

Exhibit No.:
Issue(s): *Special Incremental
Load/NUCOR*
Witness: *Justin Tevie*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal/True-Up
Direct Testimony*
Case No.: *ER-2024-0189*
Date Testimony Prepared: *September 10, 2024*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

CORRECTED

SURREBUTTAL/TRUE-UP DIRECT TESTIMONY

OF

JUSTIN TEVIE

EVERGY MISSOURI WEST, INC.,

d/b/a Evergy Missouri West

CASE NO. ER-2024-0189

Jefferson City, Missouri
September 10, 2024

1 **CORRECTED**

2 **SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

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4 **JUSTIN TEVIE**

5 **EVERGY MISSOURI WEST, INC.,**
6 **d/b/a Evergy Missouri West**

7 **CASE NO. ER-2024-0189**

8 Q. Please state your name and business address.

9 A. My name is Justin Tevie, P.O. Box 360, Jefferson City, Missouri, 65102.

10 Q. Are you the same Justin Tevie that provided direct and rebuttal testimony
11 in this case?

12 A. Yes

13 Q. What is the purpose of your surrebuttal and true-up direct testimony?

14 A. My surrebuttal testimony responds to the Rebuttal Testimonies of
15 Evergy Missouri West (“EMW”) witnesses JP Meitner, Linda Nunn and Hsin Foo regarding
16 issues related to SPP market prices and Staff’s Schedule JT-d2 revenue imputation adjustment.

17 My testimony also updates Staff’s position on the revenues associated
18 with Schedule SIL and the Schedule SIL revenue imputation adjustment based upon
19 information through June 30, 2024. EMW did not provide support for its SPP capacity
20 accreditation and Staff does not agree with EMW’s use of a normalized load cost. My true-
21 up direct testimony includes updated results to market prices and Staff’s revenue
22 adjustments attached as Schedule JT-s1. The amount of under recovery from
23 NUCOR’s operations decreased to ** [REDACTED] **.

1 **SURREBUTTAL TESTIMONY**

2 **RESPONSE TO JP MEITNER**

3 Q. What does Mr. Meitner say in his testimony?

4 A. Mr. Meitner states on page 5, lines 11-13, that “Taking the report as originally
5 made, replacing actual purchased power with a normalized ongoing view and removing the
6 additional capacity costs, the report shows that Nucor’s revenues exceed their costs”

7 Q. Do you agree with that statement?

8 A. No. It is impractical to replace actual NUCOR purchased power costs with a
9 normalized cost because of the highly variable nature of its operations. Any attempt to do so
10 will be fraught with imprecise and misleading assumptions. Additionally, the company has not
11 provided work papers to support this normalized load, albeit Staff has requested them and any
12 supporting documents relating to its SPP capacity accreditation. Staff has not been able to
13 evaluate the reasonability of EMW’s normalized cost for serving NUCOR.

14 **RESPONSE TO HSIN FOO,**

15 Q. What does Hsin Foo say in her testimony?

16 A. Ms. Foo states on page 8, line 12 that I used an incorrect node for calculating
17 revenues attributable to the Cimarron Bend III wind farm.

18 Q. Do you agree with that statement?

19 A. Yes. In Staff’s direct filing an incorrect settlement node was used for
20 the Cimarron Bend III wind farm. Staff’s work papers for Evergy West have been corrected to
21 use the ** [REDACTED] ** node for calculating revenue from the Cimarron Bend III wind farm.
22 I have addressed this issue in my rebuttal testimony.

23

1 **RESPONSE TO LINDA NUNN**

2 Q. In her rebuttal testimony, EMW witness Linda Nunn disagrees with Staff's
3 under-recovery amount of approximately ** [REDACTED] **. Does Ms. Nunn make any statements
4 concerning why she disagrees with this imputation?

5 A. Yes. Ms. Nunn states that Staff used an incorrect settlement node to calculate
6 the net purchased power costs attributable to NUCOR. I have addressed this issue in my
7 rebuttal testimony.

