

Exhibit No.:
Issue(s): *Insurance Expense, SO2
Amortization,
Depreciation Clearing,
Transmission Expense
and Revenue, TCR/ARR,
RNU, MINT, Ancillary, SPP
Admin Fees, Border
Customers Fuel and
Revenue, Production
Related Expenses and
Revenues, Fuel Prices,
Fuel Inventory, Purchased
Power, Hedging Gains and
Losses*

Witness: *Antonija Nieto*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2026-0143*
Date Testimony Prepared: *June 30, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY REVENUE REQUIREMENT

OF

ANTONIJA NIETO

EVERGY METRO, INC. d/b/a Evergy MISSOURI METRO

CASE NO. ER-2026-0143

*Jefferson City, Missouri
June 2026*

**** Denotes Confidential Information ****

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1 **DIRECT TESTIMONY**

2 **OF**

3 **ANTONIJA NIETO**

4 **EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO**

5 **CASE NO. ER-2026-0143**

6 Q. Please state your name and business address.

7 A. My name is Antonija Nieto. My address is Fletcher Daniels State Office
8 building, Room 201, 615 East 13th Street, Kansas City, Missouri 64106.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”)
11 as a Lead Senior Utility Regulatory Auditor in the Auditing Department of the Financial and
12 Business Analysis Division.

13 Q. Please describe your education.

14 A. I earned a Bachelor of Accounting from New Mexico State University in
15 December 2006 and a Master of Accounting with a minor in Management in
16 December 2007, also from New Mexico State University.

17 Q. Have you previously testified in a proceeding before the Missouri Public
18 Service Commission?

19 A. Yes. Please refer to attached credentials Schedule AN-d1 for a full list of
20 my participation in prior cases.

21 **EXECUTIVE SUMMARY**

22 Q. What is the purpose of your direct testimony?

1 A. The purpose of my direct testimony is to provide an explanation for various
2 adjustments made to Evergy Missouri Metro's ("EMM") cost of service.

3 Included in my testimony are recommendations for rate base and/or expense
4 levels for following items: Insurance expense, SO₂ Amortization and Rate Base
5 Allowances, Depreciation Clearing, Transmission Expense and Revenue, Transmission
6 Congestion Rights, Revenue Neutral Uplift, MINT Line Losses, Southwest Power Pool
7 ("SPP") Administrative Fees, Border Customers Fuel and Revenues Production Related
8 Expenses and Revenues, Fuel Prices, Fuel Inventory, Purchased Power,
9 Surface Transportation Board, and Hedging Gains and Losses. Please see the testimony
10 below for a more detailed explanation of the adjustments I made.

11 **INSURANCE EXPENSE**

12 Q. Please explain insurance expense as it relates to regulated utilities.

13 A. Insurance expense is the cost of protection obtained from third parties by
14 utilities against the risk of financial loss associated with unanticipated events. Utilities,
15 like non-regulated entities, routinely incur insurance expense to minimize their liability
16 associated with unanticipated losses for property assets and personal injury from
17 accidents. Certain forms of insurance reduce ratepayer's exposure to risk. Premiums for
18 insurance are normally paid in advance by utilities, such as the utility payment to the
19 insurance vendor in advance of the policy going into effect. These insurance payments
20 are normally treated as prepayments, with the amount of the premium being booked as
21 an asset and amortized to expense ratably over the life of the period the insurance is in
22 force. The unamortized balance of the prepaid insurance account (either the

1 period-ending balance or a 13-month average balance) is included in rate base, with an
2 annualized level of insurance expense included in rates. For further information on
3 prepayments treatment, please refer to Staff witness Lindsey Smith's testimony.

4 Q. What type of insurance does Evergy Metro carry?

5 A. During the audit, Staff reviewed Evergy Metro's insurance policies for the
6 following forms of insurance:

- 7 • Commercial Crime
- 8 • Fiduciary Liability
- 9 • Excess Liability
- 10 • Directors and Officers Liability
- 11 • General Liability/Umbrella
- 12 • Workers Compensation
- 13 • Excess Workers Compensation
- 14 • Property
- 15 • Cyber Security Liability
- 16 • Automobile Liability
- 17 • Bonds
- 18 • OCIP (Owner Controlled Insurance Program)
- 19 • Aviation
- 20 • Kidnap and Ransom

21
22 Q. What is Staff's recommended treatment for insurance expense?

23 A. Staff's recommended treatment of insurance expense is to include an
24 annualized level of insurance expense based on current insurance premiums and
25 allocating an appropriate portion of the expense to EMM's cost of service. The annualized
26 level for EMM's portion of the insurance costs is reflected in Staff's Accounting
27 Schedule 9.

28 **DEPRECIATION CLEARING**

29 Q. What is depreciation clearing?

1 A. During the test year, EMM depreciated transportation equipment and
2 charged the cost to a clearing account. At the end of the accounting period, the cost held
3 in the clearing account is distributed to multiple Federal Energy Regulatory Commission
4 ("FERC") accounts.

5 In its revenue requirement calculation, Staff included 100% of its
6 annualized depreciation expense by adjusting Account 403 (Depreciation Expense),
7 so depreciation costs booked to other FERC accounts in the test year need to be removed
8 to avoid double recovery. Staff accordingly removed the deprecation clearings from the
9 test year.

