

Exhibit No.:
Issue: Special High Load Factor
Market Rate
Witness: Darrin R. Ives
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: EO-2022-0061
Date Testimony Prepared: November 2, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2022-0061

DIRECT TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST

**Kansas City, Missouri
November 2, 2021**

DIRECT TESTIMONY

OF

DARRIN R. IVES

Case No. EO-2022-0061

1 **Q: Please state your name and business address.**

2 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory Affairs for
6 Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro”), Evergy Kansas
7 Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy
8 Kansas Central”), Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri
9 Metro”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri
10 West”), the operating utilities of Evergy, Inc.

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

12 A: I am testifying on behalf of Evergy Missouri West. For the purpose of this testimony I will
13 refer to Evergy Missouri West as “EMW” or “Company”.

14 **Q: What are your responsibilities?**

15 A: My responsibilities include oversight of the Company’s Regulatory Affairs Department, as
16 well as all aspects of regulatory activities including cost of service, rate design, revenue
17 requirements, regulatory reporting and tariff administration.

1 **Q: Please describe your education, experience and employment history.**

2 A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business
3 Administration with majors in Accounting and Marketing. I received my Master of
4 Business Administration degree from the University of Missouri-Kansas City in 2001. I
5 am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the
6 public accounting firm Coopers & Lybrand L.L.P. I was first employed by Evergy (then
7 KCP&L) in 1996 and held positions of progressive responsibility in Accounting Services
8 and was named Assistant Controller in 2007. I served as Assistant Controller until I was
9 named Senior Director – Regulatory Affairs in April 2011. I have held my current position
10 as Vice President – Regulatory Affairs since August 2013.

11 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
12 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**
13 **agency?**

14 A: Yes, I have testified before the Commission and the Kansas Corporation Commission
15 (“KCC”). I have also provided written testimony to the Federal Energy Regulatory
16 Commission and testified before Missouri and Kansas legislative committees.

17 **Q: What is the purpose of your direct testimony?**

18 A: The purpose of my direct testimony is to discuss the proposed Special High Load Factor
19 Market Rate tariff (example in **Schedule DRI-1**) and an example of the tariff contract that
20 will be used for each customer receiving service under the rate (example Market Rate
21 Contract, **Confidential Schedule DRI-2**), detail its designed application and the discuss
22 the conditions leading to its proposal.

1 **Q: Beginning with the conditions leading to this proposal, what need is Evergy expecting**
2 **to fill with the proposed rate?**

3 A: Over the past two or three years, Evergy has been approached by multiple potential
4 customers seeking to locate data centers in the Company’s Missouri jurisdictions. The
5 projects planned by these potential customers are similar in timing and energy needs.
6 Generally, the customers are seeking to locate large data centers in the Midwest to take
7 advantage of regional benefits (land availability, security, resiliency, energy grid
8 connectivity, etc.) and to improve the response time and capabilities of the services hosted
9 by these companies. By “large”, I mean these customers expect loads at or around 150MW
10 to 200MW for each data center. The loads will be consistent, having a high load factor due
11 to the “always on” aspect of computer/internet technology. When first built, these loads
12 tend to “ramp up” over a period of years as the data center equipment is installed, tested
13 and commissioned in phases. These customers plan to invest hundreds of millions of
14 dollars into the area, supporting their construction and operations. Each customer is
15 operating under an internal development timetable and are seeking solutions to fit those
16 timing needs. All have corporate renewable energy mandates and seek to partner with local
17 utilities and municipalities to ensure success of these installations. These customers are
18 scouring the region looking for the best combination of factors to support their investment
19 decisions. Given the load size and load factor, these potential customers are distinct from
20 other customers served by EMW. For example, a single data center meeting the above
21 description would represent a load over twice the size of the Nucor Steel plant added to the
22 EMW jurisdiction in 2019.

1 **Q: Does electric price factor into the location decision for these customers?**

2 A: Yes. My understanding is that the price of electricity comprises a substantial component
3 of a data center's operating and expense budget. Thus, competitive electricity rates are
4 very important to these customers and represent a primary factor in their decision to choose
5 a location.

