

Exhibit No. 139

Evergy Missouri West – Exhibit 139
James (JP) Meitner
Surrebuttal
File No. ER-2024-0189

Public Version

Exhibit No.:

Issue: Nucor and Hedging

Witness: James (JP) Meitner

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: Evergy Missouri West

Case No.: ER-2024-0189

Date Testimony Prepared: September 10, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2024-0189

SURREBUTTAL TESTIMONY

OF

JAMES (JP) MEITNER

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri

September 2024

SURREBUTTAL TESTIMONY

OF

JAMES (JP) MEITNER

Case No. ER-2024-0189

I. INTRODUCTION

1

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

3 A: My name is James (JP) Meitner. My business address is 818 S. Kansas Avenue, Topeka,
4 Kansas.

5 **Q: Are you the same James (JP) Meitner who submitted direct testimony on February 2,**
6 **2024 and rebuttal testimony on August 6, 2024?**

7 A: Yes.

8 **Q: On whose behalf are you testifying?**

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

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The purpose of my surrebuttal testimony is to respond to several witnesses’ testimony
13 related to both Nucor and Hedging. First, I will respond to the rebuttal testimony of
14 Missouri Public Service Commission (“MPSC” or “Commission”) witness Justin Tevie
15 related to the Special Incremental Load (“SIL”) agreement between EMW and Nucor Steel
16 Sedalia, LLC (“Nucor”). Second, I will respond to the rebuttal testimony of Staff witness
17 Brooke Mastrogiannis. Finally, I will respond to the rebuttal testimony of Office of Public

1 Counsel (“OPC”) witnesses John S. Riley and Lena Mantle (including the direct testimony
2 referenced in their rebuttal testimony).

3 **I. NUCOR SPECIAL INCREMENTAL LOAD**

4 **Q: Can you repeat your explanation of how the accredited capacity requirement in**
5 **Southwest Power Pool (“SPP”) works?**

6 A: Yes. Once a year, load-serving entities like EMW are required by SPP to populate a
7 resource adequacy workbook for the upcoming summer season. Included in this workbook
8 are load forecasts for that summer season and accredited capacity amounts of each
9 generator, power purchase agreement (“PPA”), import, etc. The load-serving entity must
10 claim enough accredited capacity to meet the forecasted load plus a Planning Reserve
11 Margin (“PRM”) of 15% to be considered capacity sufficient. SPP approves these
12 workbooks prior to June 1, which satisfies the accredited capacity requirement. Said
13 another way, once this process is complete, the load-serving entity has met its capacity
14 requirement for the upcoming season.

15 **Q: Why is this important to understand in the case of the Nucor load?**

16 A: Witness Tevie points out in his rebuttal testimony that Staff calculated the cost of Nucor
17 exceeding its peak load forecast of ** [REDACTED]

18 [REDACTED] ** The exceedance of the
19 peak load forecast is irrelevant in terms of a capacity requirement, thus Staff’s calculation
20 is not correct. Accredited capacity calculations are forward-looking, not after-the-fact true-
21 ups. There are no additional costs for capacity for actual loads that exceed peak load
22 forecasts. As stated in the response to the previous question, once the resource adequacy

1 process is complete, the load-serving entity has met its capacity requirement for the
2 upcoming season and no new capacity is required if actual loads exceed forecasted loads.

3 **Q: Is witness Tevie confusing energy requirements and capacity requirements in SPP?**

4 A: I believe he is. If Nucor's actual energy needs exceed forecasted energy needs at any time,
5 those impacts of day-ahead and real time pricing are captured in the Nucor tracking sheet
6 and allocated in the Staff calculation in Tevie's Exhibit 1. The Nucor Capacity Calculation
7 workbook, attached as Confidential Schedule JMP-2 shows the adequacy of capacity for
8 the Nucor load for the 2023 year process and therefore, no shortfall under recovery should
9 be added to Exhibit 1.

10 **Q: If the capacity requirement of Nucor is met by the wind PPA, should there be any**
11 **capacity costs in Exhibit 1?**

12 A: No. As I stated in my rebuttal testimony, the wind PPA's accredited capacity in the 2023
13 SPP resource adequacy workbook exceed the Nucor forecasted peak load plus the 15%
14 planning reserve margin, therefore there should be no capacity costs included. The
15 \$861,000 and \$118,686 should be removed from the Staff's calculation.

16 **Q: Does removing those two costs mean that the Company has not under-recovered from**
17 **Nucor pursuant to the Nucor SIL contract?**

18 A: Yes, it does. Removing those two costs show an over recovery of \$342,000.

19 **II. HEDGING**

20 **Q: Do you have any rebuttal to Ms. Mastrogiannis' testimony?**

21 A: Generally, no. I appreciate witness Mastrogiannis' testimony and agree with nearly
22 everything she states. The only section I would disagree with is the total dollars to be
23 included in a four-year amortization. Witness Mastrogiannis has \$3.1 million, but please

1 refer to Evergy witness Nunn's surrebuttal testimony for the correct amount to be
2 amortized.

3 **Q: Do you agree with OPC witnesses Mantle and Riley that hedging costs/gains should**
4 **not be included in the fuel adjustment clause ("FAC")?**

5 A: No. In fact, in my experience, hedging costs/gains do flow through fuel adjustment clauses.
6 The Kansas Corporation Commission has approved all hedging activities for Evergy to
7 flow through fuel clause in Kansas.

8 **Q: Why should all hedging activity flow through the FAC?**

9 A: As I stated in my rebuttal testimony, hedging activity in the FAC is the only way to ensure
10 the customers that are impacted by the hedging activity are the ones that receive the
11 benefits/costs associated with the activity. As I noted above, the only way to align the
12 hedging financial results with the fuel and power financial results in a way to ensure
13 customers see the actual impact of the program is to flow both sides of the transaction
14 through the fuel clause. Waiting to review and flow the hedge results through base rates
15 completely misses the mark of aligning the hedge results with the underlying transaction.
16 The underlying transaction would have already been recorded through the fuel clause and,
17 with the potential for multiple years in the separation of costs, can certainly mean that
18 customers paying for or receiving a benefit from the hedge itself are not the same customers
19 that received a benefit from or paid for the underlying hedged transaction through the fuel
20 clause. Such disjointed treatment does not mitigate the volatility at the customer level that
21 the hedging policy was designed to address.

22 **Q: Does that conclude your testimony?**

23 A: Yes, it does.

**SCHEDULE JPM-2
CONTAINS CONFIDENTIAL
INFORMATION
NOT AVAILABLE TO THE PUBLIC.**

ORIGINAL FILED UNDER SEAL.

**Evergy Metro, Inc. d/b/a Evergy Missouri Metro and
Evergy Missouri West, Inc. d/b/a Evergy Missouri West**

Docket No.: ER-2024-0189

Date: September 10, 2024

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	Reason for Confidentiality from List Below
Surrebuttal, p. 2, Ins. 17-18	3 and 4
Schedule JPM-2	3 and 4

Rationale for the “confidential” designation pursuant to 20 CSR 4240-2.135 is documented below:

1. Customer-specific information;
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3. Marketing analysis or other market-specific information relating to services offered in competition with others;
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