10 **SO₂ AMORTIZATION AND RATE BASE ALLOWANCE**

11 Q. Please explain SO₂ emission allowances.

12 A. An SO₂ emission allowance is a legal permit issued to EMM by the
13 United States Environmental Protection Agency ("EPA") that gives a power plant an
14 authorization to emit one ton of SO₂ during a given compliance period.

15 Q. Has the Commission determined how emission allowances should be
16 treated for EMM?

17 A. Yes. As part of the Regulatory Plan, Case No. EO-2005-0329,
18 EMM is required to record SO₂ emission allowances as a regulatory liability.
19 In Case No. ER-2010-0355, the Commission approved a *Non-Unanimous Stipulation and*

1 | *Agreement as to Miscellaneous Issues*¹ that included an amortization period of 21 years
2 | for the SO₂ emission allowance regulatory liability.

3 | Q. Did Staff update EMM's rate base for the sale of SO₂ emission allowances?

4 | A. Yes. Staff included in rate base the balance of the regulatory liability for
5 | emission allowances that was agreed to in the Regulatory plan, Case No. EO-2005-0329
6 | as of December 31, 2025, the update period in this case.² The regulatory liability for
7 | emission allowances is included in Staff's Accounting Schedule 2 – Rate Base for EMM.

8 | Q. Did Staff adjust the test year level of SO₂ emission allowance amortization
9 | expense for EMM?

10 | A. No. The test year level of SO₂ emission allowance amortization expense
11 | represented an appropriate level of this expense going forward; hence, no adjustment to
12 | test year was needed.

13 | **HEDGING GAINS AND LOSSES**

14 | Q. Please briefly explain hedging and hedging gains and losses.

15 | A. Hedging is a program of mitigating volatility of natural gas and purchased
16 | power expenses through forward derivative contracts and financial instruments.
17 | Hedging gains occur when the actual expense is higher than the value of the hedged
18 | position. Hedging losses, on the other hand, are the result of the actual expenses being
19 | lower than the value of the hedged position.

20 | Q. What is the purpose of a hedging program?

¹ Nonunanimous Stipulation and Agreement as to Miscellaneous Issues, page 8, filed February 3, 2011.

² Missouri Public Service Commission Report and Order, page 17, issued July 28, 2005.

1 A. The purpose of a hedging program for natural gas and purchased power
2 expense is to mitigate volatility and provide some risk mitigation. The purpose of hedging
3 program is not to minimize the cost of the item being hedged, although in some cases
4 some savings may be realized.

5 Q. What is Staff's recommended approach for including hedging gains and
6 losses in the EMM's cost of service?

7 A. According to the *Stipulation and Agreement* stemming from Case No.
8 ER-2022-0129:³ "Hedging activity cost and gains will be deferred into the Company's
9 regulatory asset/liability account for future rate treatment determination."
10 EMM accordingly deferred hedging gains and losses into FERC account 254.796,
11 a regulatory liability account. Staff recommends amortizing the amount over
12 four (4) years with no inclusion in rate base.

13 **BORDER CUSTOMERS**

14 Q. Please give a brief explanation of border customers.

15 A. Border customers are customers who are in the service territory of one
16 utility to which the customer will pay its bill but are physically served by another utility's
17 power lines. In other words, there are Evergy Metro customers currently being served by
18 another utility's power and there are customers of other utilities that are being served by
19 Evergy Metro's power.

³ Stipulation and Agreement, page 5, item 3, filed August 30, 2022.

1 Q. Are the fuel costs and revenues for border customers included in Staff's
2 fuel model and retail revenue calculation?

3 A. Partly. The energy supplied by another utility for EMM's customers is
4 included in Staff's fuel model as a reduction to the net system input ("NSI") and the
5 revenues for EMM customers that are served by another utility are included in Staff's
6 retail revenue calculation and included in EMM's cost of service. When another utility's
7 customers are served by EMM, the utility must reimburse EMM for the cost of serving
8 those customers. The energy supplied by EMM is included in Staff's fuel model and the
9 related fuel costs are included in EMM's cost of service.

10 Q. Are additional adjustments necessary to account for all the border
11 customer costs and revenues?

12 A. Yes. To ensure that all border customer costs and revenues are included in
13 EMM's cost of service, an additional adjustment must be made to include (1) the payment
14 EMM makes to reimburse other utilities for the cost of serving EMM's customers and (2)
15 the payment EMM receives from other utilities for the cost to serve those utilities'
16 customers (sales). Staff included an annual level of expenses and revenues for border
17 customers based on the 12-month actuals as of December 31, 2025, update period in
18 this case.

19 **TRANSMISSION REVENUES**

20 Q. Please briefly explain transmission revenue.

21 A. EMM receives revenues from Southwest Power Pool ("SPP") according to
22 following SPP tariff schedules:

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- 1 • Schedule 1: System Control and Dispatch Service
- 2 • Schedule 2: Revenues related to reactive supply for generators connected to
- 3 the transmission system
- 4 • Schedule 7: Revenues related to firm point-to-point transmission
- 5 • Schedule 8: Revenues related to non-firm point-to-point transmission
- 6 • Schedule 9: Revenues related to network integrated transmission
- 7 • Schedule 11: Revenues related to the base plan transmission upgrades
- 8 • Other miscellaneous transmission revenue.

9 Although EMM receives revenues from SPP based on all the schedules listed
10 above, a significant portion of the transmission revenues received from SPP are from
11 network integrated transmission, firm point-to-point transmission, and base plan
12 transmission activities.

13 Q. Explain Staff’s approach when determining the appropriate level of
14 transmission revenue to include in Staff’s recommended revenue requirement for EMM.

15 A. Staff reviewed the SPP tariff and analyzed EMM’s historical transmission
16 revenue for the period of 2014 through 2025. The Table below depicts EMM’s actual
17 transmission revenues during this period.

Historical Transmission Revenue ⁴	
Year	EMM Transmission Revenue \$
2014	** [REDACTED] **
2015	** [REDACTED] **
2016	** [REDACTED] **
2017	** [REDACTED] **
2018	** [REDACTED] **

⁴ EMM’s response to Staff Data Request No. 0087.

2019	** [REDACTED] **
2020	** [REDACTED] **
2021	** [REDACTED] **
2022	** [REDACTED] **
2023	** [REDACTED] **
2024	** [REDACTED] **
2025	** [REDACTED] **

1

2 Q. What is Staff’s recommended level of transmission revenue for EMM in this
3 rate case?

4 A. Since EMM’s transmission revenues have been trending upwards
5 since 2023, Staff recommends an annualized level of transmission revenue based on
6 the 12 months ending December 31, 2025. Staff’s adjustment is reflected in
7 Staff’s Accounting Schedules, Schedule 10.

8 **TRANSMISSION EXPENSE**

9 Q. Please provide an overview of EMM’s membership with SPP.

10 A. In 2004, SPP became a Regional Transmission Organization (“RTO”)
11 responsible for ensuring reliable supplies of power, adequate transmission
12 infrastructure, and competitive wholesale electricity prices. Prior to 2006, Evergy Metro
13 had full functional control over its transmission system that served its retail customers
14 within its service territory. In Case No. EO-2006-0142 Evergy Metro filed an application

1 with the Commission to transfer functional control of its transmission facilities to SPP.
2 Most of the parties to that case entered into a *Stipulation and Agreement* on
3 February 24, 2006, and the Commission approved the *Stipulation and Agreement* by
4 Order effective on June 23, 2006. The transfer of functional control of Evergy Metro’s
5 transmission system to SPP was finalized upon the approval by the FERC on
6 October 1, 2006. Additionally, in Case No. EO-2012-0135, Evergy Metro filed a motion
7 requesting the Commission to: “...grant Evergy indefinite permission to participate in SPP
8 with the condition that the Commission retains the authority to open further proceedings
9 regarding Evergy’s SPP participation.”⁵ This request was approved by the Commission
10 (with certain conditions) on July 12, 2023.

11 Q. Explain briefly the types of charges EMM receives from SPP.

12 A. As a transmission customer of SPP, the most significant charges EMM
13 incurs from SPP are for point-to-point, base plan zonal and region-wide transmission
14 costs that are booked to FERC Account 565. Point-to-point transmission costs are billed
15 based on Schedule 7 and Schedule 8 of SPP’s Open Access Transmission Tariff (“OATT”).
16 Base-plan-zonal charges and region-wide charges are billed based on Schedule 11 of the
17 OATT. Base-plan-zonal and region-wide costs are a result of transmission upgrades in the
18 SPP region. The transmission upgrades are directed by SPP’s Transmission Expansion
19 Plan in place to ensure the reliability of the transmission system for SPP’s members.⁶

⁵ Order Granting Motion to Modify Stipulation and Agreement Requirements, EO-2012-0135, Issue Date July 12, 2023.

⁶ SPP OATT

1 The cost of base-plan and region-wide projects are allocated to the SPP region based on
2 the voltage of the project. The allocation methodology is shown in the table below.

SPP Base Plan Highway-Byway Allocation Method		
Voltage	Regional (SPP Region)	Zonal (Every Metro local zone)
300 kV and above	100%	0%
100-300 kV	33%	67%
Below 100 kV	0%	100%

3

4 The costs allocated to SPP region are then allocated to SPP transmission owners
5 based on a load ratio share determination. The load ratio share is developed using the
6 transmission owners' network load divided by the SPP total load. The current EMM
7 system energy consumption within SPP is about 5.5%, according to SPP's State of the
8 Market 2025 report.⁷

9 Q How did Staff determine an appropriate level of transmission expenses to
10 include in EMM's cost of service?

11 A. Staff analyzed EMM's actual transmission expenses for the period of 2014
12 through 2025. The Table below depicts EMM's historical transmission expense for the
13 period of 2014 through 2025. Staff recommends including an annualized level of
14 Transmission Expense based on 12-month actuals as of December 31, 2025,
15 update period in this case. Staff will reevaluate this expense during true up period for any

⁷ www.spp.org

1 changes and modify its annualization methodology if necessary to better represent the
2 transmission expense going forward.

Historical Transmission Expense ⁸	
Year	EMM
2014	** [REDACTED] **
2015	** [REDACTED] **
2016	** [REDACTED] **
2017	** [REDACTED] **
2018	** [REDACTED] **
2019	** [REDACTED] **
2020	** [REDACTED] **
2021	** [REDACTED] **
2022	** [REDACTED] **
2023	** [REDACTED] **
2024	** [REDACTED] **
2025	** [REDACTED] **

3
4 Q. Are there other SPP charges addressed by Staff while considering
5 transmission expense?

⁸ EMM's response to Staff Data Request No. 0097.

1 A. Yes. Staff included the annual amortization of SPP Z-2 credits.
2 This nine-year amortization was established in Case No. ER-2016-0285. This amortization
3 will end in June 2026, the true up period in this case, and Staff will address it accordingly
4 at that time. Z-2 is an attachment to SPP’s tariff, approved by Federal Energy Regulatory
5 Commission (“FERC”), that outlines a process to compensate utilities,
6 generation owners, and others within the SPP footprint for transmission upgrades that
7 enhance grid capabilities. These updates enable access to increased electricity
8 generation, benefiting the overall system.⁹ About 15 years ago FERC mandated a
9 resettlement of certain invoices related to transmission upgrades of several hundred
10 million dollars in electricity purchases. Staff’s Z-2 credit amortization comes from this
11 settlement, and it will conclude as of update period in this case for EMM.

12 **SPP ADMINISTRATIVE FEES**

13 Q. Please briefly describe SPP administrative fees.

14 A. According to its web page: “SPP is a regional transmission organization
15 (RTO): a nonprofit corporation mandated by the Federal Energy Regulatory Commission
16 to ensure reliable supplies of power, adequate transmission infrastructure and
17 competitive wholesale electricity prices on behalf of its members.”¹⁰ SPP doesn’t own
18 the power plants or the power lines. It independently operates the grid providing
19 transmission services through its FERC-approved OATT. SPP recovers its costs from its
20 members/transmission customers, one of which being Evergy Metro. Evergy Metro is

⁹ www.spp.org

¹⁰ <https://spp.org/about-us/>

1 obliged to pay SPP an administrative fee for performing transmission function on
2 its behalf.

3 Q. How does SPP recover its administrative costs from its members?

4 A. SPP administrative fees are based on four categories with four applicable
5 rates, as follows:¹¹

6 **Schedule 1-A1: Transmission Administration Service**

7 Transmission administration service is provided by the Transmission Provider
8 to all Transmission Customers under the SPP Tariff and includes the provision
9 of: (1) reliability coordination, (2) transmission scheduling, (3) system control;
10 (4) transmission planning services. Effective January 1, 2026, the rate for Schedule 1-A1
11 is \$0.295 per MWh.

12 **Schedule 1-A2: Transmission Congestion Rights Administration Service**

13 Transmission Congestion Rights (“TCR”) administration service is provided
14 by the Transmission Provider to all Market Participants that hold TCRs issued and
15 settled by the Transmission Provider (“TCR Holder”). This service includes the
16 provision of: (1) TCR administration through allocation, assignment, auction, or any other
17 process under this Tariff, (2) simultaneous feasibility tests and other applicable
18 studies to determine the total TCRs that can be accommodated by the Transmission
19 System, (3) TCR tools, and (4) a secondary market for TCRs. Effective January 1, 2026,
20 the rate for Schedule 1-A2 is \$0.006 per MWh.

¹¹ <https://opsportal.spp.org/PriceMatrixViewer>

Schedule 1-A3: Integrated Marketplace Clearing Administration Service

Integrated Marketplace clearing administration service is provided by the Transmission Provider to all Market Participants that participate in transactions pursuant to Integrated Marketplace or an applicable Market Participant Service Agreement. This service includes the provision of: (1) market settlements, (2) credit evaluation and risk mitigation services, (3) market monitoring functions, (4) information technology support, and (5) customer service. Effective January 1, 2026, the rate for Schedule 1-A3 is \$0.034 per MWh.

Schedule 1-A4: Integrated Marketplace Facilitation Administration Service

Integrated Marketplace facilitation administration service is provided by the Transmission Provider to all Market Participants that participate in transactions, except for cleared Virtual Energy Bids and cleared Virtual Energy Offers, pursuant to Integrated Marketplace or an applicable Market Participant Service Agreement. This service includes the provision and operation of: (1) Day-Ahead Market, (2) Real-Time Balancing Market, and (3) Reliability Unit Commitment processes. Effective January 1, 2026, the rate for Schedule 1-A4 is \$0.063 per MWh.

Q. How did Staff determine the level of SPP administrative fees to include in EMM's cost of service?

A. Staff calculated an annualized level of SPP administrative fees by applying the rates described above to the billing determinants defined in SPP's OATT. Staff's adjustment is included in Staff Accounting Schedule 10.

1 **TRANSMISSION CONGESTION RIGHTS**

2 Q. Please briefly describe TCRs.

3 A. TCRs are a financial instrument in electricity markets that allows the holder
4 of the instrument to be compensated or charged for congestion in the SPP Integrated
5 Market between two settlement locations.¹² Evergy Metro incurs additional charges from
6 SPP if the congestion occurs while moving its energy from generation to load.
7 Evergy Metro, being an owner of transmission assets in its service territory and a member
8 of SPP, is allocated TCRs to hedge the actual transmission congestion charges incurred
9 to serve its native load. TCRs may result in a source of revenue or a charge from SPP.

10 Q. What level of TCRs is Staff recommending in this filing for EMM?

11 A. Staff reviewed TCR data from 2014 through 2025. TCR's vary largely from
12 year to year. For direct filing, Staff recommends a 3-year average ending December 2025
13 for level of TCRs for EMM. Staff will reevaluate the level of TCR's in the true-up period and
14 may update them to a 12-month actual amount as of June 30, 2026. Staff's adjustment is
15 reflected in Staff's Accounting Schedule 10.