6 **Q: Could these needs be served with an existing Evergy retail rate?**

7 A: Not competitively. The Company does have options under its current tariff. Whether it be
8 a generally available rate, the Special Rate for Incremental Load tariff or the Special
9 Contract tariff, each could produce a solution. However, given the sheer size of the data
10 center customer load, the need to make the rate competitive and the need to facilitate
11 customer renewable energy goals, the Company needed to seek another alternative.

12 **Q: The Special Rate for Incremental Load tariff and the Special Contract tariff seem**
13 **particularly suited for this application. What made these rates unworkable for these**
14 **customers?**

15 A: The Special Rate for Incremental Load tariff has been used recently and was initially
16 considered. Efforts were made to provide service under the rate but conditions in the
17 renewable power purchase agreement market have made the financial benefits less suitable
18 for both the potential customer and the Company. The Special Contract tariff was
19 considered but requirements to include embedded cost riders made it difficult to achieve
20 competitive and predictable pricing. Since energy pricing was a primary concern, we
21 sought other alternatives.

1 **Q: Please describe the proposed Special High Load Factor Market rate and how it is**
2 **designed to address the needs of these customers.**

3 A: In our various discussions, one particular customer emerged and took the steps needed to
4 seek service from the Company. This customer served as our design case and made us
5 aware of rate designs in other jurisdictions that set energy pricing based on power pool
6 day-ahead energy pricing. The most applicable example is Rate 261M offered by the
7 Omaha Public Power District¹. This rate was approved in 2017 to provide service to large
8 transmission level customers in the Omaha area² providing their customers access to SPP
9 energy prices and describing it as a solution that brought economic development benefits
10 to the area and supported customers' in meeting their renewable goals by pricing retail
11 energy at SPP market prices to align with pricing of customer renewable projects on the
12 SPP grid. The design of the Special High Load Factor Market rate is similar. The most
13 significant design element is its connection to the Southwest Power Pool ("SPP") day-
14 ahead market, allowing customers to seek renewable energy resources through their own
15 means, using the renewable resources to support their load and renewable goals and
16 manage their overall energy cost, while protecting other EMW customers by allowing the
17 utility to cover its incremental costs.

18 In establishing the design for the Special High Load Factor Market rate tariff, we
19 sought additional control and flexibility by replicating the tariff-tariff contract approach
20 used under the Special Rate for Incremental Load Service tariff. With this approach, the
21 Company will seek separate Commission approval of the Special High Load Factor Market
22 rate tariff and a customer-specific Market Rate contract. For Nucor in EO-2019-0244,

¹ <https://www.oppd.com/media/207840/oppd-rate-manual.pdf#nameddest=261M>

² <https://www.publicpower.org/periodical/article/oplds-innovative-rate-brings-new-facebook-data-center-neb>

1 these were filed at the same time. With this tariff, the Market Rate contract will be filed
2 separately.

3 **Q: Please clarify this intention. What are you requesting from the Commission now**
4 **versus later?**

5 A: With this filing the Company is seeking Commission approval of the tariff only. This filing
6 will also inform the Commission about the future Market Rate contract. The combination
7 will provide our design case customer certainty that the Special High Load Factor Market
8 rate will be available to them when they are ready to receive service and allow the customer
9 to continue investment at the site. If the tariff is approved by the Commission, the
10 Company plans to file a Market Rate contract under the terms of the tariff at a future date,
11 currently expected to be in early 2025. At the time of the Market Rate contract filing, the
12 Company will offer customer-specific details including pricing, terms and customer
13 agreements. To inform the Commission more fully now and support approval of the tariff,
14 the Company has included examples of the Market Rate contract as an exhibit to this
15 testimony. Please refer to Confidential Schedule DRI-2. The Market Rate contract filed
16 for Commission approval will be substantially similar to Confidential Schedule DRI-2.

17 **Q: You mention a design case customer. Are you able to provide more detail about this**
18 **customer?**

19 A: Yes. Velvet Tech Services, LLC (“Velvet”) is the design case customer. To better describe
20 their need, involvement and support, Velvet offers a letter of support attached to this
21 testimony as **Schedule DRI-3**. Velvet plans to intervene in this case.

