

Exhibit No.:
Issues: Crossroads
Witness: Greg R. Meyer
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case No.: ER-2024-0189
Date Testimony Prepared: September 10, 2024

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

_____)
IN THE MATTER OF EVERGY MISSOURI)
WEST, INC. D/B/A EVERGY MISSOURI)
WEST'S REQUEST FOR AUTHORITY) CASE NO. ER-2024-0189
TO IMPLEMENT A GENERAL RATE)
INCREASE FOR ELECTRIC SERVICE)
_____)

Surrebuttal Testimony of
Greg R. Meyer

On behalf of
Midwest Energy Consumers Group

REDACTED VERSION

September 10, 2024



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IN THE MATTER OF EVERGY MISSOURI)
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WEST'S REQUEST FOR AUTHORITY)
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_____)

CASE NO. ER-2024-0189

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS) **SS**

Affidavit of Greg R. Meyer

Greg R. Meyer, being first duly sworn, on his oath states:

1. My name is Greg R. Meyer. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Midwest Energy Consumers Group in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2024-0189.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Greg R. Meyer

Subscribed and sworn to before me this 10th day of September, 2024.

ADRIENNE JEAN NAVARRO
Notary Public - Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: Mar. 22, 2025
Commission # 21989987



Notary Public

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Surrebuttal Testimony of Greg R. Meyer

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q ARE YOU THE SAME GREG R. MEYER WHO HAS PREVIOUSLY FILED**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A Yes. I have previously filed direct testimony on the Crossroads Energy Center
7 ("Crossroads") issue presented in this proceeding.

8 **Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN**
9 **YOUR DIRECT TESTIMONY?**

10 A Yes. This information is included in Appendix A to my direct testimony filed on
11 June 27, 2024.

12 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

13 A I am appearing on behalf of Midwest Energy Consumers Group ("MECG").

**Greg R. Meyer
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1 **Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

2 A My surrebuttal testimony will address the rebuttal testimony of Evergy Missouri West
3 (“EMW” or “the Company”) witness Darren Ives as it relates to the Crossroads
4 transmission cost recovery issue.

5 **Q AFTER READING THE REBUTTAL TESTIMONY OF MR. IVES, HAS YOUR**
6 **POSITION CHANGED REGARDING THE RECOVERY OF TRANSMISSION**
7 **EXPENSES FOR CROSSROADS?**

8 A No, it has not. In his rebuttal testimony, Mr. Ives agrees with my historic discussion of
9 the Missouri Public Service Commission’s (“Commission”) disallowance of
10 transmission costs in two past Commission decisions. However, Mr. Ives argues that
11 the analysis needs to now focus on the present. That analysis, per Mr. Ives, reveals
12 that customers should now be willing to pay for transmission expenses for Crossroads.

13 **Q DO YOU BELIEVE IT IS APPROPRIATE TO IGNORE THE PAST AND SIMPLY**
14 **START ANEW AS MR. IVES ARGUES?**

15 A No. The history of this issue is essential to the positions the Commission Staff (“Staff”),
16 the Office of Public Counsel (“OPC”), and I have taken in the rate case. I will summarize
17 a few of the points raised by myself, the OPC, and Staff in our well-documented
18 testimonies:

19 ➤ Crossroads was an investment made for a merchant function to serve a
20 transmission constricted area in Mississippi.

21 ➤ Crossroads would not have been proposed to be constructed in Clarksdale,
22 Mississippi to serve load for EMW in its service territory.

23 ➤ Crossroads was solicited for sale and no bids were received.

1 ➤ At the Clarksdale location, generation from Crossroads could not be delivered to
2 EMW without the incurrence of additional point-to-point transmission service.

3 These circumstances cannot be ignored when addressing this issue today.

4 **Q DO YOU BELIEVE THE COMMISSION TOOK INTO CONSIDERATION THOSE**
5 **CIRCUMSTANCES WHEN IT RULED TWICE AGAINST RECOVERY OF**
6 **CROSSROADS TRANSMISSION EXPENSES?**

7 **A**Most definitely. I also believe that is why the Commission joined its valuation of the
8 Crossroads assets to the recovery of transmission expenses. In my mind, the two
9 issues were a package that was non-severable and meant to last for the life of the
10 Crossroads asset. I base this argument on the Commission's decision wherein the
11 Commission stated:

12 ...the decision to include Crossroads in the generation fleet at an
13 appropriate value was prudent with the exception of the additional
14 transmission expense, when other low-cost options were available.
15 Paying the additional transmission costs required to bring energy all the
16 way from Crossroads and including Crossroads at net book value with
17 no disallowances, is not just and reasonable...¹

18 I believe the above statement establishes that the Commission intended to tie
19 the non-recovery of the transmission costs and the value of Crossroads together to
20 achieve just and reasonable rates. There also is no mention that this relationship was
21 to be broken in the future. In that same case, the Commission later issued an order of
22 clarification where it agreed with the characterization of its treatment of Crossroads as
23 “generous” and that it would not be appropriate to further increase the value given to
24 the utility. Here, EMW is once again seeking to charge more from customers than what
25 has already been generously awarded.² The Commission should reject this attempt.

¹Case No. ER-2010-0356, Report and Order, pp. 90-91, EFIS Doc. No. 1085.

²Case No. ER-2010-0356, Order of Clarification and Modification, p. 3, EFIS Doc. No. 1128.

1 The fact is, despite EMW's efforts to paint a picture that it is incurring losses as a result
2 of having Crossroads on line, the reality is that the Company has been able to earn a
3 return on this plant and its shareholders have benefited from its ongoing inclusion in
4 rates.

5 **Q IN HIS REBUTTAL TESTIMONY, MR. IVES CITES YOUR CLAIM THAT THE**
6 **COMMISSION MAY HAVE RULED DIFFERENTLY IN THE 2010-2013 TIMEFRAME**
7 **IF IT HAD REALIZED THE COMPANY WOULD ULTIMATELY THREATEN THE**
8 **CONTINUED EXISTENCE OF CROSSROADS WITHOUT TRANSMISSION COST**
9 **RECOVERY, AND STATES THAT THIS IS PURE SPECULATION ON YOUR PART.**
10 **PLEASE RESPOND.**

11 A I think it is quite obvious from the above Commission statement, that the Commission
12 intentionally linked the value of Crossroads and the non-recovery of transmission costs
13 together as a condition to recognize Crossroads in the regulated rate base.

14 **Q IN HIS REBUTTAL TESTIMONY, MR. IVES STATES THAT FROM 2014-2023, EMW**
15 **SHAREHOLDERS HAVE PAID OVER \$123 MILLION FOR TRANSMISSION**
16 **SERVICE. MR. IVES LABELS THESE PAYMENTS AS PENALTIES. DO YOU**
17 **AGREE EMW'S SHAREHOLDERS HAVE BEEN PENALIZED BY \$123 MILLION?**

18 A Absolutely not. I would characterize those payments as assessments to shareholders
19 to allow them to earn a fair return on a distressed asset that was located over 500 miles
20 from the service territory. That is by no means a penalty.

1 Q DURING THIS PERIOD WHEN MR. IVES ALLEGES COMPANY SHAREHOLDERS
2 WERE BEING PENALIZED, DID EMW PERFORM ANY STUDIES TO ADDRESS
3 THE CROSSROADS ISSUE?

4 A Per the rebuttal testimony of Staff witness Keith Majors, *****
5 *****
6 *****. In his rebuttal testimony,
7 Mr. Ives states that internal work revealed a number of factors weighing against
8 seeking a formal bid to quantify relocation of the plant. To the extent that there was
9 more internal analysis to the relocation effort, it seems that information at a minimum
10 should have been shared with the Staff and OPC. However, in his extensive rebuttal
11 testimony, Mr. Majors never mentions any further analysis of the relocation option. If
12 indeed further analysis were provided to the Staff and/or OPC, I would not have
13 expected Mr. Majors to continue to address the relocation option.

14 Q DO YOU BELIEVE RELOCATION SHOULD HAVE BEEN CLOSELY STUDIED BY
15 EMW?

16 A Yes. Faced with the annual payments of transmission costs, I would have made certain
17 that relocation was thoroughly studied and based on outside expert's opinion, the
18 relocation could not be pursued. I am confident based on the *****
19 ***** , Crossroads could have been relocated ***** than the
20 \$123 million of incurred transmission costs.

1 **Q DID EMW EVER MENTION DURING THE PERIOD FROM THE 2010 AND 2012**
2 **RATE CASES, UNTIL NOW, THAT CROSSROADS MAY NOT BE A DEPENDABLE**
3 **SOURCE OF CAPACITY?**

4 **A**No, in fact as Staff witness Brad Fortson included in his rebuttal testimony, EMW has
5 included Crossroads in its Integrated Resource Plan (“IRP”) studies for the following
6 periods:

- 7 • Case No. EO-2012-0324: Crossroads in for full Study Period – 2012-2031;
- 8 • Case No. EO-2015-0252: Crossroads in for full Study Period – 2015-2034;
- 9 • Case No. EO-2018-0269: Crossroads in for full Study Period – 2018-2037; and
- 10 • Case No. EO-2021-0036: Crossroads in for full Study Period – 2021-2040.

11 According to Mr. Fortson, not until the 2024 IRP study was any consideration
12 studied that Crossroads would not be accredited capacity for its entire service life.

13 Furthermore, given the fact that transmission cost recovery had not been
14 brought before the Commission since the 2012 rate case, it could be rightfully assumed
15 that Crossroads would remain a capacity resource for EMW until at least 2040, the
16 projected remaining useful life, well after the expiration of the transmission contract.

17 Once again, these facts cannot be ignored. The inaction from EMW in this time
18 period, if indeed they never contemplated renewing the transmission contract without
19 transmission cost recovery, is a blatant error in judgment on behalf of EMW and that
20 behavior should not be rewarded as EMW proposes.

21 **Q IS THERE A SOLUTION TO THIS PROBLEM?**

22 **A**There is still approximately five years before the expiration of the transmission contract.
23 I also believe another EMW rate case will be filed prior to the expiration of the
24 transmission contract. I would propose that discussions begin immediately to see if an

1 agreeable solution can be reached by all parties with all facts available to all parties.
2 However, an agreeable solution cannot be EMW's customers paying the full
3 transmission costs for Crossroads into the future. EMW's management must be held
4 accountable for not only the past problems from Crossroads, but also the apparent lack
5 of action during the immediate past.

6 **Q WHAT IS YOUR POSITION FOR THIS RATE CASE?**

7 A I continue to recommend the Commission deny any recovery of transmission costs
8 from Crossroads.

9 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

10 A Yes, it does.

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