16 **REVENUE NEUTRAL UPLIFT**

17 Q. Briefly describe revenue neutral uplift ("RNU") charges.

18 A. SPP, being a not-for-profit organization, is required to remain revenue
19 (or loss) neutral. RNU charges or credits are used by SPP during the settlement process
20 to ensure that SPP remains neutral. The charges and credits that make up the RNU

¹² SPP Open Access Transmission Tariff.

1 charges include items such as rounding errors and inadvertent interchange cost or
2 revenue. RNU is distributed among the market participants as either a debit
3 (if SPP is short of funds to balance payments between the participants), or as a credit
4 (if SPP has collected more than needed to balance payments between participants).

5 Q. What level of RNU charges is Staff recommending being included in EMM's
6 cost of service?

7 A. Staff reviewed RNU charges from 2007 through 2025. RNU charges vary
8 from year to year. Staff normalized the RNU charges based on the three-year average
9 ending December 31, 2025, the update period in this case. Staff will reevaluate these
10 charges in true-up and may recommend a 12-months actual RNU charges as of
11 June 30, 2026, the true-up period in this case. Staff's adjustment is included in
12 Staff's Accounting Schedule 10.

13 **MISSOURI IOWA NEBRASKA TRANSMISSION LINE LOSSES ("MINT")**

14 Q. Please briefly describe MINT line losses.

15 A. Per EMM's response to Staff's Data Request No. 0384: "Evergy Metro and
16 Evergy Missouri West make line loss payments to Associated Electric Cooperative, Inc.
17 ("AEC") per Article VII of the Amended and Restated Coordinating Agreement for the
18 Cooper – Fairport – St. Joseph 345 Kilovolt Interconnection (aka, the Missouri Iowa
19 Nebraska Transmission ("MINT") line agreement. The MINT line was constructed under
20 the provisions of the MINT line agreement, which was originally signed on March 5, 1990
21 by the participants (AECL, KCPL, St. Joseph Light & Power Company ("SJLP"),
22 Nebraska Public Power District ("NPPD"), Omaha Public Power District ("OPPD"), City of

1 Lincoln (“LES”), and Iowa Power, Inc. (“Iowa Power”)). The original agreement had an
2 effective date of April 14, 1992 when the line was placed in service. The agreement was
3 first amended effective January 1, 1997, and subsequently by a second amendment
4 effective November 6, 2007. SJLP (first by Aquila, Inc. and then by GMO) and Iowa Power
5 (by MidAmerican Energy Company (“MEC”)) have been succeeded under this agreement
6 by subsequent owner companies. The Amended and Restated MINT Line Agreement was
7 later updated to include the Evergy operating company names which was accepted by
8 FERC on 7/17/2020, effective 7/21/2020, in Docket No. ER20-01882-000. Loss payments
9 have been made throughout the life of the MINT line agreement.”¹³

10 Q. What level of MINT line losses does Staff recommend including in EMM’s
11 revenue requirement?

12 A. Staff noted that the level of MINT line losses was trending upwards for the
13 three years leading up to December 31, 2025, update period in this case.
14 Staff recommends using an annualized level of MINT losses based on actual expenses for
15 the 12 months ending December 31, 2025.

16 **ANCILLARY SERVICES**

17 Q. Please describe ancillary services.

18 A. Ancillary services generally refer to the services necessary to support the
19 transmission of capacity and energy from resources to loads while maintaining reliable
20 operation of the transmission system. They include regulation-up, regulation-down,

¹³ Response to Staff Data Request No. 0384 in ER-2026-0143.

1 spinning reserve, supplemental reserve, ramp up, ramp down, and uncertainty services
2 that are a source of revenue and expense for EMM. Regulation-up and regulation-down
3 maintains the balance between the generation and the load. Spinning reserve consists of
4 generation resources that are ready to serve additional demand. Supplemental reserve
5 consists of generation resources that are ready to serve additional demand within a
6 specified time or certain interruptible loads.

7 Q. What level of ancillary service charges is Staff recommending for EMM in
8 this rate case?

9 A. Staff reviewed ancillary service charges data from 2014 through 2025.
10 Ancillary service charges vary from year to year. Staff recommends a three-year average
11 of ancillary services based on data from 2023-2025. Staff will reevaluate these charges in
12 true-up phase of this case and may recommend a 12-months actual ancillary service
13 charges as of June 30, 2026, the true-up period in this case.

14 **PRODUCTION RELATED EXPENSES AND REVENUES**

15 Q. Please describe net fuel, purchased power, market energy expenses,
16 and other production related transactions.

17 A. EMM participates in the SPP integrated energy market. Nearly all energy
18 generated by EMM is sold into the market at a market-established price for each
19 transaction location, and all energy required to serve load is purchased through the
20 market at a market-established price for each transaction location. Additional
21 transactions occur pursuant to contract with municipalities and sales under
22 FERC-approved wholesale tariffs.

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1 Q. Historically, what has been referred to as “off-system sales?”

2 A. Historically, OSS were considered sales of electricity made at times when
3 a utility’s generation output exceeds the load requirements of its native load customers
4 (rate tariff customers), and firm sale customers. This calculation is still relevant for
5 calculation of the transmission sharing percentage,¹⁴ and is related to the manner in
6 which FERC order 668 requires the transactions to be booked. However, the net cost of
7 service impact is the same whether amounts are netted on an hourly basis, as done
8 historically, or on annual basis, as presented in Staff’s accounting schedules in this case.