1 **Q: Would Velvet have selected Kansas City as the site of its data center without the**
2 **Special High Load Factor rate proposed by EMW?**

3 A: No. It is my understanding the rate is a key element of their decision to locate here. If
4 Velvet is unable to confirm availability of a competitive rate here, it may move its
5 investment to an alternate location. Please see the letter of support in Schedule DRI-3 for
6 more detail.

7 **Q: Does Evergy have any concerns with the extended time between possible tariff**
8 **approval and the filing of the Market Rate contract?**

9 A: No. This approach has the advantage of allowing the Company to identify costs based on
10 conditions observed near the time of the customer receiving service and establish pricing
11 suitable to cover those costs. Further, having tariff approval in hand, knowing the
12 Commission was informed and had the opportunity to examine the example agreement,
13 allows Velvet to move forward confidently with their investment. Given the Velvet need
14 to ensure rate availability, the two-step approach provides the best balance for our
15 respective needs.

16 **Q: Turning to the rate, please describe its design.**

17 A: EMW chose to design a simple, three-part rate for providing service to these large, high
18 load factor customers. The key element is the energy pricing. Energy price is set by the
19 SPP day-ahead hourly price at the EMW node. The customer service charge and the
20 capacity charge are set based on the incremental cost to serve and negotiated amounts to
21 address design risks. Specific to providing capacity to support the tariff, the Company
22 expects options may include, but are not limited to construction of physical resources or a
23 distinct, request for proposal for firm capacity offered in the SPP market. All efforts will

1 be made to maximize the benefit of the capacity options for the Customer and the
2 Company. Availability of this service will be limited to customers who are able to meet
3 and maintain load and load factor minimums. The Company proposes that customers have
4 a monthly demand equal to or in excess of 100 megawatts (“MW”) or is reasonably
5 projected to be at least 150 MW within five (5) years of the new customer first receiving
6 service from Company, is able to demonstrate and maintain a load factor throughout the
7 year of 0.85 or greater, and the primary business activity at the location is Data Processing,
8 Hosting, and Related Services or Custom Computer Programming Services. Customers
9 receiving service under this tariff will be served at substation or transmission voltages.
10 Terms of service under the Special High Load Factor tariff will be five years with the
11 opportunity for renewal, subject to pricing change to reflect then current conditions.
12 Billing under the proposed tariff will be excluded from charges from the Company Fuel
13 Adjustment Clause and other embedded cost recovery riders.

14 **Q: Why is it reasonable to exclude this rate from the Fuel Adjustment Clause?**

15 A: The Fuel Adjustment Clause is designed to periodically adjust the price of energy sold to
16 customers to account for changes in fuel costs not represented by the cost included in the
17 base rates paid by customers. Prospective customers under this new tariff would be served
18 under a special rate designed to address their incremental cost and would not subject to the
19 base rates of the Company. Further, prospective customers will be served by the SPP
20 energy market and dedicated capacity resources obtained incrementally to serve the
21 specific load. These factors do not support application of the Fuel Adjustment Clause for
22 this customer.

1 **Q: Are any Riders applicable to the Rate?**

2 A: Yes, the Company Tax and License Rider is applicable.

3 **Q: Does EMW expect to incur any incremental infrastructure cost to serve these**
4 **prospective customers?**

5 A: Yes. It is expected that each prospective customer will have some level of interconnection
6 cost to provide service. It is also expect these prospective customers many have advanced
7 needs such as redundant feeds. At the time a customer contacts the Company for service
8 under the proposed rate, EMW will evaluate these needs and manage the costs accordingly.
9 Based on our experience with the design case customer, some of these costs will be paid
10 entirely, up front, by the customer and others will be incorporated into the rate design and
11 recovered through future billings. In the current design case, EMW expects to build the
12 substation infrastructure needed to serve the Velvet site and recover the costs through the
13 tariff. Other costs incurred for line relocations and redundant feeds are being paid for up
14 front by Velvet.

15 **Q: Please describe how this rate will be applied to the design case customer.**

16 A: If the tariff is approved by the Commission, our focus will turn to the Market Rate contract.
17 EMW will continue to work with Velvet and closer to the time service will be needed under
18 the proposed tariff, in 2025, will determine the cost to provide service and finalize the
19 customer rate pricing. A Market Rate contract substantially similar to Schedule DRI-2 will
20 be brought before the Commission for approval in sufficient time to receive approval ahead
21 of the needed service. That filing will include all customer-specific detail and support to
22 inform the Commission on the appropriateness of the rate. Prior to taking service under
23 the proposed tariff, the Project Velvet site will receive service under our Large Power rate

1 and Limited Large Economic Development rider, allowing them to construct, make ready
2 the facility, and begin increasing load.

3 The Company plans to execute a distinct Service Agreement, in addition to the
4 Market Rate contract, with the prospective customers under the Special High Load Factor
5 Market rate. A Service Agreement is identified in the Company's current Rules &
6 Regulation, serving to define the interaction between the Company and the customer and
7 addressing non-rate terms and conditions, but normally is not executed in contract form.
8 With customers under the Special High Load Factor Market rate tariff, the Company plans
9 to clearly link service under the new rate with the requirements of the Rules & Regulations
10 while adding additional terms to address conditions unique to the respective customer. For
11 the design case customer the Service Agreement will have specific terms addressing cost
12 recovery contingencies and managing load characteristics.

13 **Q: Does the rate design include any risk mitigations to limit negative impacts to Evergy
14 and other Evergy customers?**

15 A: Yes. The tariff contemplates that costs to serve will be evaluated for the specific customer
16 and pricing set for the customer and capacity to recover such costs. Further, these terms
17 give the Company the ability to ensure service offered under this special rate is achievable
18 and produces benefit for others than the customer. The proposed tariff language states,

19 Availability of service under this tariff may be limited by the Company due
20 to constraints with, or protection for, Company generation resources or the
21 transmission grid and overall system. The Company will fully evaluate
22 each Customer's operation and the expected impacts to the Company and
23 remaining retail customers and reserves the right to determine a Customer's
24 ability to participate in this rate based on that evaluation. Participation in
25 this rate will not be allowed if the Company determines it to be uneconomic
26 for the Company or the remaining retail customers.

1 Additional protections will appear within the Market Rate contract. It is here where
2 the terms and conditions supporting the pricing and billing will be memorialized.
3 Specifically, the Company will be using a minimum demands to set billing demand based
4 on the load ramp proposed by the customer. This step will help ensure the customer loads
5 meets the capacity design assumptions. The minimum demands, in addition to the
6 customer Service Charge, will establish a minimum monthly bill, paid by the customer
7 regardless of their energy consumption.

8 Although mentioned earlier, the five-year term of the agreement and the
9 opportunity to revise pricing at the time of renewal or extension is a valuable protection.
10 This fact alone will ensure the costs to serve are appropriately reflected in the rates paid by
11 the customer over the life of their service under the rate.

12 The Company expects to include operational conditions in the customer Market
13 Rate contract. Given the size of the customer load and the need to manage this load within
14 our SPP market interactions, conditions requiring the customer to notify Evergy of load
15 reductions will be included. These notifications will be used by Evergy to manage our SPP
16 commitments and minimize any additional costs resulting from changes.

17 Lastly, the Service Agreement will include additional protections to ensure
18 recovery of costs and provide assurances that the projected loads are achieved.

19 **Q: Are there other notable aspects of the Market Rate contract that have been**
20 **contemplated through interactions with the design case customer?**

21 A: Yes. Velvet is interested in including an additional charge in the new tariff designed for
22 the benefit of all retail customers to support the continued adoption of new renewable
23 resources. Termed a “Renewable Energy Support Charge” in our discussions, this charge

1 will be an additional amount per kW month included in the total demand charge. If
2 executed in the final Market Rate contract, this charge would apply for the full term of
3 service.

4 **Q: What are the expected benefits of this rate?**

5 A: In the Company's assessment, there is benefit for the prospective customer, the Company
6 and for the region if this tariff is approved and customers seek service under its terms. I
7 will explore each.

8 **Q: Are there expected benefits for customers served under this rate?**

9 A: Beyond being able to achieve a competitive price for service, the largest benefit in my
10 opinion is the ability to leverage the market price for energy with a customer-owned
11 renewable resource or portfolio of resources. These customers tend to be advanced in their
12 use of renewable resources and often manage relatively extensive portfolios to meet their
13 corporate renewable energy goals. As such, they can align pricing of renewable purchases
14 with the retail energy prices they pay for electric service under the proposed market pricing
15 tariff. Please see the Velvet letter in Schedule DRI-3 for further discussion of customer
16 benefits, offered directly from their point of view.

