

Exhibit No. 268

Staff – Exhibit 268
Justin Tevie
Surrebuttal/True-Up Direct
File No. ER-2024-0189

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

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 **SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

2 **OF**

3 **JUSTIN TEVIE**

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

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

7 Q. Please state your name and business address.

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

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

11 A. Yes

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

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

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

21 The amount of under recovery from NUCOR’s operations decreased to ** [REDACTED] **.

22 **SURREBUTTAL TESTIMONY**

23 **RESPONSE TO JP MEITNER**

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

Surrebuttal/True-up Direct Testimony of
Justin Tevie

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

4 Q. Do you agree with that statement?

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

11 **RESPONSE TO HSIN FOO,**

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

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

15 Q. Do you agree with that statement?

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

20 **RESPONSE TO LINDA NUNN**

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

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

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

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

8 Q. Do you agree with her assessment?

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

18 **TRUE-UP DIRECT TESTIMONY**

19 **MARKET PRICES**

20 Q. How did Staff address market prices?

21 A. Staff used a two-year average (2021 and 2023) of market prices for all nodes
22 included in Staff's fuel model in its normalization, which is a departure from the approach used
23 in its direct testimony. In direct testimony, Staff developed a normalized set of prices by looking

1 at the three years of data ending in December 2023 for all nodes included in Staff's fuel model.
2 Further research revealed that market prices that prevailed in 2022 were abnormally high and
3 not representative of a normal year, so they were removed from the normalization.
4 Staff concluded that the two-year average of market prices was more appropriate and reflective
5 of normal conditions. . The detailed methodology employed by Staff, in this normalization,
6 was described in my direct testimony.

7 **SCHEDULE SIL/NUCOR ADJUSTMENTS**

8 **TRUE-UP ADJUSTMENT**

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

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

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

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

16 **UNDER RECOVERY AMOUNT**

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

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

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

Surrebuttal/True-up Direct Testimony of
Justin Tevie

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

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

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

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

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

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

10 **CONCLUSION**

11 Q. What is Staff's recommendation?

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

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

15 A. Yes, it does.

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 to Implement A General Rate)
Increase for Electric Service) Case No. ER-2024-0189

AFFIDAVIT OF JUSTIN TEVIE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JUSTIN TEVIE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal / True-Up Direct Testimony of Justin Tevie*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

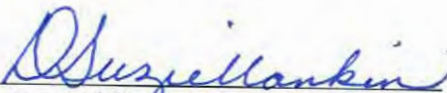


JUSTIN TEVIE

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 5th day of September 2024.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

Case No. ER-2024-0189

SCHEDULE JT-s1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY