

# Exhibit No. 105P

Staff – Exhibit 105P  
J Luebbert  
Rebuttal Testimony  
File No. EF-2022-0155

*Exhibit No.:*  
*Issue(s):* Customer Event Balancing  
*Witness:* J Luebbert  
*Sponsoring Party:* MoPSC Staff  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**Tariff/Rate Design DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**J LUEBBERT**

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

**Case No. EF-2022-0155**

*Jefferson City, Missouri  
June 2022*

**\*\* Denotes Confidential Information \*\***

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J LUEBBERT  
Evergy Missouri West, Inc.,  
d/b/a Evergy Missouri West  
Case No. EF-2022-0155**

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1 Q. What knowledge, skills, experience, training and education do you have in the  
2 areas of which you are testifying as an expert witness?

3 A. I have received continuous training at in-house and outside seminars on  
4 technical matters since I began my employment at the Commission. I have been employed by  
5 this Commission since 2016 and have submitted testimony numerous times on a wide variety  
6 of issues before the Commission. During my time as a member of the Energy Resources  
7 Department, I was part of the integrated resource planning review process and conducted  
8 extensive research regarding demand-side management of Evergy. As Case Manager, I was  
9 involved in the settlement process of Case No. EO-2019-0244.<sup>1</sup> I recently filed direct testimony  
10 in Case No. ER-2022-0130<sup>2</sup> concerning the necessary revenue requirement adjustment based  
11 on Evergy Missouri West's ("EMW") implementation of the Special Incremental Load tariff  
12 ("Schedule SIL").

13 **EXECUTIVE SUMMARY**

14 Q. What is the purpose of your rebuttal testimony?

15 A. The purpose of my rebuttal testimony is to sponsor Staff's adjustment to the  
16 costs included for securitization based upon the terms of the non-unanimous Stipulation and  
17 Agreement ("Stipulation") between EMW (formerly KCP&L Greater Missouri Operations  
18 Company), Commission Staff ("Staff"), and Nucor Steel Sedalia, LLC ("Nucor").<sup>3</sup>  
19 Specifically, my testimony and proposed disallowance will account for Customer Event

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<sup>1</sup> Case No. EO-2019-0244 is the docket that the Commission ordered approval of Evergy Missouri West's Special Incremental Load tariff under which Nucor is currently served.

<sup>2</sup> Case No. EO-2022-0130 is the pending general rate case of Evergy Missouri West.

<sup>3</sup> Non-Unanimous Stipulation and Agreement filed on September 19, 2019 in Case No. EO-2019-0244 and approved by the Missouri Public Service Commission on November 13, 2019. The Stipulation is included as Schedule JL-r2 for reference.

1 Balancing which has been omitted by EMW as an adjustment to reduce the requested  
2 securitization of costs. As explained throughout this rebuttal testimony, EMW's improper and  
3 imprudent implementation of the Schedule SIL tariff in combination with the Stipulation  
4 resulted in additional costs to non-Nucor ratepayers through the EMW Fuel Adjustment Clause  
5 ("FAC") and subsequently being included in the EMW cost securitization request.

6 Q. What is your recommended disallowance in this case?

7 A. I recommend that the Commission order an adjustment to reduce the costs to be  
8 securitized by EMW in the amount of \$1,516,621 based upon a proxy expected load of Nucor  
9 in lieu of hourly expected load data being provided for Nucor.

10 Q. Why is your recommended disallowance necessary in this case?

11 A. A disallowance is necessary to insulate ratepayers from the negative financial  
12 impacts associated with EMW's imprudent implementation of the Schedule SIL tariff in  
13 combination with the Stipulation. An exact quantification of the disallowance necessary to  
14 insulate non-Nucor ratepayers is difficult, in that an element of EMW's imprudence is that it  
15 has not retained the data necessary to determine the hours in which payments were due in order  
16 to comply with the Commission approved Stipulation.

17 Q. At a high level, what standard does Staff employ to determine prudence of utility  
18 decision making?

19 A. In evaluating prudence, Staff reviews whether a reasonable person making the  
20 same decision would find both the information the decision-maker relied on and the process the  
21 decision-maker employed to be reasonable based on the circumstances at the time the decision  
22 was made, i.e., without the benefit of hindsight.

1 Q. Why was EMW's implementation of the Schedule SIL in combination with the  
2 Stipulation imprudent?

3 A. EMW acknowledged the potential for incurred costs resulting from Customer  
4 Event Balancing. EMW agreed to identify, isolate, and remove those costs to insulate  
5 non-Nucor ratepayers from paying those costs. EMW did not identify Customer Event  
6 Balancing events, quantify the cost impacts of the events, or remove those costs from its  
7 securitization request. EMW improperly implemented the Schedule SIL tariff in combination  
8 with the Stipulation by failing to determine or estimate the next-day Nucor hourly load which  
9 could be compared to actual Nucor load to determine the cost impacts on non-Nucor ratepayers.  
10 The result of ignoring these events in this case is non-Nucor ratepayer harm through additional  
11 costs being included in the SUTC and EMW shareholders being insulated from those costs  
12 which the company agreed to remove prior to non-Nucor ratepayer recovery. It is unreasonable  
13 to acknowledge the potential for additional costs, agree to isolate and remove those costs from  
14 non-Nucor ratepayer recovery, and then implement the Schedule SIL tariff in combination with  
15 the Stipulation in a manner that does not allow for a transparent method to identify, quantify,  
16 and isolate those costs from non-Nucor ratepayers. These components are more thoroughly  
17 discussed throughout the remainder of this testimony.

18 Q. Do you recommend that the Commission order EMW to comply with any other  
19 conditions that do not directly impact costs to be securitized in this case?

20 A. Yes. Similar to my recommendations in Case No. ER-2022-0130, I recommend  
21 that the Commission order EMW to:

- 22 1. Establish and maintain consistent communication with Nucor to understand  
23 what impacts the expected operations at the plant will have on SPP purchased  
24 power expenses in order to facilitate accurate records;

- 1           2. Keep records of the finite expected hourly load of Nucor’s next day operations  
2           in the event an adjustment in accordance with Paragraph 7.d. of the Stipulation  
3           is necessary in a future case;
- 4           3. Identify additional SPP related costs resulting from unexpected operational  
5           events;
- 6           4. Quantify the balancing relationship between the hourly and day-ahead (“DA”)  
7           prices to identify the effect of the unplanned load change to apportion any  
8           additional SPP balancing charges; and
- 9           5. Incorporate the effect of DA and real-time (“RT”) imbalances attributed to  
10          differences between actual Nucor operations and expected operations into the  
11          tracking of Nucor costs.

#### 12           **Background of Schedule SIL and Nucor**

13           Q.     What is Nucor?

14           A.     Nucor Corporation and its affiliates are engaged in the manufacture of steel and  
15          steel products at over 60 facilities in the United States, including 21 steel mills that use electric  
16          arc furnaces to produce steel.<sup>4</sup> Nucor Corporation constructed a steel rebar producing  
17          “micro mill” in Sedalia, Missouri, which utilizes an electric arc furnace to recycle scrap steel  
18          into steel rebar. I will refer to the Sedalia facility as Nucor throughout the remainder of my  
19          testimony. Nucor receives energy under a unique arrangement made possible through EMW’s  
20          Schedule SIL,<sup>5</sup> the Special Incremental Load Rate Contract, and Schedule SIL-1 which  
21          contains the rates specific to Nucor service. According to the Purpose section of Schedule SIL,  
22          the rate schedule is “designed to provide certain Customers with new or incremental increases  
23          in load, access to a special rate that is not based on the Company's cost of service like generally

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<sup>4</sup> Page 3 of the Direct testimony of Kevin Van de Ven in Case No. EO-2019-0244.

<sup>5</sup> Schedule JL-r2, contains Schedule SIL, pages 17-20.



1 available tariff rates, but is designed to recover no less than the incremental costs of serving the  
2 new load.”<sup>6</sup> Schedule SIL is limited to customers with new, incremental load who:

- 3 • Have a facility whose primary industry is the smelting of aluminum and  
4 primary metals, (Standard Industrial Classification Code 3334); or,
- 5 • Have a facility whose primary industry is the production or fabrication  
6 of steel (North American Industrial Classification System 331110); or,
- 7 • Operate a facility with an increase in load equal to or in excess of a  
8 monthly demand of fifty megawatts.

9 Furthermore, The Special Incremental Load Rate Contract for Nucor includes a ten-year  
10 term that began January 1, 2020, and the rate “will be designed to recover no less than the  
11 incremental cost to serve the Customer over the term of the Special Incremental Load Rate  
12 Contract. Non-participating customers shall be held harmless from any deficit in revenues  
13 provided by any customer served under this tariff.”<sup>7</sup>

14 Q. How does Nucor’s load compare to other EMW customers?

15 A. At this time, Nucor’s demand is larger than any other EMW customer.  
16 During Staff’s update period<sup>8</sup> for Case No. ER-2022-0130, Nucor’s maximum load exceeded  
17 \*\* [REDACTED] \*\* Nucor’s load comprised approximately \*\* [REDACTED]

<sup>6</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.

<sup>7</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.2.

<sup>8</sup> 12-month period ending December 31, 2021.

1 [REDACTED] <sup>9</sup> [REDACTED]

2 [REDACTED] <sup>10</sup> [REDACTED] <sup>11</sup> \*\*

3 Q. Why is Nucor’s load relative to other EMW customers relevant to this case?

4 A. Nucor’s relative load is important to consider because the load of Nucor  
5 dramatically impacts the overall purchased power costs of EMW through Southwest Power  
6 Pool (“SPP”). Changes in actual operational loads of Nucor compared to expected loads that  
7 are not reflected in EMW’s bids for load purchases from SPP can cause imbalances in the  
8 overall purchased power costs that will flow through the FAC if they are not identified and  
9 isolated, or in this case the Securitized Utility Tariff charge (“SUTC”). The SPP market costs  
10 incurred during February of 2021 further exacerbate the issue related to these imbalances of  
11 load. Furthermore, EMW entered into a wind Purchased Power Agreement (“PPA”) to offset  
12 the energy needs of Nucor and partially offset its capacity needs. Wind resources are  
13 intermittent generation resources, meaning that they are not dispatched based on load needs.  
14 Said another way, the wind resource generates electricity when weather conditions allow and  
15 that generation is variable depending on those weather conditions. Nucor operations do not  
16 follow the generational output of the PPA and there will be times that a sizeable amount  
17 of Nucor load is served primarily through SPP market energy purchases without  
18 offsetting injection of wind energy from the PPA. Some of these purchases may be offset at

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<sup>9</sup> Average daily maximum load minus average daily minimum load.

<sup>10</sup> \*\* [REDACTED] \*\*

<sup>11</sup> In its Report and Order in File No. EO-2019-0244 at page 5 the Commission included as a finding of fact that “The mill will take electric power with a high load factor,” citing “Ives Direct, Ex. 2, Page 8, Lines 19-21. The numbers shown in the testimony are confidential.” In that testimony, Mr. Ives stated “Nucor is a large electric customer with an anticipated total load of \*\* [REDACTED] \*\*” \*\* A higher load factor would generally indicate that a more stable level of consumption can be expected in a given interval than a lower load factor, within the mathematical range established by that load factor.

1 later time periods when the PPA produces more electricity than the needs of the Nucor plant,  
2 but different market conditions occur during different time periods. When volatile market  
3 conditions exist, these differences in market prices can cause large imbalances in a relatively  
4 short timeframe. Absent active identification, mitigation, isolation, and removal of these costs  
5 from the SUTC, non-Nucor ratepayers end up subsidizing these costs. While this was all known  
6 and contemplated at the time that this tariff was approved,<sup>12</sup> the provisions of the tariff and the  
7 Stipulation are integral to insulating non-Nucor ratepayers from these effects.

8 Q. What level of information would it be prudent for EMW to obtain from Nucor  
9 in the ordinary course of business?

10 A. Given the impact that the Nucor load has on EMW's SPP purchased power  
11 expense, EMW should obtain and understand Nucor's operational requirements on a daily basis.  
12 Further, due to the hold-harmless provisions contemplated by the tariff and the Stipulation, a  
13 high level of EMW understanding of Nucor's load is appropriate to minimize, mitigate, and  
14 isolate the impacts of Nucor operations on SPP purchased power expense and capacity  
15 purchases that flow to other ratepayers.

16 **Background of hold-harmless provisions and EMW representations**

17 Q. Does Schedule SIL contain hold harmless provisions?

18 A. Yes. Under the Special Rate, Provisions, and Terms section of Schedule SIL,  
19 "Non-participating customers shall be held harmless from any deficit in revenues provided by  
20 any customer served under this tariff."<sup>13</sup>

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<sup>12</sup> At the time of the tariff being approved, the costs were expected to be removed from the EMW FAC. While the SUTC was not contemplated at the time, the potential for cost recovery from non-Nucor ratepayers remains with EMW's request for securitization of costs that would have otherwise been recovered through the FAC.

<sup>13</sup> Schedule SIL - P.S.C. MO. No. 1 Original Sheet No. 157.2.

1 Q. What components are included in Exhibit 1 of the Stipulation?

2 A. At a high level, Exhibit 1<sup>14</sup> is broken into three categories: Rate Base, Net Cost  
3 of Service, and Overall Cost of Capital. My rebuttal testimony will focus primarily on the  
4 inputs of the Net Cost of Service portion of the Exhibit.

5 Q. What components are explicitly spelled out in the Net Cost of Service portion  
6 of Exhibit 1 to the Agreement?

7 A. The Net Cost of Service portion of Exhibit 1 explicitly states the following cost  
8 categories:

- 9 1. Purchased Power
- 10 2. Customer Event Balancing
- 11 3. Other Sales for Resale
- 12 4. Transmission Costs
- 13 5. Net Capacity Costs
- 14 6. Administration Costs
- 15 7. Other Contingency Costs

16 Q. Which of the aforementioned cost categories do you plan to address in more  
17 detail through this rebuttal testimony?

18 A. My testimony in this case will address customer event balancing.

19 Q. Did EMW counsel and witnesses discuss the protections expected to be provided  
20 to non-Nucor ratepayers through the terms of the agreement during the hearing proceedings for  
21 Case No. EO-2019-0244?

22 A. Yes. EMW counsel, James Fischer, discussed the protections and EMW witness  
23 Darrin R. Ives testified during the hearing regarding the non-Nucor ratepayer safeguards. I will

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<sup>14</sup> An illustrative example of Exhibit 1 is included in Schedule JL-r2 on page 12.

1 provide a few excerpts of the EWM representations before the Commission on behalf of EMW  
2 related to non-Nucor ratepayer protections that are relevant to Staff's recommended  
3 disallowance in this case.<sup>15</sup>

4 **EMW representation of Non-Nucor Ratepayer Protections**

5 "There are also significant customer protections to ensure that other customers are not  
6 adversely affected by the Nucor contract or its operation. The specifics of those protections and  
7 -- are contained in paragraph 7 and paragraph 8 of the stipulation."<sup>16</sup>

8 "...the Company will also identify and isolate the supply costs attributable to Nucor."<sup>17</sup>

9 "The Company will monitor Nucor's operations and will identify additional SPP-related  
10 costs resulting from unexpected operational events. If these unexpected operational events  
11 would happen to increase costs to non-Nucor customers, the amount of the increased costs will  
12 be identified and reflected in the subsequent FAC rate changes and appropriate adjustments  
13 would be made."<sup>18</sup>

14 "In other words, we expect this to be a profitable contract that will benefit all customers,  
15 but in no event will any revenue deficiency from the Nucor operations be reflected in the rates  
16 of other customers.

17 There will also be communication between Nucor and the Company related to things  
18 like planned outages, maintenance outages and similar operational details that the Company  
19 will be in a position to carefully monitor what's going on at the plant and what effects that would  
20 have on its electric system."<sup>19</sup>

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<sup>15</sup> The pages of the EO-2019-0244 transcript cited included as Schedule JL-r3.

<sup>16</sup> Page 28 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>17</sup> Page 29 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>18</sup> Page 29 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>19</sup> Page 30 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

1           “And that's why we felt it was important to put the hold harmless protection in so that  
2 non-Nucor customers would -- would not be in a position of subsidizing service to Nucor...”<sup>20</sup>

3           “And then finally, because of some of the things I discussed about timing and  
4 intermittence of supply, we've provided a hold harmless to ensure that if there were a situation  
5 where non-Nucor customers would be asked to subsidize, that we will make an adjustment to  
6 make sure that does not happen.”<sup>21</sup>

7           “So there certainly will be periods where we'll have to serve, you know, from -- from  
8 other energy supply.

9           And that's why it was important to Staff, and us as well, to have the detail in the -- the  
10 monitoring and -- and reporting mechanism so that we can -- we can identify those costs and  
11 make sure that that's part of our comparison to costs -- of costs to revenues from Nucor.”<sup>22</sup>

12           Q.     Why are the numerous representations of EMW in Case No. EO-2019-0244  
13 relevant to this proceeding?

14           A.     The representations of EMW along with the hold harmless provisions provided  
15 clear assurances that non-Nucor ratepayers would not be asked to subsidize the costs of serving  
16 Nucor during the 10-year term of the contract between EMW and Nucor. These representations  
17 and the underlying terms in the Stipulation and SIL tariff were instrumental in Staff's  
18 acceptance of the terms of the agreement. EMW was willing to agree to the hold-harmless  
19 provisions and should therefore be held accountable to those agreements and representations  
20 through an adjustment to the requested revenue requirement in this case. Further, the Report  
21 and Order in File No. EO-2019-0244 at page 7-8 includes the factual findings that:

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<sup>20</sup> Page 116 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>21</sup> Page 118 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

<sup>22</sup> Page 134 of Transcript – Volume 3 (Evidentiary Hearing) October 17, 2019 in Case No. EO-2019-0244.

1           The stipulation and agreement also **includes provisions to protect**  
2           **EMW's other customers from any adverse effects from the special**  
3           **rate being provided to Nucor.** EMW expects that the overall aggregate  
4           revenues it receives from Nucor over the ten-year period of the special  
5           contract and rate will exceed the company's incremental cost to provide  
6           that service. However, **EMW acknowledges that on a month-to-**  
7           **month view, conditions could fluctuate enough to produce an under-**  
8           **recovery of incremental costs in a specific month or months of the**  
9           **test year used to establish rates in a future rate case.** The stipulation  
10          and agreement addresses that possibility by providing that no such  
11          revenue deficiency would be reflected in EMW's cost of service during  
12          the ten-year term of the special contract and rate. In other words, **EMW's**  
13          **shareholders would be responsible for any such revenue shortfall,**  
14          **not ratepayers.** [Emphasis added.]

15           Q.     Did Mr. Ives provide any other testimony in Case No. EO-2019-0244 that relates  
16          to purchased power to serve Nucor and the exclusion of those costs from the EMW FAC?

17           A.     Yes. Mr. Ives' direct testimony in that case indicates that he recognizes that due  
18          to the variability of Nucor load and the intermittent nature of the PPA, that production and  
19          transmission market exposure exists. He states that the costs to serve Nucor will be tracked  
20          outside of the EMW FAC, and that Nucor is served by a dedicated energy resource, separate  
21          from the resources used to serve other EMW customers.<sup>23</sup>

22           Q.     Is Mr. Ives' statement about Nucor being served by resources separate from the  
23          resources used to serve other EMW customers misleading?

24           A.     Yes. In a given time interval, EMW purchases all of the energy necessary to  
25          meet its customers' load requirements, including Nucor, from SPP. The existence of the PPA  
26          serves as a potential offset of some of those costs when the revenue from PPA generation  
27          exceeds the contracted price,<sup>24</sup> but the PPA does not act as the sole energy source for Nucor.

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<sup>23</sup> Pages 13-14 of the direct testimony of Darrin R. Ives in Case No. EO-2019-0244.

<sup>24</sup> Time periods also occur when the contracted price exceeds the SPP revenue from the PPA resulting in additional costs as indicated by Mr. Ives' reference to potential production exposure.

1 Nucor's load is served in the same manner as the load of the other EMW customers, through  
2 SPP purchases.

3 **Explanation of disallowance related to Schedule SIL**

4 Q. Please provide an explanation of the Staff's disallowance related to the  
5 implementation of Schedule SIL and the Stipulation.

6 A. Staff's recommended disallowance is based upon Staff's estimation of the  
7 customer event balancing during the month of February 2021. The methodology utilized to  
8 estimate the costs are discussed more thoroughly in the Cost Calculation Methodologies section  
9 of my testimony.

10 Q. What is the purpose of Staff's recommended disallowance?

11 A. Staff's recommended disallowance seeks to implement the hold-harmless  
12 provisions envisioned by Schedule SIL and the Stipulation by removing the estimated costs of  
13 customer event balancing associated with EMW's provision of service to Nucor from the costs  
14 for which EMW has requested securitization.

15 Q. Have the quarterly reports provided by EMW to Staff in accordance with the  
16 Stipulation accurately accounted for EMW's incremental cost to serve Nucor?

17 A. No. EMW's quarterly reports and the costs included within EMW's  
18 securitization request have not accurately accounted for Customer Balancing Events resulting  
19 from changes to expected hourly Nucor operations.

20 Q. Are there any portions of Paragraph 7 of the Stipulation that are especially  
21 relevant to your testimony in this case?





1 Nucor load experiences a 25% deviation from the expected Nucor load  
2 for more than 4 hours and that load change is not reflected in the GMO  
3 day-ahead commitments, GMO will quantify the balancing relationship  
4 between the hourly and day-ahead prices to identify the effect of the  
5 unplanned load change to apportion any additional SPP balancing  
6 charges and will incorporate the effect attributed to Nucor into the  
7 tracking of Nucor costs.

8 If the effect of this relationship increases costs to non-Nucor customers,  
9 the amount will be reflected in a subsequent FAC rate change filing and  
10 the portion attributed to Nucor will be identified with supporting work  
11 papers and removed from the Actual Net Energy Cost prior to the  
12 calculation of the FAC rates.

13 Q. How might additional SPP related costs result from unexpected operational  
14 events?

15 A. Variations in actual Nucor operational load from the expected Nucor operational  
16 load coupled with the differences in RT Locational Marginal Prices (“LMP”) and DA LMPs  
17 can result in additional costs. If RT SPP LMPs and RT Nucor load exceed the DA LMPs and  
18 expected Nucor load, additional costs will be incurred. Conversely, if RT LMPs and RT Nucor  
19 load are less than the DA LMPs and the expected load, additional costs will be incurred.

20 I will provide a simplified example which illustrates the potential for these additional  
21 SPP related costs resulting from unexpected Nucor operations. The aforementioned example  
22 will assume that the load of Nucor is bid and purchased independently of the rest of the  
23 EMW load. While I recognize that does not reflect the reality of EMW’s SPP purchases to  
24 serve the load of ratepayers, it does illustrate the need for EMW to monitor, quantify, and isolate  
25 those costs in order to shield costs of serving Nucor from non-Nucor ratepayers.

26 If EMW expects Nucor load to be 20 MW for a period of 6 hours and the DA LMP is  
27 \$10/MWh, but actual Nucor load was 30 MW and the RT LMP was \$25/MWh for that

1 time period, an additional cost of \$900 would be incurred for that time period.<sup>25</sup> The estimation  
2 that I used for determining the estimated impact of these imbalances compares the expected  
3 load of Nucor and DA LMP to the actual Nucor load and RT LMPs. To the extent that these  
4 types of costs were incurred and not removed from EMW's securitization request, they will  
5 flow through the EMW SUTC.

6 Q. Are the aforementioned costs limited to periods of time that actual Nucor loads  
7 deviate from expectation by more than 25%?

8 A. No. The costs can result in any time increment that actual Nucor load deviates  
9 from the expected load.

10 Q. Are the aforementioned costs limited to periods of time that actual Nucor loads  
11 deviate from expectation for a period of more than 4 hours?

12 A. No. As I stated previously, additional costs can result in any time increment that  
13 actual Nucor load deviates from the expected load. However, Paragraph 7.d. of the Stipulation  
14 is the result of negotiations between the signatories and only requires EMW to quantify the cost  
15 impacts when "actual Nucor load experiences a 25% deviation from the expected Nucor load  
16 for more than 4 hours and that load change is not reflected in the GMO DA commitments."

17 Q. Has EMW properly implemented Schedule SIL in accordance with  
18 Paragraph 7.d. of the Stipulation?

19 A. No. EMW has completely side-stepped the intent of this ratepayer protection as  
20 envisioned by the Commission ordered Stipulation, resulting in ratepayer harm. Based on  
21 EMW response to Staff Data Request No. 0249.1 in Case No. ER-2022-0130,

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<sup>25</sup> The estimation determines the cost in a given hour based on the following formula: (DA LMP \* DA Load)  
+ (RT Load-DA Load)\*RT LMP)-(DA LMP\*RT Load). For the example shown: ((\$10/MWh \* 20MWh) +  
(30 MWh - 20 MWh) \* \$25/MWh) - (\$10/MWh \* 30 MWh))\*6 hours = \$900.

1                   \*\* [REDACTED]  
2                   [REDACTED]  
3                   [REDACTED]  
4                   [REDACTED]  
5                   [REDACTED]  
6                   [REDACTED]  
7                   [REDACTED]  
8                   [REDACTED]  
9                   [REDACTED]  
10                  [REDACTED]<sup>26</sup> [REDACTED]  
11                  [REDACTED]<sup>27</sup> \*\*

12           Q.     Does the fact that EMW has \*\* [REDACTED]  
13           [REDACTED] \*\* alleviate EMW from the obligations of the Stipulation and Schedule SIL?

14           A.     No. EMW has not identified an “unexpected operational event” nor quantified  
15           the financial harm to the non-Nucor ratepayers simply because EMW has interpreted  
16           Paragraph 7.d. to allow this absurd “operational load band” that would essentially allow EMW  
17           to turn a blind eye to any potential non-Nucor ratepayer harm so long as Nucor operates  
18           somewhere between \*\* [REDACTED]<sup>28</sup> [REDACTED]

19           [REDACTED]  
20           [REDACTED]

21           [REDACTED]<sup>29</sup> \*\* In February of 2021, Nucor never operated outside of the EMW described  
22           “operational load band,” therefore Evergy did not identify time periods for “unexpected  
23           operational events,” quantify the financial impact of the changes in actual load compared to

<sup>26</sup> EMW response to Staff Data Request No. 0249.3 in Case No. ER-2022-0130.

<sup>27</sup> Ibid.

<sup>28</sup> \*\* [REDACTED]  
[REDACTED]  
[REDACTED] \*\*

<sup>29</sup> EMW response to Staff Data Request No. 0249.4 in Case No. ER-2022-0130.

1 expected load in a given hour, or remove those financial impacts from the costs included in the  
2 securitization request. As part of the discovery process in this case, I requested that EMW  
3 explain costs that may be incurred as a result of inaccurate load forecasts in the SPP markets.

4 Part of EMW's response is included below:

5 \*\* [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED] \*\*30

14 EMW's supplemental response to Staff Data Request No. 0051 also states that the  
15 "costs associated with deviations of all loads, EMW and Nucor, are comingled" and that  
16 "While Nucor may have had deviations, we have no precise way of identifying if those  
17 deviations could have caused changes, positive or negative, in SPP costs because of possible  
18 other impacts from the EMW load." Taken together, these responses indicate that EMW is  
19 aware of the impact that expected and actual Nucor operations has on SPP costs. EMW's failure  
20 to identify expected operational load of Nucor results in added difficulty in identifying the costs  
21 attributable to Nucor in order to isolate those costs from recovery from non-Nucor ratepayers.

22 The result of EMW's lack of identification, quantification, and removal of these costs  
23 from the securitization request is that Evergy shareholders will be insulated from the financial  
24 impact to the detriment of non-Nucor ratepayers absent Staff's recommended disallowance.

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<sup>30</sup> EMW response to Staff Data Request No. 0051.

1 However, no such band is contemplated in the Stipulation, and this interpretation is either a bad  
2 faith implementation of the agreement, or an imprudent execution of the Stipulation. To rectify  
3 this imprudence, the costs subject to EMW's securitization request should be adjusted based on  
4 the best estimates available at this time, and going forward, the Commission should order  
5 Evergy to comply with the terms of Paragraph 7.d. in the event an adjustment is necessary in a  
6 future case.

7 Q. Is there a single expected hourly load for the entire month that would suffice to  
8 comply with Paragraph 7.d. of the Stipulation?

9 A. No. The operations of Nucor are highly variable and EMW should have  
10 near-constant communication with Nucor to understand what impacts the expected operations  
11 at the plant will have on SPP purchased power expenses. The expected hourly load of Nucor  
12 should be based upon the expected next-day operations of the facility, which will vary  
13 throughout the day based upon the cycle of processes employed in the production of steel rebar.

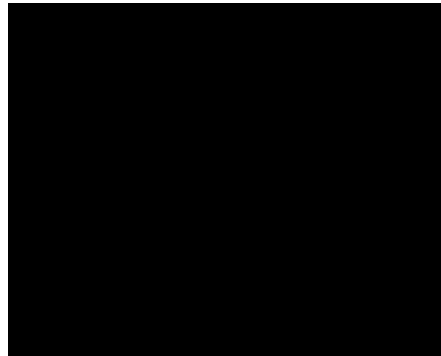
14 Q. Was Staff able to precisely quantify the ratepayer harm from EMW's practice  
15 of assuming this \*\* [REDACTED] ? \*\*

16 A. Unfortunately, because EMW did not provide finite expected loads for Nucor  
17 and insisted that Nucor operations \*\* [REDACTED]  
18 [REDACTED], \*\* Staff is unable to precisely quantify the ratepayer harm. If EMW  
19 had provided this information on an hourly or intra-hourly basis, Staff would have been able  
20 to provide a more precise estimate of the harm caused to non-Nucor ratepayers if the  
21 charges are allowed to be recovered through the SUTC. Based on the information provided  
22 through the context of discovery in this case and Case No. ER-2022-0130, Table 1 below  
23 provides a quantification of the number of hours that Nucor operations would have exceeded

1 the 25% deviation for 4-hour threshold envisioned by Paragraph 7.d. of the Stipulation based  
2 on various set-points as well as the cost impacts based upon those set-points.<sup>31</sup> This table is for  
3 illustrative purposes as the expected operational loads should be varied based on actual  
4 expectations of load for a given date and not one finite hourly load.


5 **Table 1**

6 \*\*



7 \*\*  
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9 Q. Are there any other conclusions that should be drawn from Table 1?

10 A. Yes. Table 1 provides an important illustration of the wide range of outcomes  
11 that could result from the balancing relationship of DA and RT prices, which EMW agreed to  
12 quantify and isolate from non-Nucor ratepayers. It also shows that EMW's practice of  
13 assuming \*\*  \*\* subjects non-Nucor ratepayers to  
14 potential cost increases through the FAC, which are not transparent nor aligned with the intent  
15 of the hold harmless provisions of the Agreement and Schedule SIL.

16 Q. Earlier in your testimony you cited that EMW committed to "monitor Nucor  
17 operations and will identify additional SPP related costs resulting from unexpected operational  
18 events" and "quantify the balancing relationship between the hourly and day-ahead prices to

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<sup>31</sup> The setpoints used in the table and to estimate the financial impact of the DA and RT imbalances can be considered a proxy for the expected load of Nucor. For those purposes, Staff utilized a fixed value load (MW) for the entire period. While I recognize that does not reflect the likely expectation of Nucor load, EMW did not provide any better information to utilize despite multiple requests from Staff.

1 identify the effect of the unplanned load change to apportion any additional SPP balancing  
2 charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs.”<sup>32</sup>

3 Based on the language included in the Stipulation, the representations of EMW, and the  
4 variability of Nucor operations, what level of communication would you expect for EMW to  
5 have had with Nucor?

6 A. When the discovery process began for Case No. ER-2022-0130, I expected to  
7 find that EMW was in near constant communication with Nucor to evaluate, mitigate, and  
8 isolate potential costs of serving Nucor from non-Nucor ratepayers. Based on the responses  
9 from EMW, my assumptions were incorrect. EMW has indicated that \*\* [REDACTED]

10 [REDACTED]  
11 [REDACTED]. \*\* I will provide  
12 excerpts from Staff Data Request No. 0249.5<sup>33</sup> in Case No. ER-2022-0130 and the EMW  
13 response, which further illustrate Staff’s concern with EMW’s adherence to the representations  
14 and commitments EMW made to Staff and the Commission.

15 \*\* [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]

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<sup>32</sup> Paragraph 7.d. of the Stipulation.

<sup>33</sup> EMW response to Staff Data Request No. 0249.5 in Case No. ER-2022-0130 is attached as Confidential Schedule JL-r4.



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[REDACTED]

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29 [REDACTED]  
30 [REDACTED]  
31 [REDACTED]  
32 [REDACTED]  
33 [REDACTED]  
34 [REDACTED]  
35 [REDACTED]  
36 [REDACTED]\*\*

1 Q. If the costs of the “additional SPP related costs resulting from unexpected  
2 operational events” is not being identified and/or quantified by EMW, does that mean that they  
3 do not exist?

4 A. No. The costs almost certainly exist based on the interaction of SPP’s DA and  
5 RT markets, the relative size of Nucor’s load, and the variability of Nucor’s operations.

6 Q. If the costs of the “additional SPP related costs resulting from unexpected  
7 operational events” is not being identified and/or quantified by EMW and excluded from  
8 EMW’s proposed securitization costs, would those costs be collected from non-Nucor  
9 ratepayers?

10 A. Yes. Based on my understanding of EMW’s position in this case, Nucor will be  
11 excluded from SUTC recovery, therefore those costs will recovered through EMW’s SUTC by  
12 all non-Nucor ratepayers.

13 Q. Does that align with the representations and commitments of EMW?

14 A. No, it does not. For that reason, it is not a prudent implementation of  
15 Schedule SIL in combination with the Stipulation.

16 Q. Is monthly monitoring as part of the billing process reasonable given Nucor’s  
17 relative size, EMW’s representations that non-Nucor ratepayers will be held-harmless, and the  
18 potential for non-Nucor ratepayer harm through the SUTC?

19 A. No. \*\* [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 [REDACTED]<sup>34</sup> \*\* Evergy should be consistently communicating and monitoring the

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<sup>34</sup> EMW response to Staff Data Request No. 0249.5 in Case No. ER-2022-0130.

1 operations of Nucor in order to fulfill EMW’s representation that the company will monitor,  
2 mitigate, and isolate costs of serving Nucor from non-Nucor ratepayers. Since EMW did not  
3 “identify” any customer event balancing costs through monthly monitoring and subsequently  
4 remove those costs from the securitization request, non-Nucor ratepayers will be left to pay the  
5 costs incurred if a disallowance of a portion of those costs is not ordered.

6 Q. Does the Agreement contemplate a grace period for compliance with the terms  
7 while Nucor operational load “normalizes”?

8 A. No. If EMW felt that a grace period was necessary, then it could have negotiated  
9 as much for inclusion in the Stipulation. Based on Evergy’s “operational load band,” in order  
10 for Nucor operations to exceed the 25% variance envisioned by Paragraph 7.d. of the  
11 Stipulation, Nucor would need to achieve and maintain a load of \*\* [REDACTED] \*\* for more than  
12 4 hours. \*\* [REDACTED] <sup>35</sup> \*\* The Stipulation  
13 was based upon negotiations among the parties and EMW could have abstained from the  
14 agreement. However, that was not the case and EMW is required by Commission order to  
15 comply with the terms of the Stipulation.

16 Q. Are there financial incentives for EMW to continue to imprudently implement  
17 Schedule SIL and the Agreement?

18 A. Yes. Absent adjustments substantially consistent with Staff’s recommended  
19 disallowance adjustment, EMW shareholders are shielded from the hold-harmless provisions  
20 articulated in Schedule SIL, the Agreement, and throughout the testimony in Case No.  
21 EO-2019-0244 to the detriment of non-Nucor ratepayers.

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<sup>35</sup> EMW response to Staff Data Request No. 0249 in Case No. ER-2022-0130.

1 Q. What are the key representations from Mr. Ives' testimony during the hearing in  
2 Case No. EO-2019-0244?

3 A. EMW has portrayed to the Commission and other parties, that the Company  
4 intended to shield non-Nucor ratepayers from costs incurred to serve Nucor. Those costs were  
5 expected to be the result of the need to have capacity, energy, and transmission to serve Nucor.  
6 Furthermore, the Agreement contemplated, and Mr. Ives reiterated, that additional costs may  
7 result from imbalances in the wind PPA output and actual Nucor operations and those costs will  
8 need to be isolated from EMW's FAC, or in this case the costs being included in the  
9 securitization request, to avoid passing those costs on to non-Nucor ratepayers. As I discussed  
10 throughout my testimony, EMW has failed to account for the very sources of costs that it  
11 described and agreed to shield non-Nucor ratepayers from. This case is the time for EMW, and  
12 the Commission, to account for the costs incurred during February of 2021, but EMW has not  
13 been accounting for the costs to serve Nucor properly and/or avoided quantifying the detriment  
14 to non-Nucor customers likely because of the potential detriment to Evergy shareholders.

15 Q. Will a Commission order accepting Staff's recommended disallowance in this  
16 case mean that the Nucor rate must change?

17 A. No. The Commission can order an adjustment in this case that will hold  
18 non-Nucor customers harmless and retain the Nucor rate as envisioned by the Agreement and  
19 the contract between EMW and Nucor. Such an adjustment is consistent with the hold harmless  
20 provisions of the Agreement.

21 Q. Please provide a brief overview of the issue of quantification and removal of  
22 Customer Event Balancing costs.

1           A.     The implementation of the process to determine the effects of the Customer  
2 Event Balancing costs sounds complicated, but the issue and the resolution are fairly simple.  
3 EMW agreed to hold-harmless provisions in both the Stipulation and Schedule SIL. One part  
4 of holding non-Nucor ratepayers harmless is the identification, mitigation, isolation, and  
5 removal of the costs incurred based on differences in SPP DA LMPs and RT LMPs coupled  
6 with variations in expected Nucor operations and actual Nucor operations. EMW agreed to the  
7 provisions of the Stipulation, which included provisions which shield non-Nucor ratepayers  
8 from the costs incurred due to Nucor service. Absent active identification, mitigation, isolation,  
9 and removal of these costs from the SUTC, non-Nucor ratepayers may end up subsidizing these  
10 costs. EMW's interpretation and implementation of the provisions included in Paragraph 7.d.  
11 has resulted in EMW side-stepping the intent of the agreement, because \*\* [REDACTED]

12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED] \*\*<sup>36</sup> This practice ignores the cost consequences of the variations in Nucor load, shifts  
15 those cost consequences onto non-Nucor ratepayers through the SUTC, and shields EMW's  
16 shareholders from the agreed upon non-Nucor ratepayer protections envisioned by the  
17 Stipulation and Schedule SIL.

18           **Cost Calculation Methodologies**

19           Q.     Why did Staff determine that a proxy expected load was necessary to quantify  
20 the potential ratepayer harm resulting from EMW's implementation of Schedule SIL?

21           A.     Staff relied upon a proxy expected load, or set-point, due to EMW's failure to  
22 provide expected hourly loads for Nucor. Absent the data necessary to determine a more finite

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<sup>36</sup> EMW response to Staff Data Request No. 0249.4 in Case No. ER-2022-0130.

1 cost impact, the proxy expected load coupled with the calculation methodology utilized to  
2 quantify the disallowance results in a conservative estimate of the non-Nucor ratepayer harm  
3 that will occur if the costs incurred in February 2021 due to the imbalance are passed on to  
4 non-Nucor ratepayers through the SUTC.

5 Q. Which set-point, or proxy expected Nucor load, from Table 1 did you utilize as  
6 the basis for the revenue requirement adjustment as it pertains to Customer Event Balancing?

7 A. I utilized the set-point load, or proxy expected load of Nucor equal to  
8 \*\* [REDACTED] \*\* for several reasons. I want to reemphasize that this estimation is not how I would  
9 have expected to account for the impacts of Nucor’s load when estimating the ratepayer harm.  
10 Because EMW \*\* [REDACTED] \*\*. \*\* The Company did not  
11 identify any “unexpected operational events,” which would result in a quantification of costs to  
12 be adjusted from costs included in the securitization request. EMW also did not provide Staff  
13 with finite hourly-expected loads for Nucor, which are necessary to determine a more precise  
14 cost impact.

15 Q. Why did you utilize the chosen set-point, or proxy expected load of Nucor to  
16 estimate the Customer Event Balancing costs included in Staff’s recommended disallowance  
17 adjustment?

18 A. Paragraph 7.d. requires EMW to “identify additional SPP related costs resulting  
19 from unexpected operational events” and “incorporate the effect attributed to Nucor into the  
20 tracking of Nucor costs.” Absent the data necessary to quantify a more accurate estimate,  
21 I utilized \*\* [REDACTED]  
22 [REDACTED] \*\* resulted in the lowest number of hours of 25% load deviation for 2021 of the  
23 set-points that I reviewed. The cost analysis that I provided in this estimation also accounts for

1 periods of cost savings that serve as offsets to costs incurred during the hypothetical  
2 “unexpected operational events”. Given the inability to provide an estimation of costs based  
3 upon finite expected hourly loads, I believe the quantification of the imbalance utilizing the  
4 lowest hours of deviation<sup>37</sup> and the inclusion of both the costs and potential cost savings  
5 associated with the events based upon the proxy expected load results in a conservative estimate  
6 of the potential ratepayer harm.

7 Q How did you estimate the Customer Event Balancing costs based upon the  
8 various set-points, or proxy expected loads of Nucor, which were included in Table 1?

9 A. After determining a set-point to compare to actual Nucor RT operations,  
10 I identified the hours in which Nucor operational load was 25% greater than or less than the  
11 various set-points reviewed for periods of four or more hours as envisioned by Paragraph 7.d.  
12 of the Stipulation. For the hours identified, I calculated and summed the cost impacts (both  
13 negative and positive) based on the differences in the hourly SPP RT LMPs and DA LMPs for  
14 the EMW load node and the actual Nucor load compared to the proxy expected load set-points.<sup>38</sup>  
15 Based on the set-points analyzed in support of this testimony the Customer Event Balancing  
16 costs range from \*\* [REDACTED]

17 [REDACTED] \*\*

18 Q. Did you request the methodology that EMW would utilize to quantify the  
19 balancing relationship between hourly RT and DA prices attributable to Nucor in accordance  
20 with Paragraph 7 of the Stipulation?

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<sup>37</sup> Of those reviewed in my analysis.

<sup>38</sup> The estimation determines the cost in a given hour based on the following formula: (DA LMP \* DA Load) + (RT Load-DA Load)\*RT LMP)-(DA LMP\*RT Load).



1           A.     Yes. Staff Data Request No. 0249.2 in Case No. ER-2022-0130 asked EMW to  
2 define this “balancing relationship” and provide examples of contemplated scenarios that may  
3 result in quantification of such a “balancing relationship.” The methodology utilized to  
4 determine the cost impacts of Customer Balancing Events included in Staff’s recommended  
5 disallowance is substantially similar to the methodology provided by EMW in response to that  
6 data request.

7     **CONCLUSION**

8           Q.     Briefly summarize the issue before the Commission regarding the disallowance  
9 adjustment necessary to fulfill the hold harmless provisions of Schedule SIL and the Stipulation.

10          A.     The issue before the Commission regarding the implementation of Schedule SIL  
11 and the Stipulation is relatively straightforward. EMW agreed to hold non-Nucor ratepayers  
12 harmless from the costs of serving Nucor.<sup>39</sup> Staff’s proposed disallowance adjustment  
13 appropriately accounts for the costs of serving Nucor and seeks to hold non-Nucor ratepayers  
14 harmless in accordance with Schedule SIL and the Stipulation.

15          Q.     How do you recommend the Commission resolve the issues raised in this direct  
16 testimony?

17          A.     I recommend a disallowance of the costs EMW seeks to securitize equal to  
18 \$1,516,621. In addition to Staff’s proposed disallowance adjustment, I recommend that the  
19 Commission order EMW to:

- 20               1. Establish and retain consistent communication with Nucor to understand what  
21               impacts the expected operations at the plant will have on SPP purchased power  
22               expenses in order to facilitate accurate records;

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<sup>39</sup> Paragraphs 7 and 8 of the Stipulation and Schedule SIL.

- 1                   2. Keep records of the finite expected hourly load of Nucor's next day operations  
2                   in the event an adjustment in accordance with Paragraph 7.d. of the Stipulation  
3                   is necessary in a future case;
- 4                   3. Identify additional SPP related costs resulting from unexpected operational  
5                   events;
- 6                   4. Quantify the balancing relationship between the hourly and DA prices to identify  
7                   the effect of the unplanned load change to apportion any additional SPP  
8                   balancing charges; and
- 9                   5. Incorporate the effect of DA and RT imbalances attributed to differences  
10                  between actual Nucor operations and expected operations into the tracking of  
11                  Nucor costs.
- 12                Q.     Does this conclude your rebuttal testimony in this case?
- 13                A.     Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy )  
Missouri West, Inc. d/b/a Evergy Missouri ) Case No. EF-2022-0155  
West for a Financing Order Authorizing the )  
Financing of Extraordinary Storm Costs )  
Through an Issuance of Securitized Utility )  
Tariff Bonds )

**AFFIDAVIT OF J LUEBBERT**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW J LUEBBERT** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of J Luebbert*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
**J LUEBBERT**