17 **Q: What are the expected benefits for the community?**

18 A: Please see the direct testimony of EMW witnesses Ms. Jill McCarthy, and Mr. Mark
19 Stombaugh for a description and quantification of the many benefits expected from a data
20 center choosing to locate in the Kansas City area. Ms. McCarthy is the Senior Vice
21 President for Corporate Attraction at Kansas City Area Development Council. Mr.
22 Stombaugh is the Director of the Regional Engagement Division for the State of Missouri's
23 Department of Economic Development.

1 For my part, I would share information offered by the United States Chamber of
2 Commerce. In a 2017 report titled, *Data Centers – Jobs and Opportunities in Communities*
3 *Nationwide*,³ the Chamber reports that the average data center adds \$32.5 million in
4 economic activity to its local community each year. More specifically the report states,

5 While being built, a typical data center employs 1,688 local workers,
6 provides \$77.7 million in wages for those workers, produces \$243.5 million
7 in output along the local economy’s supply chain, and generates \$9.9
8 million in revenue for state and local governments.
9

10 Every year thereafter, that same data center supports 157 local jobs paying
11 \$7.8 million in wages, injecting \$32.5 million into the local economy, and
12 generating \$1.1 million in revenue to state and local governments.⁴

13 In my view these represent tangible benefits to both Kansas City and the state of Missouri.

14 **Q: Finally, what are the expected benefits for Evergy?**

15 A: The primary benefit in my mind is the Special High Load Factor Market rate gives us
16 another tool to attract new customers to the area. High-load factor customers such as data
17 centers have been difficult to attract to our service territory under our currently available
18 rate offerings. Their needs can be challenging to meet and include aspects such as
19 renewable energy, that are not always easy to address within our current rate options. The
20 experience gained by working with Velvet and leveraging approaches made successful in
21 another jurisdiction should help ensure the proposed rate is responsive. Additionally, the
22 Company looks favorably to the additional energy sales, directly to the data center
23 customer, but also to secondary loads resulting from construction and operation of the new
24 facilities. Furthermore, high load factor loads represent desirable loads for the Company.
25 High load factor customers have a much more consistent load than customer currently

³ https://www.uschamber.com/sites/default/files/ctec_datacenterrpt_lowres.pdf

⁴ Ibid, page 2

1 served by EMW, improving the load factor for the entire utility. When added to the system,
2 a consistent, incremental load minimizes any need for additional generation resources.

3 **Q: In conclusion, do you believe EMW's filing is in the best interest of EMW's customers**
4 **and citizens of the state of Missouri?**

5 A: Yes. Attracting high load factor customers such as these high tech data center loads to
6 Missouri is in the interest of both the State of Missouri, the Kansas City region and other
7 EMW customers. As an EMW customer, these prospective high load factor customers will
8 increase the sales of electricity for the utility, both to the customer itself and to business
9 supporting the construction and operation. For the State of Missouri and the Kansas City
10 region, encouraging this load to locate here will promote economic development,
11 improving the tax base and providing new employment opportunities. For these reasons,
12 Evergy respectfully requests the Commission approve the new Special High Load Factor
13 Market rate tariff.

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

15 A: Yes, it does.

**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 West for Approval))
of a Wholesale Energy Market Rate for a Data)
Center Facility in Kansas City, Missouri.)

File No. EO-2022-0061

AFFIDAVIT OF DARRIN R. IVES


STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:

1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Evergy, Inc. as Vice President – Regulatory Affairs.

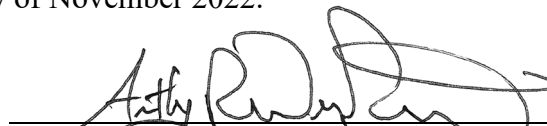
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri West, Inc., d/b/a Evergy Missouri West consisting of fourteen (14) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



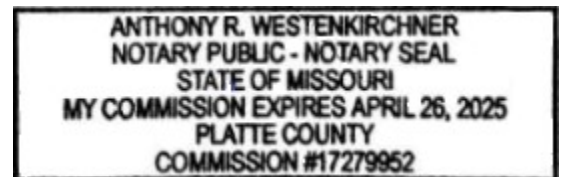
Darrin R. Ives

Subscribed and sworn before me this 2nd day of November 2022.