8 Q. Did Ms. Nunn mention any other issues of concern to Staff in her testimony?

9 A. Yes. Ms. Nunn states in Schedule LJN-7 that the purchased power cost,
10 normalized, based on EMW's fuel run is ** [REDACTED] **. She also does not provide an
11 explanation for removing capacity cost from the Schedule.

12 Q. Do you agree with her assessment?

13 A. No. Staff objects to the use of the normalized load cost in place of the actual
14 purchased power cost. Staff believes that EMW should use actual purchased power costs
15 incurred to serve NUCOR because of the variability of its operations. Furthermore, EMW has
16 not provided any support for the normalized load cost included in Ms. Nunn's
17 Schedule LJN-7. In addition, EMW must provide an explanation, with supporting
18 documentation for its SPP capacity accreditation, for its removal of capacity cost from the
19 Schedule LJN-7. Staff's estimated amount of under recovery from NUCOR's operations
20 decreased to approximately ** [REDACTED] ** and is included in Schedule JT-s1 attached
21 to this testimony.

22

1 **TRUE-UP DIRECT TESTIMONY**

2 **MARKET PRICES**

3 Q. How did Staff address market prices?

4 A. Staff used a two-year average (2021 and 2023) of market prices for all nodes
5 included in Staff's fuel model in its normalization, which is a departure from the approach used
6 in its direct testimony. In direct testimony, Staff developed a normalized set of prices by looking
7 at the three years of data ending in December 2023 for all nodes included in Staff's fuel model.
8 Further research revealed that market prices that prevailed in 2022 were abnormally high and
9 not representative of a normal year, so they were removed from the normalization.
10 Staff concluded that the two-year average of market prices was more appropriate and reflective
11 of normal conditions. . The detailed methodology employed by Staff, in this normalization,
12 was described in my direct testimony.

13 **SCHEDULE SIL/NUCOR ADJUSTMENTS**

14 **TRUE-UP ADJUSTMENT**

15 Q. What adjustments did Staff perform to Schedule SIL revenues?

16 A. Staff annualized Schedule SIL revenues based on the new rates stipulated in
17 Schedule SIL-1¹ (applicable only to NUCOR which took effect in March 2024) and applied
18 them to the true-up adjustments based on billing determinants supplied by EMW.

19 Q. What is the trued-up level of Staff's adjustment for Schedule SIL?

20 A. A true-up adjustment of ** [REDACTED] ** was applied resulting in ending
21 revenues of ** [REDACTED] ** for Schedule SIL.

22

¹ This document contains a contractual rate schedule for ten years of operation.

1 **UNDER RECOVERY AMOUNT**

2 Q. Why did Staff choose the 12-month period ending April 30, 2024 specifically to
3 determine the amount of under recovery?

4 A. Staff realized that the NUCOR tracking reports, supplied by EMW, were only
5 updated through April 2024 so it made sense to assess the performance of NUCOR during this
6 period.

7 Q. What adjustments did Staff perform to NUCOR's revenues in order to determine
8 the amount of under recovery?

9 A. Staff annualized NUCOR's revenues based on the new rates stipulated in
10 Schedule SIL-1 that were effective March 2024.

11 Q. How does this adjustment affect NUCOR's revenues?

12 A. NUCOR's annualized revenues increased to approximately ** [REDACTED] **

13 Q. What is the level of Staff's under recovery amount for NUCOR?

14 A. Staff determined the new under-recovery amount to be approximately
15 ** [REDACTED] ** and is attached as Schedule JT-s1 to this testimony.

16 **CONCLUSION**

17 Q. What is Staff's recommendation?

18 A. Staff recommends that the revenue requirement of EMW should be reduced by
19 an amount equivalent to the under recovery of NUCOR revenues.

20 Q. Does this conclude your surrebuttal/true-up direct testimony?

21 A. Yes, it does.

Case No. ER-2024-0189

SCHEDULE JT-s1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY