

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Petition of Evergy Kansas)
Central, Inc., Evergy Kansas South, Inc., and)
Evergy Metro, Inc. for Determination of the)
Ratemaking Principles and Treatment that will)
Apply to the Recovery in Rates of the Cost to)
be Incurred for Certain Electric Generation)
Facilities Under K.S.A. 66-117)

Docket No. 25-EKCE-207-PRE

DIRECT TESTIMONY OF JUSTIN BIEBER

ON BEHALF OF

HF SINCLAIR EL DORADO REFINING LLC

MARCH 14, 2025

1 I. **INTRODUCTION**

2 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Justin Bieber. My business address is 111 East Broadway, Suite 1200, Salt Lake
4 City, Utah 84111.

5 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a private consulting
7 firm specializing in economic and policy analysis applicable to energy production,
8 transportation, and consumption.

9 Q. **ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

10 A. My testimony is being sponsored by HF Sinclair El Dorado Refining LLC ("HF Sinclair"). HF
11 Sinclair owns and operates the El Dorado Refinery located in El Dorado, Kansas. It is one of
12 the largest crude oil refineries in the Plains States and the Rocky Mountain Region. The El
13 Dorado Refinery receives electric service from Evergy pursuant to an Energy Supply
14 Agreement.

15 Q. **PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND QUALIFICATIONS.**

16 A. My academic background is in business and engineering. I earned a Bachelor of Science in
17 Mechanical Engineering from Duke University in 2006 and a Master of Business Administration
18 from the University of Southern California in 2012. I am also a registered Professional Civil
19 Engineer in the state of California.

20 I joined Energy Strategies in 2017, where I provide regulatory and technical support on
21 a variety of energy issues, including regulatory services, transmission and renewable
22 development, and financial and economic analyses. While at Energy Strategies, I have filed and

1 supported the development of testimony before various state utility regulatory commissions.

2 Prior to joining Energy Strategies, I held positions at Pacific Gas and Electric Company
3 as Manager of Transmission Project Development, ISO Relations and FERC Policy Principal,
4 and Supervisor of Electric Generator Interconnections. During my career at Pacific Gas and
5 Electric Company, I supported multiple facets of utility operations, and led efforts in policy,
6 regulatory, and strategic initiatives, including supporting the development of testimony before,
7 and submittal of comments to, the FERC, California ISO, and the California Public Utility
8 Commission.

9 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY OTHER STATE UTILITY**
10 **REGULATORY COMMISSIONS?**

11 A. Yes. I have testified in approximately 70 regulatory proceedings on the subjects of utility rates
12 and regulatory policy before state utility regulators in Colorado, Indiana, Kentucky, Michigan,
13 Nevada, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Utah,
14 Virginia, Washington, and Wisconsin.

15 **II. OVERVIEW AND CONCLUSIONS**

16 Q. What is the purpose of your testimony in this proceeding?

17 A. My testimony addresses the request by Evergy Kansas Central, Inc. and Evergy Kansas South,
18 Inc. (collectively, "EKC") and Evergy Metro, Inc., d/b/a Evergy Kansas Metro ("EKM") (EKC
19 and EKM referred to herein together as "Evergy" or "the Company") for predetermination of
20 ratemaking principles related to planned generation additions.

21 Absence of comment on my part regarding a particular issue does not signify support (or
22 opposition) toward the Company's filing with respect to the non-discussed issue.

1 **Q. WHAT ARE YOUR PRIMARY CONCLUSIONS AND RECOMMENDATIONS?**

2 A. I am not recommending that the Commission approve Evergy's requested ratemaking principles
3 and treatment for its planned generation additions. However, if the Commission does approve
4 Evergy's request to implement a rate mechanism to recover a return on 100% of construction
5 work in progress ("CWIP Rider") for the Viola Generation Station (Viola plant) or the McNew
6 Generating Station (McNew plant), I recommend that the Commission also determine that the
7 CWIP Rider costs should be allocated to customers on the same basis as the underlying
8 generation plant.

9 Allocating CWIP costs in this manner will ensure alignment between the CWIP Rider
10 rates and cost causation. If approved, Evergy's request for predetermination will provide
11 regulatory certainty for the Company and its investors. It is also important to establish the
12 appropriate cost allocation methodology now to offer greater assurance to customers that costs
13 will be distributed in accordance with cost causation principles and help prevent the creation
14 of inter-class subsidies in the funding of CWIP recovery.

15 **III. EVERGY'S REQUEST FOR PREDETERMINATION AND USE OF A CWIP RIDER**

16 **Q. WHAT IS THE COMPANY SEEKING IN THIS PETITION?**

17 A. Evergy witness Ronald A. Klote explains that the Company is seeking predetermination of
18 ratemaking principles related to three separate generating projects intended to assist in fulfilling
19 the Company's capacity and energy needs through 2023.¹

20 **Q. WHY IS EVERGY SEEKING PREDETERMINATION OF RATEMAKING**
21 **PRINCIPLES IN THIS PETITION?**

¹Direct Testimony of Ronald A. Klote, p. 3.

1 A. According to Evergy witness Darrin R. Ives, Evergy is requesting predetermination of
2 ratemaking principles related to these generator additions because it provides predictability and
3 certainty in ratemaking, while also promoting openness and transparency in the process.²

4 **Q. DOES EVERGY EXPLAIN HOW PREDETERMINATION PROMOTES**
5 **PREDICTABILITY AND CERTAINTY?**

6 A. According to Mr. Ives, predetermination provides Evergy with the assurance that its investments
7 in the proposed plants have been reviewed, scrutinized, and deemed reasonable. It also ensures
8 that the mechanisms for recovering those investments through Evergy's rates are established
9 before construction begins. Mr. Ives asserts that this certainty is crucial given the scale of
10 Evergy's anticipated investments and the associated risks. Additionally, he argues that
11 predetermination of ratemaking treatment helps Evergy continue attracting capital on reasonable
12 terms, enabling the company to fund this and other necessary investments to accommodate
13 growing demand, increased usage, and its obligation to serve all customers in its territories.³

14 **Q. PLEASE EXPLAIN EVERGY'S PROPOSED CWIP RIDER?**

15 A. Mr. Klote explains that the CWIP Rider is a rate mechanism that is now permitted by revisions
16 to K.S.A. 66-1239(c)(6)(A). According to Mr. Klote, the statute permits Evergy to recover the
17 return on 100% of the amounts recorded to construction work in progress ("CWIP") on Evergy's
18 books up to the definitive cost estimate through a CWIP Rider.⁴

19 **Q. WHEN DOES EVERGY PLAN TO IMPLEMENT THE PROPOSED CWIP RIDER?**

20 A. According to Mr. Klote, Evergy planned to propose the tariff that would establish the CWIP

²Direct Testimony of Darrin R. Ives, p. 7.

³*Id.*

⁴Direct Testimony of Ronald A. Klote, pp. 4-5.

1 Rider in the Company's next general rate case. In his testimony, Mr. Klote stated that the
2 Company expected to file its next rate case at the end of January 2025. In the proposed tariff,
3 he explains that Evergy plans to request that recovery under the CWIP Rider begin 365 days
4 after the construction of each of the generating facilities commences and continue until the
5 investments are reflected in base rates.⁵

6 **Q. DID EVERGY FILE A GENERAL RATE CASE AS PLANNED AT THE END OF**
7 **JANUARY 2025?**

8 A. Yes. Evergy filed their general rate case on January 31, 2025, in Docket No. 25-EKC-294-RTS.

9 **Q. IN THE GENERAL RATE CASE, DID THE COMPANY PROPOSE A TARIFF TO**
10 **ESTABLISH THE CWIP RIDER, AS INDICATED BY MR. KLOTE?**

11 A. No. In the general rate case, Evergy's witness David Campbell stated that the Company instead
12 proposes to file a tariff for the CWIP Rider at a later time, after having the opportunity to
13 discuss its structure with Commission Staff ("Staff"). Specifically, Mr. Campbell stated that:

14 Although we are not proposing to recover the costs associated with our
15 investment in new natural gas generation in this filing, we continue to work on
16 developing the tariff structures that will enable cost recovery in the future
17 through use of a Construction Work in Progress ("CWIP") rider that was
18 authorized during the 2024 Kansas legislative session by HB 2527. We plan to
19 file the tariff for this rider with the Commission after we have an opportunity to
20 discuss its structure with Staff to allow for recovery at a time consistent with the
21 terms of the statute.⁶

22 **Q. DOES EVERGY EXPLAIN HOW IT PLANS TO ALLOCATE CWIP RIDER COSTS TO**
23 **CUSTOMERS?**

24 A. No. Evergy does not explain how it plans to allocate CWIP Rider costs to customers.

⁵*Id.*, pp. 5-6.

