucor-Sedalia ineligible to participate in any MEEIA³
5 programs. He goes on to explain that the Company believes that there were “benefits to
6 customers” that outweigh the costs to customers incurred from violating its SIL tariff. Mr. File
7 also cites the prudence standard⁴ used by Staff to claim that there was no harm to customers
8 and therefore no basis for Staff’s recommended disallowance.

9 Q. Does Staff agree with Mr. File’s explanation of the “benefits”?

10 A. No. Staff has not been provided any real evidence showing how customer bills
11 were inherently lowered by Nucor-Sedalia being able to participate in the BDR program.
12 Further, the costs to ratepayers from Nucor-Sedalia participating in the BDR program are real
13 and have been recognized by ratepayers by actually being included in the DSIM Rider.
14 However, the alleged “benefits” are deemed, perceived “benefits” that have not been verified,
15 have likely not occurred, and may never actually occur.

16 Q. Why do you say these “benefits” are deemed, perceived “benefits” that have not
17 been verified?

18 A. The benefits Mr. File uses in his cost/benefit calculation are demand savings
19 multiplied by the avoided capacity costs based on deemed demand savings values for the

³ Missouri Energy Efficiency Investment Act.

⁴ Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances and information known at the time the decision was made, i.e., without the benefit of hindsight. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff propose a disallowance.

1 BDR program. However, there is not a process in place to ensure those savings actually
2 occurred as they were deemed to have. Therefore, the cost/benefit calculation used by Mr. File
3 uses a theoretical benefit amount divided by a real cost amount.

4 Q. Does Staff agree with Mr. File's claim about the prudence standard and that no
5 customer harm occurred?

6 A. No. Evergy Missouri West made a financial gain by being awarded an earnings
7 opportunity from allowing Nucor to participate in the BDR program. Therefore, there was
8 ratepayer harm in the form of Evergy Missouri West using ratepayer money to not only provide
9 an incentive to Nucor-Sedalia but also recovering from ratepayers an earnings opportunity.

10 Q. Is Staff's recommended disallowance a conservative amount based on the actual
11 costs caused by Evergy Missouri West violating its tariff?

12 A. Yes, Staff's disallowance did not include the earnings opportunity that Evergy
13 recovered from ratepayers by allowing Nucor-Sedalia to participate. There is also likely some
14 amount of administrative costs that should not have been recovered from ratepayers by allowing
15 Nucor-Sedalia to participate.

16 Q. Did Evergy Missouri West financially benefit, to the detriment of ratepayers,
17 from the earnings opportunity associated with Nucor-Sedalia participating in the
18 BDR program?

19 A. Yes, an earnings opportunity was awarded to the Company by allowing
20 Nucor-Sedalia to participate in the BDR program.

21 Q. How much of an earnings opportunity was awarded to Evergy Missouri West
22 by letting Nucor-Sedalia participate in the BDR program?

1 A. From Mr. File's direct testimony, Nucor-Sedalia curtailed 18.9071 MW in 2021
2 and 19.025 MW in 2022. According to its earnings opportunity matrix for its MEEIA Cycle 3
3 application (EO-2019-0132), the Company is awarded \$10,000/MW curtailed for its
4 BDR portion of the earnings opportunity. This equates to Evergy Missouri-West receiving an
5 additional \$379,321 in earnings opportunity from ratepayers by violating its tariff that it agreed
6 to. Therefore, 39.3% of the total earnings opportunity from these two years was received by
7 Evergy Missouri West allowing Nucor-Sedalia to participate when its tariff clearly states that
8 Nucor-Sedalia was not allowed to participate.

9 Q. Is there some amount of administrative costs that were recovered by ratepayers
10 from Nucor-Sedalia's participation in the BDR program?

11 A. Nucor-Sedalia makes up a large portion of Evergy's BDR program.
12 Therefore, a large portion of administrative costs would inherently be dedicated to
13 Nucor-Sedalia's participation in the BDR program. However, Staff does not have the
14 information needed to quantify what the administrative costs associated with Nucor-Sedalia
15 would be.

16 Q. Who pays for the incentive to Nucor-Sedalia as well as the earnings opportunity
17 and administrative costs to Evergy Missouri West?

18 A. All Evergy Missouri West ratepayers, excluding opt-out customers.

19 Q. According to Mr. File's direct testimony in this case, there was a benefit to all
20 customers of \$2,555,754 by Nucor-Sedalia participating in the BDR program. Even if
21 the \$379,321 was added to Staff's recommended disallowance, the benefits that Mr. File claims
22 would still outweigh those costs, correct?

1 A. First, Staff does not agree with the benefits claimed by Mr. File. However, if
2 you take the Company's deemed, perceived "benefits" to have actually occurred, or that they
3 are actually going to occur, then yes. However, the only part of this equation that we know to
4 be fact, are the costs to ratepayers by Nucor-Sedalia being allowed to participate in
5 the BDR program, which was a direct violation of its tariff. Further, if you give the "benefits"
6 any merit, you would consider those benefits to only have occurred due to the incentives
7 provided to Nucor-Sedalia that encouraged them to participate. The earnings opportunity is
8 another "bucket" of MEEIA funds. Based on the MEEIA Cycle 3 earnings opportunity matrix
9 in place at the time of the Review Period of this prudence review for the BDR program, the
10 earnings opportunity was based on the Company achieving a certain level of MW savings.
11 A direct violation of the SIL tariff that allowed Nucor-Sedalia to participate in
12 the BDR program, also allowed for a financial gain of \$379,321 by Every Missouri West.

13 Q. For purposes of MEEIA Cycle 3 planning, did stakeholders plan for
14 Nucor-Sedalia to not be able to participate within the BDR program?

15 A. Yes, the BDR program was planned around the potential savings, targets,
16 non-Nucor customers, etc. Stakeholders were under the impression that Nucor-Sedalia would
17 not be allowed to participate based on the SIL tariff language. This also changes what
18 stakeholders would have deemed appropriate for the earnings opportunities, targets, etc.

19 Q: Does Staff condone violating a tariff if the Company can show "benefits,"
20 whether they are verified benefits or not?

21 A. No, Staff believes it sets a bad precedence to allow utilities to violate tariffs if
22 all the utility has to do is show perceived "benefits" outweighing real costs.

1 **RESPONSE TO MR. BRADLEY LUTZ**

2 Q. Does Staff agree with Mr. Bradley D. Lutz's position that the Nucor-Sedalia
3 contract should be modified or amended to allow Nucor-Sedalia to participate in
4 the BDR program?

5 A. This is not relevant to the issue in this proceeding as Nucor-Sedalia was not
6 allowed to participate in the BDR program during the Review Period of the prudence review.
7 If Evergy wishes to propose a modification or amendment to its tariff or Nucor-Sedalia's
8 contract, Staff will consider that change at that time and will make its recommendation at the
9 time of a tariff or contract amendment filing. Currently, Staff is not aware of any filing to
10 amend the SIL tariff or the Nucor-Sedalia contract. However, adjustments to MEEIA budgets,
11 targets, EO, etc. would need to be made accordingly if the Commission approved a tariff or
12 contract amendment allowing Nucor-Sedalia to participate in the BDR program.

13 **CONCLUSION**

14 Q. Has Staff's position and recommended disallowance changed since its filing of
15 direct testimony?

16 A. No. Staff's recommended disallowance for the tariff violation that occurred
17 from Nucor-Sedalia participating in the Company's BDR program remains \$1,143,651,18
18 (including interest) due to the incentives paid to Nucor-Sedalia by
19 non-Nucor-Sedalia ratepayers. Staff would also like to inform the Commission of
20 Evergy Missouri West's financial gain of \$379,321 by allowing Nucor-Sedalia to participate in
21 the BDR program and that Evergy Missouri West also used ratepayer funding to cover
22 administrative costs for Nucor-Sedalia's participation in the BDR program. It is unfortunate

Rebuttal Testimony of
Jordan T. Hull

1 that these costs were determined after Staff's initial proposed disallowance and would normally
2 have normally been included in Staff's disallowance.

3 Q. Does this conclude your rebuttal testimony?

4 A. Yes

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Second Prudence)
Review of the Missouri Energy Efficiency) File No. EO-2023-0408
Investment Act (MEEIA) Cycle 3 Energy)
Efficiency Programs of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri West)

AFFIDAVIT OF JORDAN T. HULL

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JORDAN T. HULL and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Jordan T. Hull*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

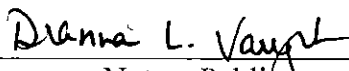


JORDAN T. HULL

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 27th day of March 2024.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377



Notary Public