**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 29<sup>th</sup> day of June 2022.

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 Participation of  
J Luebbert**

| <b>Case Number</b> | <b>Company</b>                            | <b>Issues</b>  |
|--------------------|---|--|
| EO-2015-0055       | Ameren Missouri                           | Evaluation, Measurement, and Verification                                      |
| EO-2016-0223       | Empire District Electric Company          | Integrated Resource Planning Requirements                                      |
| EO-2016-0228       | Ameren Missouri                           | Utilization of Generation Capacity, Plant Outages, and Demand Response Program |
| ER-2016-0179       | Ameren Missouri                           | Heat Rate Testing  |
| ER-2016-0285       | Kansas City Power & Light Company         | Heat Rate Testing  |
| EO-2017-0065       | Empire District Electric Company          | Utilization of Generation Capacity and Station Outages                         |
| EO-2017-0231       | Kansas City Power & Light Company         | Utilization of Generation Capacity, Heat Rates, and Plant Outages              |
| EO-2017-0232       | KCP&L Greater Missouri Operations Company | Utilization of Generation Capacity, Heat Rates, and Plant Outages              |
| EO-2018-0038       | Ameren Missouri                           | Integrated Resource Planning Requirements                                      |
| EO-2018-0067       | Ameren Missouri                           | Utilization of Generation Capacity, Heat Rates, and Plant Outages              |
| EO-2018-0211       | Ameren Missouri                           | Avoided Costs and Demand Response Programs                                     |
| EA-2019-0010       | Empire District Electric Company          | Market Protection Provision  |
| GO-2019-0115       | Spire East                                | Policy   |
| GO-2019-0116       | Spire West                                | Policy   |
| EO-2019-0132       | Kansas City Power & Light Company         | Avoided Cost, SPP resource adequacy requirements, and Demand Response Programs |
| ER-2019-0335       | Ameren Missouri                           | Unregulated Competition Waivers and Class Cost Of Service                      |
| ER-2019-0374       | Empire District Electric Company          | SPP resource adequacy  |
| EO-2020-0227       | Evergy Missouri Metro                     | Demand Response programs   |
| EO-2020-0228       | Evergy Missouri West                      | Demand Response programs   |
| EO-2020-0262       | Evergy Missouri Metro                     | Demand Response programs   |
| EO-2020-0263       | Evergy Missouri West                      | Demand Response programs   |

| <b>Case Number</b> | <b>Company</b>                   | <b>Issues</b>  |
|--------------------|----------------------------------|--|
| EO-2020-0280       | Evergy Missouri Metro            | Integrated Resource Planning Requirements                      |
| EO-2020-0281       | Evergy Missouri West             | Integrated Resource Planning Requirements                      |
| EO-2021-0021       | Ameren Missouri                  | Integrated Resource Planning Requirements                      |
| EO-2021-0032       | Evergy                           | Renewable Generation and Retirements                           |
| GR-2021-0108       | Spire Missouri                   | Metering and Combined Heat and Power                           |
| ET-2021-0151       | Evergy                           | Capacity costs   |
| ER-2021-0240       | Ameren Missouri                  | Market Prices, Construction Audit, Smart Energy Plan, AMI      |
| ER-2021-0312       | Empire District Electric Company | Construction Audit, Market Price Protection, PISA Reporting    |
| EO-2022-0193       | Empire District Electric Company | Retirement of Asbury   |
| EO-2022-0129       | Evergy Missouri Metro            | MEEIA annualization  |
| EO-2022-0130       | Evergy Missouri West             | MEEA annualization, Schedule SIL revenue and incremental costs |

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

In the Matter of the Application of )  
KCP&L Greater Missouri Operations Company )  
For Approval of a Special Rate for a Facility ) File No. EO-2019-0244  
Whose Primary Industry is the Production or )  
Fabrication of Steel in or Around Sedalia, Missouri. )

**NON-UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW KCP&L Greater Missouri Operations Company (“GMO” or “Company”), the Staff (“Staff”) for the Missouri Public Service Commission (“Commission”), Nucor Steel Sedalia, LLC (“Nucor”), (collectively, “Signatories”) by and through their respective counsel, and for their Non-Unanimous Stipulation and Agreement (“Stipulation”), respectfully state to the Commission:

**BACKGROUND**

1. On July 12, 2019, GMO filed its Application requesting Commission authority for a special incremental load rate for a steel production facility in Sedalia, Missouri, along with direct testimony in support.
2. On July 22, 2019, Midwest Energy Consumers Group (“MECG”) intervened.
3. On July 31, 2019, Nucor Steel Sedalia, LLC (“Nucor”) intervened.
4. The Signatories agree to the following terms and conditions regarding the Application and the approval of the special incremental load rate.

**AGREEMENTS**

5. **Contract** – The Signatories agree that the Commission should approve the Contract between GMO and Nucor, attached to the Direct Testimony of Darrin Ives as Confidential Schedule DRI-2.

6. **Special Incremental Load Tariff** – The Signatories agree that the Special Incremental Load (“SIL”) tariff attached to the Direct testimony of Darrin Ives as DRI-2, as modified and attached as Exhibit 4 to this Stipulation, should be approved by the Commission and become effective no later than January 1, 2020. Service under the SIL tariff has a term of no greater than 10 years. If an extension to the service of Nucor pursuant to the SIL tariff is not approved by the Commission, the Company will request Commission approval to serve all of GMO’s retail customers with the associated wind energy used to serve Nucor and for the related costs for that wind to be recovered by the Company through its Fuel Adjustment Clause, or sell the associated wind energy to a customer or customers who wish to purchase the renewable energy resource directly. This agreement is not evidence of the prudence of GMO’s or an affiliate’s entry into any PPA.

7. **Cost and Revenue Tracking** – GMO will monitor and report to Staff and OPC whether the revenues received under the special contract rate cover the incremental cost of providing service to Nucor. This reporting will be submitted quarterly for the first year following the effective date of the SIL tariff and the associated contract with Nucor, bi-annually for the second and third year, and annually thereafter. The Company will solicit feedback from Staff and the Office of Public Counsel up to and including meetings to evaluate and assess the content of the reports and any changes that may be needed to Exhibit 1 as a result of that feedback. The reporting will be submitted within 15 days after each of Evergy’s SEC 10-Q or 10-K filings are made and will detail Nucor-related transactions on a rolling twelve-month basis. GMO will uniquely identify and track for reporting and general rate case purposes all incremental costs

associated with serving Nucor<sup>1</sup>. An example of the anticipated reporting format is provided in Exhibit 1 to this Stipulation.

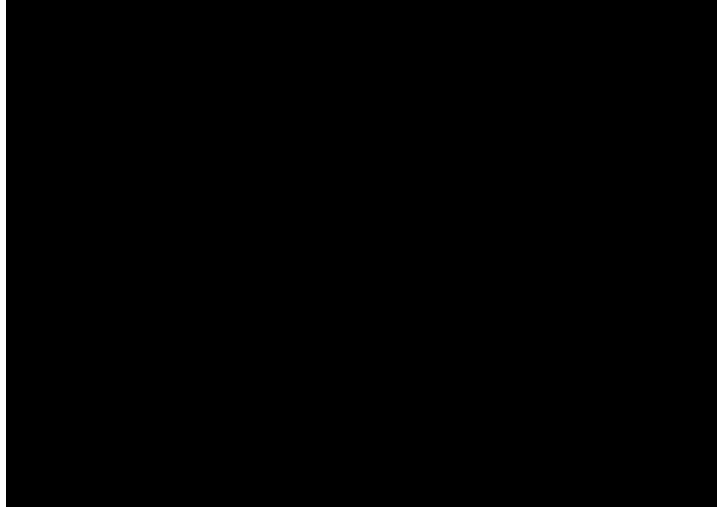
- a. GMO will identify and isolate the plant costs to provide service to Nucor.
- b. GMO will identify and isolate supply costs attributable to Nucor. At this time these costs are expected to consist of:
  - i. energy as obtained through the SPP integrated marketplace including applicable ancillary services and transmission costs, and all transactions associated with the renewable supply source obtained via a Power Purchase Agreement (“PPA”).
  - ii. Incremental capacity costs acquired from third parties, including affiliates, will be determined annually in the assessment of GMO capacity requirements. The portion of GMO capacity acquired attributable to Nucor will be separately identified for inclusion in Exhibit 1. Similarly, if GMO constructs or acquires capacity during the term of the contract rather than purchasing capacity, or otherwise modifies its capacity source, capacity costs to Nucor will be calculated annually using prices as follows and be separately identified for inclusion in Exhibit 1. The accredited capacity attributable to Nucor’s share of the PPA, will be netted against the capacity requirements of the Nucor load, including the SPP reserve margin requirements, prior to pricing as described above for inclusion in Exhibit 1.

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<sup>1</sup> As provided for in Exhibit 1.



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- c. GMO will modify its Fuel Adjustment Clause (“FAC”) accounting to ensure Nucor-related costs are not included in the FAC charge recovered from other customers. Exhibit 2 to this Stipulation details the expected modifications, including:
- i. **Power Purchase Agreement Cost** – Costs to follow conventional PPA accounting, with Nucor portion tracked separately from other PPA transactions completed by the Company. Costs to be recorded to a SIL-specific 555 subaccount and identifiable to Nucor. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.
  - ii. **Production Market Cost** – Revenue from the sale of the energy from the PPA will be tracked in a separate SIL-specific 447 subaccount and identifiable to Nucor. These revenues will be specifically identified in the FAC monthly reports submitted to the Commission. The net effect of the sale of PPA purchase and the

Nucor load are to be recorded within the SIL-specific 447 and 555 subaccounts and identifiable to Nucor.

- iii. **Transmission Market Cost** – If occurring, costs would accompany the associated Southwest Power Pool (“SPP”) sale or purchase transactions and are to be recorded within SIL-specific 561, 565, and 575 subaccounts and identifiable to Nucor and created for the purpose of tracking these costs. These costs will be specifically identified in the FAC monthly reports submitted to the Commission.

Load purchased for Nucor will be calculated at the five minute level, aggregated to the hour as demonstrated in Exhibit 3. Based upon GMO load node locational marginal price.

- d. GMO will monitor Nucor operations and will identify additional SPP-related costs resulting from unexpected operational events. If actual Nucor load experiences a 25% deviation from the expected Nucor load for more than 4 hours and that load change is not reflected in the GMO day-ahead commitments, GMO will quantify the balancing relationship between the hourly and day-ahead prices to identify the effect of the unplanned load change to apportion any additional SPP balancing charges and will incorporate the effect attributed to Nucor into the tracking of Nucor costs. If the effect of this relationship increases costs to non-Nucor customers, the amount will be reflected in a subsequent FAC rate change filing and the portion attributed to Nucor will be identified with supporting work papers

and removed from the Actual Net Energy Cost prior to the calculation of the FAC rates.

For any incremental Nucor costs not specifically listed in Exhibit 1, including GMO internal costs attributable to Nucor, the costs will be uniquely recorded after they are incurred consistent with the cause of the cost and identified as contingency cost category within Exhibit 1.

8. **Ratemaking Treatment** – At the time of a general rate proceeding the portion of GMO’s revenue requirement associated with the incremental costs net of PPA net revenues to serve Nucor consistent with Exhibit 1 shall be assigned to Nucor. Nucor’s rate revenues shall be reflected in GMO’s net revenue requirement. If Nucor’s revenues do not exceed Nucor’s costs as reflected in the revenue requirement calculation through the true-up period, GMO will make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Nucor GMO customers will be held harmless from such effects from the Nucor service. In no event shall any revenue deficiency (that is, a greater amount of Nucor incremental costs compared to Nucor revenues) be reflected in GMO’s cost of service in each general rate proceeding for the duration of Nucor service during the terms of the contract between GMO and Nucor (Confidential Schedule DRI-2 of GMO witness Darrin Ives).

9. **Section 393.1655 RSMo. treatment** – The Signatories agree that because Nucor’s rate will be fixed for ten years and because the incremental cost to serve Nucor will be excluded from the revenue requirement of other customers: (1) Nucor’s average rate and kilowatt hours usage shall not be included in the rate limitation calculations performed under section 393.1655 RSMo.; (2) Nucor’s rate shall not be affected by the rate limitation provisions of 393.1655

RSMo.; and (3) Nucor shall not be considered to be, in whole or in part, a member of GMO's large power service rate class under section 393.1655.7(4) RSMo.

10. **Operational Communications** – Under the terms of the contract between GMO and Nucor (Confidential Schedule DRI-2), Nucor is obligated to notify GMO of planned outages, including maintenance outages, to a designated representative (section 4.3). Nucor is also obligated under the contract to notify GMO of any changes or additions of equipment or operations that would result in a material changes to the Nucor facility's peak demand that could impact GMO's transmission system (section 4.4). GMO has designated and will retain for the duration of service to Nucor a Customer Solutions Manager to Nucor to receive these notices. Nucor commits to providing the above notifications and coordinating with GMO to execute planned outages to minimize the impact on the GMO system.

11. **Future Commission proceedings** – Neither the Commission, Staff, OPC nor any other party shall be prejudiced, bound by, or in any way limited in litigating the allocation, tracking, or treatment of costs or revenues associated with serving Nucor under this Stipulation and Agreement in future FAC filings and general rate proceedings before the Commission. See section 13 in General Provisions below.