Notary Public

My commission expires: 4/26/2025



EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

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

Canceling P.S.C. MO. No. _____ Sheet No. _____

For Missouri Retail Service Area

**Special High-Load Factor Market Rate
Schedule MKT**

PURPOSE

This rate schedule is designed to provide certain Non-Residential Customers access to energy pricing as set by the Southwest Power Pool Integrated Marketplace.

AVAILABILITY

This special rate is available to Non-Residential customers for service to accounts originating after March 31, 2022, at a single location who:

- Operate a facility with a load equal to or in excess of a monthly demand of one hundred thousand kilowatts or is reasonably projected to be at least one hundred and fifty thousand kilowatts within five (5) years of the new customer first receiving service from Company.

and

- Able to demonstrate and maintain a load factor throughout the year of 0.85 or greater.

and

- The primary business activity at the service location is consistent with North American Industry Classification System Code 518210 (Data Processing, Hosting, and Related Services) or Code 541511 (Custom Computer Programming Services)

Service is available under this schedule to the following types of customers based on voltage level:

Substation voltage customer - Service is taken directly out of a distribution substation at primary voltage. The customer will own the feeder circuits out of this substation.

Transmission voltage customer - The customer owns, leases, or otherwise bears financial responsibility for the distribution substation. Service is taken off of the Company's transmission system.

Company reserves the right to offer to additional voltage levels.

This rate is not available for standby, breakdown, supplementary, maintenance or resale service except as noted below. Sub-metering or the reselling of electricity is prohibited.

Service under this tariff may not be combined with service under an Economic Development Rider, an Economic Redevelopment Rider, the Renewable Energy Rider, the Solar Subscription Rider, service as a Special Contract, or be eligible for participation in programs offered pursuant to the Missouri Energy Efficiency Investment Act, or for participation in programs related to demand response or off-peak discounts, unless otherwise ordered by the Commission when approving a contract for service under this tariff.

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:
1200 Main, Kansas City, MO 64105

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

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

Canceling P.S.C. MO. No. _____ Sheet No. _____

For Missouri Retail Service Area

**Special High-Load Factor Market Rate
Schedule MKT**

AVAILABILITY (continued)

Availability of service under this tariff may be limited by the Company due to constraints with, or protection for, Company generation resources or the transmission grid and overall system. The Company will fully evaluate each Customer's operation and the expected impacts to the Company and remaining retail customers and reserves the right to determine a Customer's ability to participate in this rate based on that evaluation. Participation in this rate will not be allowed if the Company determines it to be uneconomic for the Company or the remaining retail customers.

RATES & CONDITIONS

1. RATE FOR ENERGY SERVICE

An Energy Charge will be assessed based on the number of kilowatt-hours consumed in any given hour multiplied by the appropriate cost to purchase energy from the Southwest Power Pool (SPP) for that hour. The Company will specify the node to be used in the Special High-Load Factor Market Rate Contract described below and that SPP node will be used to price the hourly energy and all applicable SPP charges.

2. RATE FOR CAPACITY SERVICE

The Company will use good utility practice to identify lowest cost capacity options available at the time each customer requests service under this schedule. The approach to identify these options may include, but is not limited to, pricing for construction of physical resources to serve capacity or a distinct, request for proposal for firm capacity offered in the SPP market. Recognizing that capacity may not be obtained in small increments to match Customer need, all efforts will be made to maximize the benefit of the capacity options for the Customer and the Company. As needed, the rate for capacity may be inclusive of other capacity-based costs, infrastructure investment recovery or Customer contributions. The rate and all elements included in the rate will be specified in the Special High-Load Factor Market Rate Contract described below.

3. PRICING FOR ALL OTHER SERVICE

Pricing for Customer Charges and any other applicable charges applicable under this rate schedule are defined within the Special High-Load Factor Market Rate Contract described below and are intended to reflect the cost of service present at the time the Customer receives service. All charges for service under this rate schedule, including applicable minimum or facilities charges, shall be limited to the charges set forth within this tariff and charged at the rates specified in the contract between the Company and the Customer.