9 Q. Please describe the transactions with municipalities.

10 A. Evergy Metro enters into contracts with the City of Eudora and the
11 Kansas Municipal Energy Agency. The customers pay both a demand charge for the
12 megawatt capacity commitment from Evergy Metro and an energy charge for the cost of
13 delivered energy. In addition, Evergy Metro also provides capacity to Evergy West.

14 Q. Please explain FERC Wholesale sales.

15 A. FERC wholesale customers are municipalities that buy electricity under a
16 firm power tariff regulated by the FERC. Since the wholesale customers are treated as if
17 they were located in another jurisdiction, none of the revenues from these customers are
18 included in the Missouri utility’s regulatory operations. Staff allocates to the Missouri
19 utility the plant-in-service, accumulated depreciation reserves, revenues, fuel and
20 purchased power costs and maintenance costs required to serve Missouri customers
21 using demand and energy allocation factors developed by Staff witness Alan Bax.

¹⁴ Supported by Staff witness Stacy Henderson.

1 The FERC jurisdictional loads are not included in the demand and energy allocators
2 developed for the Missouri jurisdiction.

3 Q. What is Staff's recommendation for net fuel, purchased power, and market
4 energy expenses?

5 A. Staff witness Brodrick Niemeier provides testimony regarding Staff's
6 production modeling results, which indicate the total fuel, the wholesale energy
7 expenses to serve load, and the value of the energy generated, as well as purchased
8 power transactions.

9 Regarding the transactions with municipalities, Staff reviewed sales levels and
10 annualized revenues based on the 12 months actuals as of December 31, 2025,
11 the update period in this case. Staff's adjustment is reflected in Schedule 10 of Staff's
12 Accounting Schedules. Staff reviewed energy sales data from 2015 through 2025 and
13 noted that energy sales are trending up. Staff annualized firm energy sales based on the
14 12-month actuals as of December 31, 2025, the update period in this case. Staff will
15 revisit this issue in true-up stage of this proceeding and adjust the level of production
16 related expenses and revenues as necessary. Staff's adjustment is reflected in
17 Schedule 10 of Staff's Accounting Schedules.

18 **FUEL AND PURCHASED POWER OVERVIEW**

19 Q. What types of fuel does EMM use to generate electricity?

20 A. EMM's total 2025 owned generation capacity, consisting of nuclear,
21 coal-fired, natural gas, wind, and solar generation is 5,142 megawatts. EMM's generation
22 capacity is made up of following types of generation:

2025 Capacity and Generation by Fuel Type			
Generation Capacity by Fuel Type	2025 Megawatt Rating	Percent of Generation Capacity	Percentage of MWh Generated (2025)
Coal	2,258	54.38%	61.88%
Nuclear	553	13.32%	29.84%
Natural Gas	791	19.05%	6.80%
Oil	394	9.49%	0.53%
Wind	149	3.59%	0.88%
Solar	7	0.17%	0.07%
Total	4,152	100%	100%

1 Source: *Evergy 2025 Annual Report (10-5)*.

2 EMM's coal-fired generating units make up 55% of its total generation fleet,
3 those units produce 62% of the total native energy. Nuclear power is 13.32% of total EMM
4 capacity, but it produces 29.84% of total generation. Natural Gas and Oil generation
5 constitute 28% of EMM's capacity but are primarily peaking power plants.

6 **FUEL PRICES**

7 Q. How did Staff determine the fuel prices for Evergy Metro?

8 A. Staff accounted for fuel prices by examining actual historical cost of each
9 type of fuel as explained below. The price of fuel was used as an input to Staff's
10 fuel modeling.

11 **Coal Prices**

12 Q. How did Staff determine the price of coal?

1 Q. How does your and witness Tevie's approach to developing inputs for use
2 in the fuel model align?

3 A. Both witness Tevie and I adjusted for price abnormalities during 14-17
4 January 2024. Staff witness Tevie also adjusted for price spikes noted in February of 2025.
5 For auditing purposes, spikes noted in February had negligible impact on Staff's natural
6 gas price calculation, therefore, audit Staff did not adjust for price anomalies noted
7 in February.

8 Q. Will audit Staff review and adjust as necessary natural gas prices in true-up
9 period of this proceeding?

10 A. Yes. Staff will reevaluate natural gas prices in the true-up period of this
11 case and may reconsider the time period used to develop the natural gas price if unusual
12 or extraordinary prices are experienced before June 30, 2026, the true-up period in this
13 case. If Staff determines in the true-up that the two-year historical average still best
14 represents price of natural gas going forward, the irregular pricing experienced in
15 January 2024 will be excluded from the historical cost.

16 **Nuclear Fuel Prices**

17 Q. How did Staff determine the price of nuclear fuel?

18 A. To determine the price of nuclear fuel, Staff relied on EMM's Report 25 – the
19 Fuel Report provided to Staff as a response to Staff's Data Request No. 0047 detailing fuel
20 statistics for EMMs generating stations. Staff's recommended nuclear fuel price is based
21 on the average actual costs incurred during the 12-months ending December 31, 2025,
22 update period in this case.

Oil Prices

1
2 Q. How did Staff determine the price of oil?

3 A. Staff performed an onsite review of EMM's oil contracts that are in effect as
4 of December 31, 2025, update period in this case. Additionally, Staff reviewed and
5 recommends EMM's oil prices which are just over ** [REDACTED] ** per MMBtu or ** [REDACTED] **
6 per gallon depending on the specific site.