### **GENERAL PROVISIONS**

12. Contingent upon Commission approval of this Stipulation without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the testimony of their witnesses, and the witnesses of the parties who do not oppose this Stipulation, on the issues that are resolved by this Stipulation.

13. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. Unless otherwise explicitly provided

herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

14. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same. No Signatory shall assert the terms of this agreement as a precedent in any future proceeding.

15. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

16. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

17. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

18. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this

Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

19. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

**WHEREFORE**, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

*/s/ Roger W. Steiner*

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Roger W. Steiner, #39586  
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*/s/ Nicole Mers*

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MISSOURI OPERATIONS COMPANY**

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**ATTORNEYS FOR NUCOR STEEL  
SEDALIA, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 19<sup>th</sup> day of September 2019.

*/s/ Roger W. Steiner*

\_\_\_\_\_  
Roger W. Steiner



Exhibit 1

| Evergy Missouri West  |                          |            |            |                  |
|---|--------------------------|------------|------------|------------------|
| NUCOR   |                          |            |            |                  |
| Tracking Report   |                          |            |            |                  |
| Period Ending March 31, 2020  |                          |            |            |                  |
| <b>CONFIDENTIAL</b>   |                          |            |            |                  |
| <u>Rate Base:</u>   |                          |            |            |                  |
| Plant in Service  | End of Period            | XX,XXX,XXX |            |                  |
| Less: Reserve for Depreciation  | End of Period            | X,XXX      |            |                  |
| Net Plant in Service  |                          |            | XX,XXX,XXX |                  |
| Less:   |                          |            |            |                  |
| Accumulated Deferred Income Taxes   | End of Period            |            | XX,XXX     |                  |
| NUCOR Rate Base   |                          |            | XX,XXX     |                  |
| Current Month Rate of Return  |                          |            | X.XX%      |                  |
| Rate of Return on Rate Base   |                          |            |            | XX,XXX           |
| <u>Net Cost of Service:</u> Rolling 12 Months   |                          |            |            |                  |
| Purchased Power   |                          |            | XXX,XXX    |                  |
| Customer Event Balancing  |                          |            | XX,XXX     |                  |
| Other Sales for Resale  |                          |            | (XXX,XXX)  |                  |
| Transmission Costs  |                          |            | XX,XXX     |                  |
| Net Capacity Costs  |                          |            | XX,XXX     |                  |
| Administration Costs  |                          |            | X,XXX      |                  |
| Other Contingency Costs:  |                          |            |            |                  |
| REC Fees  |                          |            | XXX        |                  |
| Maintenance/Other O&M   |                          |            | XXX        |                  |
| Depreciation  |                          |            | XXX        |                  |
| X   |                          |            | XXX        |                  |
| Y   |                          |            | XXX        |                  |
| Z   |                          |            | XXX        |                  |
| Net Cost of Service   |                          |            |            | XXX,XXX          |
| Total Cost - NUCOR  |                          |            |            | XXX,XXX          |
| NUCOR Revenue   |                          |            |            | (XXX,XXX)        |
| (Over)/Under Recovered  |                          |            |            | XXX,XXX          |
| <b>Overall Cost of Capital (Evergy Missouri West)</b>   |                          |            |            |                  |
|   | Amount<br>('\$ in 000's) | Percent    | Cost       | Weighted<br>Cost |
| Long Term Debt  | X,XXX,XXX                | XX.XX%     | X.XX%      | X.XX%            |
| Common Equity   | X,XXX,XXX                | XX.XX%     | 9.50%      | X.XX%            |
| Total Overall Capital   | X,XXX,XXX                | 100.00%    |            | X.XX%            |
| <p>Note: The indicated ROE value of 9.50% will be fixed until GMO's next general rate case. All other amounts will represent GMO's actual costs associated with service to Nucor.</p> |                          |            |            |                  |

## Exhibit 2

| Kansas City Power & Light Company - GMO                     |                       |                            |                           |
|---|-----------------------|----------------------------|---------------------------|
| FAC Calculation   |                       |                            |                           |
| Before Wind Farm  |                       |                            |                           |
| All numbers are hypothetical for illustration purposes only |                       |                            |                           |
| Account   | GMO                   |                            |                           |
| Total Production Fuel (Fuel Operations)                     | 7,341,235.78          |                            |                           |
| Less: Fuel Handling   | 332,128.39            |                            |                           |
| Less: 557100  | 2,591,314.70          |                            |                           |
| Less: Labor Residuals 501420                                | -                     |                            |                           |
| Less: Labor in Residuals 501400                             | 1,076.52              |                            |                           |
| Less: Steam Operations 501700 (501730-501734)               | 568,940.68            |                            |                           |
| Less: Natural Gas Demand 501000 RES 6025 (501228)           | 17,943.06             |                            |                           |
| Less: Natural Gas Demand 547027                             | 285,842.34            |                            |                           |
| Less: Landfill Gas 547000 RES 6036                          | -                     |                            |                           |
| Less: Unit Train BIT 501000 RES 6003 (501028)               | -                     |                            |                           |
| Less: Unit Train PRB 501000 RES 6008 (501029)               | 71,919.20             |                            |                           |
| Less: Book 11 Fuel 501033                                   | -                     |                            |                           |
| Less: RECs 509000 RES 6070 (509500)                         | -                     |                            |                           |
| Plus: RECs sold 509000 RES 6174 (509500)                    | -                     |                            |                           |
| Less: Book 11 Fuel 547033                                   | -                     |                            |                           |
| <b>Total Fuel and Emissions (FC + EC)</b>                   | <b>3,472,070.89</b>   |                            |                           |
| Total Purchased Power                                       | 12,132,424.20         |                            |                           |
| Less: Purchased Power -Nucor                                | 487,667.11            |                            |                           |
| Less: Capacity 555005                                       | 2,578.13              |                            |                           |
| Plus: Short Term Capacity (Query)                           | -                     |                            |                           |
| Less: Book 11 555032  | -                     |                            |                           |
| <b>Total Purchased Power (PP)</b>                           | <b>11,642,178.96</b>  |                            |                           |
| Total Transmission (565)                                    | 2,796,351.19          |                            |                           |
| Less: Historical Z2 (Query)                                 | -                     |                            |                           |
| Less: Non-recoverable SPP schedules                         | -                     |                            |                           |
| Less: Crossroads (Query)                                    | 777,654.84            |                            |                           |
| Less: 52.80% of SPP Transmission                            | 1,016,554.41          |                            |                           |
| <b>Total Transmission (TC)</b>                              | <b>1,002,141.94</b>   |                            |                           |
|   |                       | SPP Transmission (Query)   | 1,978,923.08              |
|   |                       | Less: Transmission -Nucor  | 53,630.64                 |
|   |                       | Eligible SPP Transmission  | 1,925,292.44              |
|   |                       | 47.20% of SPP Transmission | 908,738.03                |
| <b>Total Wholesale Sales</b>                                | (2,036,337.39)        |                            | 1,016,554.41              |
| Other Sales for Resale-Nucor                                | -                     |                            |                           |
| Other Sales for Resale-Municipals 447103                    | (68,857.76)           |                            |                           |
| Other Sales for Resale-Private Utilities 447101             | (921.53)              |                            |                           |
| Less: Book 11 Sales 447031                                  | -                     |                            |                           |
| Less: Book 11 Sales 447032                                  | -                     |                            |                           |
| Less: Book 11 Sales 447034                                  | -                     |                            |                           |
| <b>Total Off System Sales Revenue (OSSR)</b>                | <b>(1,966,558.10)</b> |                            |                           |
| <b>TEC (FC+EC+PP-OSSR)</b>                                  | <b>14,149,833.69</b>  |                            |                           |
| Retail Sales  | 596,523,014.03        |                            |                           |
| Other Sales for Resale-Municipals                           | 1,147,431.00          |                            |                           |
| Sales -Nucor  | (20,311,000.00)       |                            |                           |
| Other Sales for Resale-Border                               | 37,288.02             |                            |                           |
| Estimated Losses  | 40,326,288.56         |                            |                           |
| Est. Losses - Prior Period Corr.                            | (4,379,103.00)        |                            |                           |
| Unaccounted for kWh   | -                     |                            |                           |
| Used by Company   | 1,377,081.00          |                            |                           |
| <b>kWh Net System Input</b>                                 | <b>614,720,999.61</b> |                            |                           |
| Base Energy Cost  | 0.0224                |                            |                           |
| <b>Total Base Energy Cost</b>                               | <b>13,769,750.39</b>  |                            |                           |
| (TEC - B)   | 380,083.30            |                            |                           |
| (TEC - B) * 5%  | 19,004.17             |                            |                           |
| (TEC - B) * 95%   | 361,079.14            |                            |                           |
| Revenue Mwh   | 596,523,014.03        |                            |                           |
| Residential   | 215,695,533.01        | 0.37                       |                           |
| Commercial  | 219,250,635.14        | 0.38                       |                           |
| Industrial (less Nucor)                                     | 139,549,922.56        | 0.24                       |                           |
| Streightights   | 1,715,923.32          | 0.00                       | Industrial 159,860,922.56 |
| Govt-Other  | -                     | -                          | Nucor 20,311,000.00       |
| Total CIS+  | 576,212,014.03        |                            |                           |
| Municipals  | 1,147,431.00          | 0.00                       |                           |
| Total   | 577,359,445.03        | 1.00                       |                           |
| Residential   | 134,895.45            |                            |                           |
| Commercial  | 137,118.79            |                            |                           |
| Industrial  | 87,274.17             |                            |                           |
| Streightights   | 1,073.13              |                            |                           |
| Govt-Other  | -                     |                            |                           |
| Total CIS+  | 360,361.54            |                            |                           |
| Municipals  | 717.80                |                            |                           |
| Total   | 361,079.14            |                            |                           |