⁶Docket No. 25-EKCE-294-RTS, Direct Testimony of David Campbell, p. 7 (January 31, 2025).

1 **Q. WHAT IS YOUR ASSESSMENT OF THE COMPANY'S PROPOSED CWIP RIDER?**

2 A. I am not opposing the CWIP Rider, as my understanding is that recent revisions to K.S.A.
3 66-1239(c)(6)(A) permit such ratemaking treatment. However, I am concerned about Evergy's
4 request for the Commission's approval of a CWIP Rider in this case, given the lack of a
5 proposed tariff or a clear method for allocating costs to customers.

6 Since Evergy proposes to implement a CWIP Rider to recover the costs of CWIP for
7 new generator additions, I recommend that these costs be allocated to customer classes through
8 the CWIP Rider in the same manner as Evergy allocates costs for its other generation plants.
9 This approach ensures consistency in how the costs of new generation additions will ultimately
10 be allocated to customers once the plants are incorporated into Evergy's rate base in a future
11 rate case filing. Importantly, it also aligns with cost causation, promoting more efficient price
12 signals and minimizing cross-subsidies among customer classes.

13 **Q. DO YOU HAVE OTHER CONCERNS WITH THE COMPANY'S PROPOSAL IN ITS**
14 **CURRENT RATE CASE TO FILE A TARIFF FOR THE CWIP RIDER IN THE**
15 **FUTURE AFTER IT HAS THE OPPORTUNITY TO DISCUSS THE STRUCTURE**
16 **WITH STAFF?**

17 A. Yes, I do. First, this approach is inconsistent with the Company's statement in this proceeding
18 that it planned to file the tariff as part of its rate case. Second, delaying the tariff filing until an
19 unspecified future date, after discussions with Staff, may not provide a reasonable opportunity
20 for intervenors in this proceeding to address critical issues related to the Company's
21 Application, in particular the appropriate allocation of costs to be recovered through the CWIP
22 Rider.

1 **Q. HOW DOES THE COMPANY PROPOSE TO ALLOCATE PRODUCTION COSTS IN**
2 **ITS GENERAL RATE CASE FILED IN DOCKET NO. 25-EKCE-294-RTS?**

3 A. In the general rate case docket, Evergy witness Marisol E. Miller explains that the Company
4 intends to continue to utilize an Energy Weighted approach, specifically the Average & Excess
5 Demand ("AED") allocation method, incorporating a four (4) Coincident Peak ("CP")
6 component (collectively "AED-4CP") to allocate production costs.⁷

7 **Q. HAS EVERGY PREVIOUSLY USED THE AED-4CP METHOD TO ALLOCATE**
8 **PRODUCTION COSTS?**

9 A. According to Ms. Miller, the AED-4CP method was also used by the Company in the most
10 recent class cost of service study filed in its 2023 rate cases.⁸

11 **Q. WHAT IS YOUR ASSESSMENT OF THE COMPANY'S PROPOSED**
12 **METHODOLOGY FOR THE ALLOCATION OF PRODUCTION COSTS IN ITS**
13 **GENERAL RATE CASE AS DESCRIBED BY MS. MILLER?**

14 A. I generally find the proposed AED-4CP method proposed by Evergy in its general rate case to
15 be a reasonable cost allocation method that is aligned with underlying cost causation.

16 **Q. WHAT COST ALLOCATION METHOD DO YOU RECOMMEND FOR THE CWIP**
17 **RIDER?**

18 A. I am not recommending that the Commission approve the proposed CWIP Rider. However, if
19 the Commission does approve it, I recommend that the Commission determine now that costs
20 to be recovered through the CWIP Rider will be allocated in the same manner as Evergy's other

⁷Docket No. 25-EKCE-294-RTS, Direct Testimony of Marisol E. Miller, p. 11 (January 31, 2025).

⁸*Id.*

1 generation plant to align with underlying cost causation.