7 **FIXED FUEL COSTS**

8 Q. Are fixed fuel and purchased power costs used as an input for the Staff's
9 fuel model?

10 A. No. Fuel and purchased power that do not vary directly with the amount of
11 fuel burned were not included as an input for the Staff's fuel model. Those costs are
12 determined separately. The non-variable fuel costs determined separately and included
13 in fuel expense are typically referred to as "fuel adders". These types of costs include
14 non-wage fuel handling, dust suppressants, and freeze proofing coal for transportation
15 from mines to power plants. Other fuel adder expenses incurred by EMM include
16 ammonia, lime, limestone, sulfur, and powdered activated carbon ("PAC").

17 Q. Do "fixed costs" include the cost of natural gas transportation?

18 A. Yes. A significant portion of natural gas transportation charges are fixed
19 under contractual terms.

20 Q. Do "fixed costs" include the capacity portion of purchased power costs?

21 A. Yes. The non-variable purchased power costs not included in Staff's fuel
22 model are commonly referred to as "capacity charges" or "demand charges" and are

1 annualized separately from purchased power energy costs and are addressed later in
2 this testimony.

3 Q. How did Staff account for fixed costs in EMM's cost of service?

4 A. Staff included annualized amounts of fixed fuel costs based on the actual
5 costs during the 12 months ended December 31, 2025, update period in this case.

6 **FUEL INVENTORY**

7 **Coal Inventory**

8 Q. How did Staff calculate an amount for coal inventory?

9 A. The amount Staff included in EMM's rate base for coal inventory is based
10 on the results obtained from Staff's fuel model. Staff used its fuel model to determine the
11 appropriate mix of generation and purchased power utilization to match the normalized
12 native load for EMM. In doing so, Staff obtained from the fuel model an annual amount of
13 tons of coal burned by each coal-fired generation unit during the normalized updated test
14 year. Staff divided the annual tons of coal burned from the fuel model by 365 days to
15 calculate an average daily burn by unit. Staff then multiplied this average daily burn by
16 EMM's recommended number of burn days of coal inventory for each generating unit and
17 added an estimated level of basemat coal.

18 Q. What is basemat coal?

19 A. Basemat coal is the bottom portion of the coal pile that is difficult to burn
20 in the generating facilities because of the contamination of moisture, soil, clay, and other
21 contaminants. Staff included basemat coal as inventory to reflect the guidance provided
22 by the Commission in prior rate cases.

1 Q. How did Staff value the amount of coal inventory?

2 A. Staff multiplied the resulting normalized level of inventory for each unit by
3 the delivered cost per ton of coal for use at that unit. The resulting annual coal costs for
4 each unit were then aggregated. The aggregated amount was multiplied by Staff's energy
5 jurisdictional allocation factor to arrive at the coal inventory amount shown in the
6 rate base.

7 **Nuclear Inventory**

8 Q. How did Staff determine an amount for nuclear inventory?

9 A. To determine the amount of nuclear fuel inventory in EMM's rate base Staff
10 used an 18-month average of the value of nuclear fuel that was contained in the fuel core
11 of the Wolf Creek nuclear generating unit. Since the Wolf Creek station is refueled every
12 18 months, this 18-month time period reflects the average nuclear fuel inventory value
13 during a complete nuclear fuel usage cycle at Wolf Creek.

14 **Oil and Fuel Additives Inventory**

15 Q. How did Staff determine the level of other fuel inventories to be included in
16 rate base?

17 A. Staff used a 13-month average to determine the inventory levels for oil,
18 lime, limestone, ammonia, propane, urea, and powder activated carbon inventories.
19 Staff used 13-month average inventory levels to better reflect EMM's actual investment
20 in fuel inventory by including a beginning and ending inventory. Additionally, as inventory
21 levels fluctuate from month-to-month, a 13-month average is used to smooth out
22 the fluctuations.

Direct Testimony of
Antonija Nieto

1 Q. Does this conclude your direct testimony?

2 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro's Request for) Case No. ER-2026-0143
Authority to Implement a General Rate)
Increase for Electric Service)

AFFIDAVIT OF ANTONIJA NIETO

STATE OF MISSOURI)
)
COUNTY OF Jackson) ss.

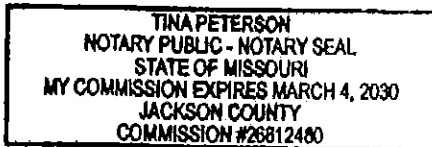
COMES NOW ANTONIJA NIETO and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony-Revenue Requirement*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

A Nieto
ANTONIJA NIETO

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 24 day of June 2026.



Tina Peterson
Notary Public

Antonija Nieto

Educational and Employment Background and Credentials

I am currently employed as a Lead Senior Utility Regulatory Auditor for the Missouri Public Service Commission (“Commission”). Previously I was employed by Lauterbach, Borschow and Company, P. C. in El Paso, TX as an auditor specializing in financial institutions audits from January 2008 to November 2009. I earned a Bachelor of Accounting from New Mexico State University in December 2006 and a Master of Accounting with minor in Management, also from New Mexico State University in December 2007. I have been employed by the Commission since October 2016.