## Exhibit 2 (continued)

| Kansas City Power & Light Company - GMO                     |                       |                            |                           |
|---|-----------------------|----------------------------|---------------------------|
| FAC Calculation   |                       |                            |                           |
| After Wind Farm   |                       |                            |                           |
| All numbers are hypothetical for illustration purposes only |                       |                            |                           |
| Account   | GMO                   |                            |                           |
| Total Production Fuel (Fuel Operations)                     | 7,341,235.78          |                            |                           |
| Less: Fuel Handling   | 332,128.39            |                            |                           |
| Less: 557100  | 2,591,314.70          |                            |                           |
| Less: Labor Residuals 501420                                | -                     |                            |                           |
| Less: Labor in Residuals 501400                             | 1,076.52              |                            |                           |
| Less: Steam Operations 501700 (501730-501734)               | 568,940.68            |                            |                           |
| Less: Natural Gas Demand 501000 RES 6025 (501228)           | 17,943.06             |                            |                           |
| Less: Natural Gas Demand 547027                             | 285,842.34            |                            |                           |
| Less: Landfill Gas 547000 RES 6036                          | -                     |                            |                           |
| Less: Unit Train BIT 501000 RES 6003 (501028)               | -                     |                            |                           |
| Less: Unit Train PRB 501000 RES 6008 (501029)               | 71,919.20             |                            |                           |
| Less: Book 11 Fuel 501033                                   | -                     |                            |                           |
| Less: RECs 509000 RES 6070 (509500)                         | -                     |                            |                           |
| Plus: RECs sold 509000 RES 6174 (509500)                    | -                     |                            |                           |
| Less: Book 11 Fuel 547033                                   | -                     |                            |                           |
| <b>Total Fuel and Emissions (FC + EC)</b>                   | <b>3,472,070.89</b>   |                            |                           |
| Total Purchased Power                                       | 11,930,945.92         |                            |                           |
| Less: Purchased Power -Nucor                                | 286,188.83            |                            |                           |
| Less: Capacity 555005                                       | 2,578.13              |                            |                           |
| Plus: Short Term Capacity (Query)                           | -                     |                            |                           |
| Less: Book 11 555032  | -                     |                            |                           |
| <b>Total Purchased Power (PP)</b>                           | <b>11,642,178.96</b>  |                            |                           |
| Total Transmission (565)                                    | 2,796,351.19          |                            |                           |
| Less: Historical Z2 (Query)                                 | -                     |                            |                           |
| Less: Non-recoverable SPP schedules                         | -                     |                            |                           |
| Less: Crossroads (Query)                                    | 777,654.84            |                            |                           |
| Less: 52.80% of SPP Transmission                            | 1,016,554.41          |                            |                           |
| <b>Total Transmission (TC)</b>                              | <b>1,002,141.94</b>   |                            |                           |
|   |                       | SPP Transmission (Query)   | 1,978,923.08              |
|   |                       | Less: Transmission -Nucor  | 53,630.64                 |
|   |                       | Eligible SPP Transmission  | 1,925,292.44              |
|   |                       | 47.20% of SPP Transmission | 908,738.03                |
| <b>Total Wholesale Sales</b>                                | (2,036,337.39)        |                            | 1,016,554.41              |
| Other Sales for Resale-Nucor                                | -                     |                            |                           |
| Other Sales for Resale-Municipals 447103                    | (68,857.76)           |                            |                           |
| Other Sales for Resale-Private Utilities 447101             | (921.53)              |                            |                           |
| Less: Book 11 Sales 447031                                  | -                     |                            |                           |
| Less: Book 11 Sales 447032                                  | -                     |                            |                           |
| Less: Book 11 Sales 447034                                  | -                     |                            |                           |
| <b>Total Off System Sales Revenue (OSSR)</b>                | <b>(1,966,558.10)</b> |                            |                           |
| <b>TEC (FC+EC+PP-OSSR)</b>                                  | <b>14,149,833.69</b>  |                            |                           |
| Retail Sales  | 596,523,014.03        |                            |                           |
| Other Sales for Resale-Municipals                           | 1,147,431.00          |                            |                           |
| Sales -Nucor  | (20,311,000.00)       |                            |                           |
| Other Sales for Resale-Border                               | 37,288.02             |                            |                           |
| Estimated Losses  | 40,326,288.56         |                            |                           |
| Est. Losses - Prior Period Corr.                            | (4,379,103.00)        |                            |                           |
| Unaccounted for kWh   | -                     |                            |                           |
| Used by Company   | 1,377,081.00          |                            |                           |
| <b>kWh Net System Input</b>                                 | <b>614,720,999.61</b> |                            |                           |
| Base Energy Cost  | 0.0224                |                            |                           |
| <b>Total Base Energy Cost</b>                               | <b>13,769,750.39</b>  |                            |                           |
| (TEC - B)   | 380,083.30            |                            |                           |
| (TEC - B) * 5%  | 19,004.17             |                            |                           |
| (TEC - B) * 95%   | 361,079.14            |                            |                           |
| Revenue Mwh   | 596,523,014.03        |                            |                           |
| Residential   | 215,695,533.01        | 0.37                       |                           |
| Commercial  | 219,250,635.14        | 0.38                       |                           |
| Industrial (less Nucor)                                     | 139,549,922.56        | 0.24                       |                           |
| Streetlights  | 1,715,923.32          | 0.00                       | Industrial 159,860,922.56 |
| Govt-Other  | -                     | -                          | Nucor 20,311,000.00       |
| Total CIS+  | 576,212,014.03        |                            |                           |
| Municipals  | 1,147,431.00          | 0.00                       |                           |
| Total   | 577,359,445.03        | 1.00                       |                           |
| Residential   | 134,895.45            |                            |                           |
| Commercial  | 137,118.79            |                            |                           |
| Industrial  | 87,274.17             |                            |                           |
| Streetlights  | 1,073.13              |                            |                           |
| Govt-Other  | -                     |                            |                           |
| Total CIS+  | 360,361.54            |                            |                           |
| Municipals  | 717.60                |                            |                           |
| Total   | 361,079.14            |                            |                           |



Exhibit 3

| SPP hourly load purchases                                   |      |       |     |    | Load purchased for Nucor will be calculated at the 5 minute level, aggregated to the hour per the example below. |                      |                      |                     |                      |                      |             |              |             |
|---|------|-------|-----|----|--|----------------------|----------------------|---------------------|----------------------|----------------------|-------------|--------------|-------------|
| GMO Load Hub  |      |       |     |    |  |                      |                      |                     |                      |                      |             |              |             |
| All numbers are hypothetical for illustration purposes only |      |       |     |    |  |                      |                      |                     |                      |                      |             |              |             |
| GMO Load Point  | Year | Month | Day | HE | DA Load (MWh)  | DA LMP (\$/MWh)      | DA Charges Load (\$) | RT Meter Load (MWh) | RT LMP (\$/MWh)      | RT Charges Load (\$) | RT Load MWh | Load \$      | Load \$/MWh |
| MPS_MPS   | 2019 | May   | 1   | 1  | 713  | \$24.97              | (\$17,807)           | 689.7541667         | \$18.33              | \$448                | 689.75      | \$ 17,358.62 | 25.166      |
| MPS_MPS   | 2019 | May   | 1   | 2  | 684  | \$22.47              | (\$15,370)           | 668.5195833         | \$19.84              | \$307                | 668.52      | \$ 15,063.71 | 22.533      |
| MPS_MPS   | 2019 | May   | 1   | 3  | 669  | \$22.98              | (\$15,374)           | 655.59425           | \$18.62              | \$250                | 655.59      | \$ 15,123.86 | 23.069      |
| MPS_MPS   | 2019 | May   | 1   | 4  | 664  | \$23.08              | (\$15,326)           | 657.6149167         | \$19.35              | \$123                | 657.61      | \$ 15,202.98 | 23.118      |
| MPS_MPS   | 2019 | May   | 1   | 5  | 680  | \$24.59              | (\$16,722)           | 682.0743333         | \$19.32              | (\$43)               | 682.07      | \$ 16,765.28 | 24.580      |
| MPS_MPS   | 2019 | May   | 1   | 6  | 733  | \$28.55              | (\$20,925)           | 720.4675833         | \$44.02              | (\$97)               | 720.47      | \$ 21,021.52 | 29.178      |
| MPS_MPS   | 2019 | May   | 1   | 7  | 814  | \$36.38              | (\$29,616)           | 803.52725           | \$40.66              | \$881                | 803.53      | \$ 28,735.48 | 35.762      |
| MPS_MPS   | 2019 | May   | 1   | 8  | 857  | \$38.84              | (\$33,288)           | 842.016             | \$23.55              | \$354                | 842.02      | \$ 32,934.08 | 39.113      |
| MPS_MPS   | 2019 | May   | 1   | 9  | 873  | \$41.43              | (\$36,169)           | 844.2758333         | \$23.53              | \$676                | 844.28      | \$ 35,493.34 | 42.040      |
| MPS_MPS   | 2019 | May   | 1   | 10 | 880  | \$42.30              | (\$37,226)           | 850.3253333         | \$25.82              | \$763                | 850.33      | \$ 36,463.12 | 42.881      |
| MPS_MPS   | 2019 | May   | 1   | 11 | 887  | \$43.34              | (\$38,444)           | 847.0004167         | \$26.69              | \$1,068              | 847.00      | \$ 37,375.81 | 44.127      |
| MPS_MPS   | 2019 | May   | 1   | 12 | 887  | \$43.48              | (\$38,567)           | 839.5871667         | \$27.17              | \$1,283              | 839.59      | \$ 37,284.13 | 44.408      |
| MPS_MPS   | 2019 | May   | 1   | 13 | 867  | \$44.49              | (\$38,575)           | 833.6218333         | \$26.60              | \$886                | 833.62      | \$ 37,689.18 | 45.211      |
| MPS_MPS   | 2019 | May   | 1   | 14 | 846  | \$44.12              | (\$37,326)           | 835.8728333         | \$27.03              | \$271                | 835.87      | \$ 37,055.64 | 44.332      |
| MPS_MPS   | 2019 | May   | 1   | 15 | 849  | \$41.33              | (\$35,089)           | 831.39175           | \$25.77              | \$454                | 831.39      | \$ 34,634.83 | 41.659      |
| MPS_MPS   | 2019 | May   | 1   | 16 | 861  | \$40.59              | (\$34,945)           | 831.0279167         | \$28.49              | \$855                | 831.03      | \$ 34,089.56 | 41.021      |
| MPS_MPS   | 2019 | May   | 1   | 17 | 875  | \$40.08              | (\$35,071)           | 839.6754167         | \$24.48              | \$865                | 839.68      | \$ 34,206.18 | 40.737      |
| MPS_MPS   | 2019 | May   | 1   | 18 | 908  | \$36.13              | (\$32,804)           | 847.0579167         | \$21.29              | \$1,296              | 847.06      | \$ 31,508.40 | 37.197      |
| MPS_MPS   | 2019 | May   | 1   | 19 | 911  | \$33.42              | (\$30,445)           | 850.9856667         | \$21.22              | \$1,273              | 850.99      | \$ 29,171.83 | 34.280      |
| MPS_MPS   | 2019 | May   | 1   | 20 | 970  | \$35.95              | (\$34,874)           | 854.0291667         | \$26.16              | \$3,027              | 854.03      | \$ 31,846.86 | 37.290      |
| MPS_MPS   | 2019 | May   | 1   | 21 | 969  | \$39.00              | (\$37,786)           | 874.2036667         | \$26.42              | \$2,504              | 874.20      | \$ 35,282.00 | 40.359      |
| MPS_MPS   | 2019 | May   | 1   | 22 | 931  | \$32.46              | (\$30,217)           | 842.4994167         | \$21.92              | \$1,866              | 842.50      | \$ 28,350.24 | 33.650      |
| MPS_MPS   | 2019 | May   | 1   | 23 | 846  | \$27.08              | (\$22,907)           | 771.5226667         | \$22.89              | \$1,686              | 771.52      | \$ 21,220.81 | 27.505      |
| MPS_MPS   | 2019 | May   | 1   | 24 | 763  | \$20.81              | (\$15,877)           | 711.3428333         | \$15.68              | \$844                | 711.34      | \$ 15,032.43 | 21.132      |
| SPP 5 minute load purchases                                 |      |       |     |    |  |                      |                      |                     |                      |                      |             |              |             |
| GMO Load Hub  |      |       |     |    |  |                      |                      |                     |                      |                      |             |              |             |
| All numbers are hypothetical for illustration purposes only |      |       |     |    |  |                      |                      |                     |                      |                      |             |              |             |
| ReportingID   | Year | Month | Day | HE | Minutes  | DA Charges Load (\$) | DA Load (MWh)        | RT Meter Load (MWh) | RT Charges Load (\$) |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 0  | (\$17,807)           | 713                  | 705                 | \$14                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 5  | \$0                  | 713                  | 704                 | \$4                  |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 10   | \$0                  | 713                  | 697                 | \$20                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 15   | \$0                  | 713                  | 696                 | \$27                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 20   | \$0                  | 713                  | 696                 | \$28                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 25   | \$0                  | 713                  | 687                 | \$46                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 30   | \$0                  | 713                  | 688                 | \$40                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 35   | \$0                  | 713                  | 684                 | \$49                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 40   | \$0                  | 713                  | 682                 | \$52                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 45   | \$0                  | 713                  | 679                 | \$58                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 50   | \$0                  | 713                  | 679                 | \$56                 |                      |             |              |             |
| MPS_MPS   | 2019 | May   | 1   | 1  | 55   | \$0                  | 713                  | 680                 | \$54                 |                      |             |              |             |
|   |      |       |     |    |  |                      |                      |                     |                      | \$448                |             |              |             |



**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

P.S.C. MO. No. 1 Original Sheet No. 157.1  
 Canceling P.S.C. MO. No. 1 Original Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

**Special Rate for Incremental Load Service  
 Schedule SIL**

**TERMS & CONDITIONS:**

Service under this rate schedule requires a written contract between the Company and the Customer. Each Special Incremental Load Rate Contract shall collect at least the incremental cost incurred by the Company to serve the Customer. Incremental costs shall be calculated, and profitability must be demonstrated at the time the contract is approved to confirm that revenues to be received from Customers under this Schedule are expected to be sufficient to cover the Company's increased costs to offer service pursuant to each Special Incremental Load Rate Contract. All charges for service under this rate schedule shall be limited to the charges contained in the contract between the Company and the Customer.