2 In its ongoing rate case, Evergy has proposed allocating production costs using the
3 AED-4CP cost allocation method, which would be a reasonable approach for allocating CWIP
4 Rider costs among customer classes. However, if the Commission adopts a different allocation
5 methodology for production costs in the future, the CWIP Rider cost allocation should align with
6 the Commission-approved methodology for allocating Evergy's generation plant.

7 **Q. DOES EVERGY ALREADY ALLOCATE COSTS IN ACCORDANCE WITH COST**
8 **CAUSATION FOR EXISTING RIDERS?**

9 A. Yes. Evergy's Transmission Delivery Charge, or Schedule TDC, is a good example of a rider
10 that is allocated in alignment with cost causation. Specifically, Evergy's Schedule TDC uses
11 a demand allocator based on the 12 coincident peak ("12 CP") allocator utilized by the
12 Company for its Class Cost of Service Study in its most recent rate case.⁹ Allocating
13 transmission costs in accordance with cost causation ensures that TDC revenue recovery aligns
14 with the underlying cost of service.

15 **Q. WOULD IT BE APPROPRIATE TO ALLOCATE CWIP RIDER COSTS BASED UPON**
16 **A UNIFORM PER KILOWATT HOUR (kWh) CHARGE TO BE ASSESSED TO ALL**
17 **CUSTOMERS?**

18 A. No, it would not. While a uniform per kWh charge might be administratively convenient, it
19 would effectively allocate the costs associated with the generation plant entirely on the basis
20 of energy usage, which does not align cost causation. The allocation of CWIP Rider costs for
21 the proposed generator additions should reflect that the Viola plant and McNew plant will

⁹Docket No. 24-EKCE-629-TAR, Schedule TDC, Sheet 4 (January 9, 2025).

1 provide significant capacity to meet system peak demands. Therefore, the CWIP Rider costs
2 should be allocated using the same cost allocation methodology that is applied to Evergy's
3 generation plant to ensure consistency with cost causation principles.

4 **Q. WHY SHOULD THE COMMISSION DETERMINE THE APPROPRIATE**
5 **METHODOLOGY TO ALLOCATE CWIP RIDER COSTS NOW RATHER THAN**
6 **WAITING TO DETERMINE THE METHODOLOGY IN A FUTURE CASE?**

7 A. Evergy's Application requests a predetermination approving ratemaking treatment and a CWIP
8 Rider to provide regulatory certainty, openness, and transparency for the Company and its
9 investors. If the Commission approves the requested ratemaking treatment, including the CWIP
10 Rider, it should also determine the appropriate cost allocation methodology in this docket. This
11 will ensure that CWIP costs are allocated in alignment with cost causation and the
12 Commission-approved methodology for Evergy's generation plant costs.

13 If the Company is granted regulatory certainty regarding cost recovery through the
14 approval of a CWIP Rider, customers should likewise benefit from a Commission-determined
15 cost allocation methodology in the same contested docket where intervening parties can
16 participate. Delaying this decision and allowing the allocation methodology to be informally
17 determined later between Evergy and Staff, as suggested by Mr. Campbell, would contradict
18 Evergy's stated goal of transparency.

19 Therefore, I recommend that if the Commission approves Evergy's request to implement
20 a CWIP Rider in this docket, it should also determine that CWIP costs will be allocated in
21 accordance with cost causation and aligned with the Commission-approved methodology for
22 Evergy's generation plant cost allocation.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A. Yes, it does.**

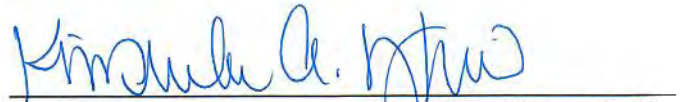
VERIFICATION

STATE OF UTAH
COUNTY OF SALT LAKE, ss:

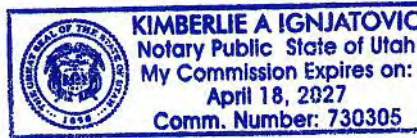
I, Justin Bieber, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Justin Bieber

SUBSCRIBED AND SWORN to before me this 11th day of March, 2025.


Notary Public

Appointment/Commission Expires:



CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing testimony was sent via electronic mail this 14th day of March, 2025, addressed to:

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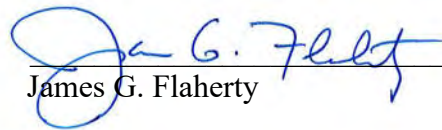
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