As a Lead Senior Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases in which I have participated and the scope of my contributions are listed below:

Case/Tracking Number	Company Name- Type of Case; Issues
ER-2026-0143	Evergy Missouri Metro Insurance Expense, SO2 Amortization and Rate Base, Depreciation Clearing, Depreciation Expense, Transmission Revenue and Expense, Transmission Congestion Rights and Auction Revenue Rights, Revenue Neutral Uplift, SPP Administrative Fees, Border Customers Fuel and Revenues, Off-System Sales including excess margins, Fuel and Purchased Power Fixed Costs, Fuel Inventories, Surface Transportation Board Amortization, Hedging Gains and Losses

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
GR-2025-0107	Spire, Inc. Capitalized O&M Depreciation, Credit Card Fees, Energy Efficiency, Energy Affordability, and Red Tag Balances, Insulation Financing – Energy Wise, ISRS Investment Assessment - Testimony
ER-2024-0261	Liberty (Empire) Electric Fuel and Purchased Power – Entergy Transmission Contract, Fuel and Purchased Power Fixed Costs, Fuel Inventories, Outside Services, Southwest Power Pool Revenue and Expense, State Line Water Usage
GR-2024-0369	Ameren Missouri Cash Working Capital, Call Center Costs, Paperless Bill Credit Revenue Imputation and Test Year Expense Removal, Property and Facility Sales, Donations, and Facility O&M
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity
GA-2024-0100	Spire, Inc. Certificate of Convenience and Necessity
WR-2024-0014	Gascony Water Company Rate Increase Request
ER-2024-0189	Evergy Missouri West Bad Debt Expense and Tracker, Depreciation Clearing, Depreciation Expense, Forfeited Discounts, IT Software Maintenance, Pensions and OPEBs, Plant in Service and Accumulated Depreciation, SERP, Severance Costs, Transmission Revenue and Expense and SPP Administrative Fees
GA-2024-0100	Spire, Inc. Certificate of Convenience and Necessity

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity
WM-2024-0065	Confluence Rivers Certificate of Convenience and Necessity
GA-2023-0389	Spire, Inc. Certificate of Convenience and Necessity
SA-2023-0346 WA-2023-0345	Missouri-American Water Company Certificate of Convenience and Necessity
WA-2023- 0418	Misty Water Works Certificate of Convenience and Necessity
SA-2023-0215	Confluence Rivers Certificate of Convenience and Necessity
ER-2022-0337	Ameren Missouri Non-Labor Power Plant Maintenance, Software and Cybersecurity Revenues and Expenses, Call Center Costs, Plant in Service Accounting (PISA), Insurance Expense, Advertising Expense, Lobbying Expense (including MEDA), Dues and Donations, Edison Electric Institute (EEI), Customer Convenience Fees, Wind Generation Operations and Maintenance Expense, Callaway Refueling Non-Labor Expense, Callaway Unplanned Outage Expense/Capital
EA-2022-0328	Evergy Missouri West Certificate of Convenience and Necessity

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
ER-2022-0129 ER-2022-0130	Evergy Missouri Metro and Evergy Missouri West Advertising, Customer Advances, Customer Deposits, Dues and Donations (EEI), EMS Run, Material and Supplies, Prepayments, Lobbying, Accounts Receivable Bank Fees, Debit/Credit Card Processing Fees, Economic Relief Pilot Program, Renewable Energy Standard Amortization, Regulatory Asset Amortizations, Injuries and Damages, Insurance, IT Software Maintenance, Maintenance, Wolf Creek Nuclear Refueling Outage, Plant in Service Accounting (PISA)
GO-2022-0171	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)
GR-2021-0108	Spire, Inc. Advertising, Board of Directors, Cash Working Capital, Communication Equipment Lease, Credit Card Processing Fees, Energy Efficiency and Low Income Programs/Weatherization, Energy Efficiency Program Balances, Fuel Expense Equipment and Vehicles, Insurance, Line Locating, Rents and Leases, Severance, Uncollectible Expense
SA-2021-0017	Missouri-American Water Company Certificate of Convenience and Necessity
WR-2020-0264	Raytown Water Company Leased equipment, Outside Services, Purchased Water Bills, Education Expense, Lab Fees, Office Supplies, Primacy Fees, Printing and Postage Expense, Uniform Expense
WA-2019-0364	Missouri-American Water Company Certificate of Convenience and Necessity
GO-2019-0356	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
WO-2019-0184	Missouri American Water Company Infrastructure System Replacement Surcharge (ISRS) Work Order review, Reconciliation
SA-2019-0161	United Services, Inc. Certificate of Convenience and Necessity Plant buildout, Direct Expenses
ER-2018-0145	Kansas City Power & Light Company and Greater Missouri Energy Company Advertising, Bad Debt Expense, Revenues, Customer Advances, Customer Deposits, Customer Growth, Dues and Donations, Material and Supplies, Other Revenues, Prepayments, Forfeited Discounts annualization, Greater Missouri Energy Company EMS Run, Payroll expenses, Payroll Taxes, Employee Benefits
GR-2017-0215 GR-2017-0216	Laclede Gas and Missouri Gas Energy Payroll, Payroll Taxes, Employee Benefits, Non-Labor Maintenance, A&G and O&M Cost Analysis
WR-2017-0139	Stockton Hills Water Company Payroll, Other Expenses
ER-2016-0285	Kansas City Power & Light Company EMS Run, Insurance expense, Amortization, PSC Assessment, Lease expense