**CONTRACT DOCUMENTATION:**

At least 60 days prior to the effective date of the Special Incremental Load Rate Contract, the Company will file the individual Special Incremental Load Rate Contract and supporting documentation with the Commission for approval. The supporting documentation will include the following items:

1. Customer Needs: Company shall provide a narrative description of the reasons why the Special Incremental Load Rate is necessary for this Customer.
2. Customer Alternatives: Company shall describe competitive alternatives available to the Customer.
3. Incremental Costs: Company shall quantify the expected incremental cost associated with the Special Incremental Load Rate Contract Customer.
4. Profitability: Company shall quantify the expected profitability of the Special Incremental Load Rate Contract as the difference between the revenues expected to be generated from the pricing provisions in the Special Incremental Load Rate Contract compared to Company's expected incremental costs. All significant assumptions shall be identified that affect this quantification.
5. Other Ratepayer Benefits: Company shall quantify the benefits that it believes will accrue to other ratepayers from the Special Incremental Load Rate Contract. All significant assumptions shall be identified that affect this quantification.
6. Other Economic Benefits to the Area: the Company and/or local economic development agency shall quantify the economic benefits to the state, metropolitan area, and/or local area that Company projects to be realized as a result of the Special Incremental Load Rate Contract. The Company will also file an affidavit from the state, metropolitan area and/or local area economic development agency that is also providing benefits to the customer.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**P.S.C. MO. No.** 1                      Original Sheet No. 157.2

Canceling P.S.C. MO. No. 1                      Original Sheet No.                     

For Missouri Retail Service Area

**Special Rate for Incremental Load Service  
Schedule SIL**

**TERM:**

The initial term may vary for each customer served under this rate schedule but in no instance, should the term be greater than ten (10) years. Prior to the end of the term, the Company and Customer will work together to evaluate an extension of the term and if mutually appropriate, work together to secure any required approvals for an extension of the term. Each subsequent extension shall not exceed an additional ten (10) years.

**SPECIAL RATE, PROVISIONS, AND TERMS:**

1. The Special Incremental Load Rate will be determined for each Customer based on expected loads and the renewable energy resource planned to serve the Customer. Details about the rate including all terms and conditions related to the Special Incremental Load Rate will be documented through a Special Incremental Load Rate Contract.
2. The Special Incremental Load Rate will be designed to recover no less than the incremental cost to serve the Customer over the term of the Special Incremental Load Rate Contract. Non-participating customers shall be held harmless from any deficit in revenues provided by any customer served under this tariff.
3. All Special Incremental Load Rate Contracts executed under this tariff will include the following provisions:
  - a. Special Rate – details about the structure and rate to be paid by the Customer.
  - b. Agreement Term – clear identification of the dates associated with the Special Rate, particularly the start date for contract term.
  - c. Confidentiality – terms to establish protections needed to protect data under competitive conditions.
  - d. Operational Parameters – details about the expected operation of the facility to be served.
4. The Company will make provisions to uniquely identify the costs and revenues for each respective Special Incremental Load Rate Contract within its books and records. This information will be available to support periodic reporting as ordered by the Commission. At the time of a general rate proceeding the portion of the Company’s revenue requirement associated with the incremental costs net of PPA net revenues to serve the Customer shall be assigned to the Customer. The Customer’s rate revenues shall be reflected in Company’s net revenue requirement. If the Customer’s rate revenues do not exceed the incremental cost to serve the Customer as reflected in the revenue requirement calculation, the Company shall make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Schedule SIL customers will be held harmless from such effects from the service under Schedule SIL. In no event shall any revenue deficiency (that is, a greater amount of the Customer’s incremental costs compared to the Customer’s revenues) be reflected in the Company’s cost of service in each general rate proceeding for the duration of service to the Customer(s) during the terms of the contract between Company and Customer served under this tariff.

**REGULATIONS:**

Subject to Rules and Regulations filed with the State Regulatory Commission.



**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

P.S.C. MO. No. 1 Original Sheet No. 157.3  
Canceling P.S.C. MO. No. 1 Original Sheet No. \_\_\_\_\_

For Missouri Retail Service Area

|   |
|---|
| <b>Special Rate for Incremental Load Service<br/>Schedule SIL</b> |
|---|

**SPECIAL INCREMENTAL LOAD RATE CONTRACTS:**

| Start Date of Special Incremental Load Rate Contract | Name of Customer         | Address                   | Term of Special Incremental Rate |
|--|--------------------------|---------------------------|----------------------------------|
| January 1, 2020                                      | Nucor Steel Sedalia, LLC | 500 Rebar Rd, Sedalia, MO | 10 years                         |
|  |                          |                           |                                  |

1 recommends the approval of the Nucor contract and the  
2 special incremental load tariff. The Office of Public  
3 Counsel did not sign, but it did not object to the  
4 stipulation.

5           The Midwest Energy Consumers Group,  
6 however, is an objecting party. Under the terms of  
7 the stipulation, there will be extensive monitoring  
8 and reporting of the costs and the revenues. Over the  
9 course of the ten-year contract, we expect to yield a  
10 profit that will contribute to the recovery of the  
11 Company's fixed costs and, therefore, reduce the rates  
12 paid by all customers. The expected profits from the  
13 ten-year contract are addressed in the confidential  
14 version of Darrin Ives Direct Testimony, again on page  
15 10.

16           There are also significant customer  
17 protections to ensure that other customers are not  
18 adversely affected by the Nucor contract or its  
19 operation. The specifics of those protections and --  
20 are contained in paragraph 7 and paragraph 8 of the  
21 stipulation. And I thought Mr. Thompson's position  
22 statement did a very good job of laying out those  
23 customer protections, if you want to look there.

24           The Commission Staff and other parties  
25 will be kept informed through detailed and regular

1 reporting commitments. The anticipated reporting  
2 format is included in Exhibit 1 to the stipulation and  
3 it will include the following. It will include,  
4 first, the Company will identify and isolate the plant  
5 costs to provide service to Nucor, and the Company  
6 will also identify and isolate the supply costs  
7 attributable to Nucor.

8           These are expected to include the energy  
9 as obtained through the SPP integrated marketplace and  
10 all transactions associated with the renewable supply  
11 source, which will be a designated wind facility for  
12 Nucor. As a result, this special contract promotes  
13 the State's policy in favor of renewable energy.

14           The Company will monitor Nucor's  
15 operations and will identify additional SPP-related  
16 costs resulting from unexpected operational events.  
17 If these unexpected operational events would happen to  
18 increase costs to non-Nucor customers, the amount of  
19 the increased costs will be identified and reflected  
20 in the subsequent FAC rate changes and appropriate  
21 adjustments would be made.

22           Now, at the time of a general rate case,  
23 the portion of the Company's revenue requirement  
24 associated with the incremental cost net of the wind  
25 PPA revenues to serve Nucor would be assigned to

1 Nucor. And the amount by which the Nucor's rate  
2 revenues exceed the incremental cost would be used to  
3 lower the rates are reflected in the revenue  
4 requirement and that would lower rates to other  
5 customers.

6 Now, if Nucor's revenues do not exceed  
7 the incremental costs to serve Nucor, the Company will  
8 make an additional revenue adjustment covering the  
9 shortfall in the revenue requirement. This will  
10 ensure that non-Nucor customers will be held harmless  
11 from the effects of serving Nucor.

12 In other words, we expect this to be a  
13 profitable contract that will benefit all customers,  
14 but in no event will any revenue deficiency from the  
15 Nucor operations be reflected in the rates of other  
16 customers.

17 There will also be communication between  
18 Nucor and the Company related to things like planned  
19 outages, maintenance outages and similar operational  
20 details that the Company will be in a position to  
21 carefully monitor what's going on at the plant and  
22 what effects that would have on its electric system.

23 Now, after the stipulation was filed,  
24 Mr. Woodsmall, on behalf of his incorporated entity  
25 the Midwest Energy Consumers Group, filed an objection

1 is an intermittent resource and we'll have performance  
2 deviation at any given point in time over the ten  
3 years.

4           So while we've built the contract to --  
5 to cover the costs over the entirety of the ten-year  
6 term, there is the potential, based on wind  
7 performance or Nucor performance, that in any given  
8 test year leading into a general rate case, there  
9 could be revenues in excess of cost or cost in excess  
10 of revenues based on the intermittence of the wind  
11 and -- and the performance at Nucor.

12           And that's why we felt it was important  
13 to put the hold harmless protection in so that  
14 non-Nucor customers would -- would not be in a  
15 position of subsidizing service to Nucor as a result  
16 of what we would expect to be a -- a near term blip in  
17 performance, but -- but not representative of the  
18 ten-year nature of our contract with Nucor.

19           Q.     Can you talk a little bit about how the  
20 stipulation addresses Section 393.1655?

21           A.     Yes.   In the stipulation and -- and the  
22 negotiations around that, we talked about the -- the  
23 implications of Senate Bill 564 or 1955 and determined  
24 that it made sense to be very clear in the stipulation  
25 that because we were coming in for a special ten-year

1 other customers not be put in a position to -- to  
2 subsidize service to -- to large customers coming into  
3 the state.

4 We think we've crafted a rate and a term  
5 that meets Nucor's needs and requirements. We think  
6 we've done it in a way that puts us in a position to  
7 not impact non-Nucor customers.

8 And then finally, because of some of the  
9 things I discussed about timing and intermittence of  
10 supply, we've provided a hold harmless to ensure that  
11 if there were a situation where non-Nucor customers  
12 would be asked to subsidize, that we will make an  
13 adjustment to make sure that does not happen.

14 Q. Okay. Mr. Ives, in your view is the  
15 stipulation in the public interest?

16 A. Absolutely it is. And we didn't hear a  
17 lot from -- from the other witnesses that were up a  
18 little bit ago, but the written testimony certainly  
19 supports significant benefits to -- to the state of  
20 Missouri and to -- to Sedalia and Pettis County.

21 Not just from service to Nucor directly,  
22 but from new employment, from construction employment,  
23 from expected suppliers and -- and indirect increases  
24 in revenues that -- that will benefit all customers in  
25 the state.

1 are a couple mitigating factors that we considered  
2 when we -- when we did this. One of the them is  
3 we're -- we're going to over-size the wind resource  
4 from a megawatt hour perspective because capacity  
5 factors are lower for wind and it's more intermittent.

6 So we've proposed to -- to utilize  
7 probably about 75 megawatts of a wind farm capacity,  
8 which is -- which is larger than what the expected  
9 demand from Nucor's facility will be.

10 Part of that is to, over the ten-year  
11 term, have a closer match of energy to expected energy  
12 requirements from Nucor over the ten-year term. It  
13 doesn't help -- help all the intermittency that --  
14 that you were talking about though. So there  
15 certainly will be periods where we'll have to serve,  
16 you know, from -- from other energy supply.

17 And that's why it was important to Staff,  
18 and us as well, to have the detail in the -- the  
19 monitoring and -- and reporting mechanism so that we  
20 can -- we can identify those costs and make sure that  
21 that's part of our comparison to costs -- of costs to  
22 revenues from Nucor.

23 And it was also a consideration that was  
24 built into the -- the price that was quoted in the  
25 contract to Nucor. We knew we would have to have some

**SCHEDULE JL-r4**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**