4. CONTRACT DOCUMENTATION

At least 60 days prior to the effective date of the Special High-Load Factor Market Rate Contract, the Company will file the individual Special High-Load Factor Market Rate Contract with the Commission for approval.

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:
1200 Main, Kansas City, MO 64105

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

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

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

For Missouri Retail Service Area

**Special High-Load Factor Market Rate
Schedule MKT**

TERM

The minimum term may vary for each customer served under this rate schedule but in no instance, should the term be more than five (5) years. Customers may receive service for additional five-year terms subject to updated pricing. If pricing is updated, the revised Market Rate Contract will be submitted to the Commission under a 60-day tariff review filing. Customers taking service under this rate schedule must provide written notice three months before switching to any other Company rate schedule. If a Customer elects to leave this rate schedule they will not be allowed to resume service under this schedule for a period of one year.

ADDITIONAL PROVISIONS

1. The Special High-Load Factor Market Rate will be determined for each Customer based on expected loads planned to serve the Customer. Details about the rate including all terms and conditions related to the Special High-Load Factor Market Rate will be documented through a Special High-Load Factor Market Rate Contract.
2. Billings under this rate will be managed to follow SPP settlement timing and may vary from other retail billing schedules identified in the Company Rules & Regulations.
3. Customers who fail to maintain the Availability provisions of this rate schedule will be moved to another rate schedule for which they qualify within 60 days of when the condition is identified, confirmed and absent remediation of the situation.
4. Service under this tariff shall be excluded from projected energy calculations used to establish charges under Riders FAC and RESRAM, and Customer will not be subject to any such charges, unless otherwise ordered by the Commission when approving a contract for service under this tariff. Customer may exercise the opt-out provisions contained in Section 393.1075.7, RSMo.1075.7, RSMo. to avoid being subject to Demand Side Investment Mechanism Rider charges.

REGULATIONS

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

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:
1200 Main, Kansas City, MO 64105

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

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

Canceling P.S.C. MO. No. _____ **Sheet No.** _____

For Missouri Retail Service Area

**Special High-Load Factor Market Rate
Schedule MKT**

SPECIAL HIGH-LOAD FACTOR MARKET RATE CONTRACTS

Start Date	Name of Customer	Service Address

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:
1200 Main, Kansas City, MO 64105

Special High-Load Factor Market Rate Contract

This Special High-Load Factor Market Rate Contract, dated as of _____, 2021 (“Agreement”) is voluntarily made and entered into by and between Evergy Missouri West, Inc., a Delaware corporation (“Evergy”), and Customer Name (“Customer”), (collectively referred to as “Parties” or singly referred to as “Party”).

SECTION 1: GENERAL DESCRIPTION OF AGREEMENT

This Agreement defines selected components of pricing and additional terms and conditions associated with service to the Customer under the Evergy’s Special High-Load Factor Market Rate, Schedule MKT, subject to approval by MPSC for retail electrical energy services at Customer’s facilities located in [address] (the “Customer’s Site”). This Agreement is intended to exist in conjunction with the MKT Tariff to define all pricing and terms for service and Customer shall take service hereunder effective on a mutually agreed upon date in _____ if MPSC has then approved the Schedule MKT and this Agreement as filed or in a form otherwise acceptable to Customer, as further described in Section 5.1.

SECTION 2: DEFINITIONS

Section 2.1 MPSC

“MPSC” shall mean the Public Service Commission of the State of Missouri.

Section 2.2 MPSC Rate Case

“MPSC Rate Case” shall mean a proceeding before the MPSC initiated by Evergy or some third party in which Evergy or a third party seeks the MPSC’s approval for changes to the rates that Evergy may charge its customers under Evergy’s Schedule of Rates on file with the MPSC.

Section 2.3 Evergy’s General Rules and Regulations

“Evergy’s General Rules and Regulations” refers to Evergy Missouri West, Inc., Tariff P.S.C. M.O. No. 1 or any successor tariff.

Section 2.4 Special High-Load Factor Market Rate - Schedule MKT

“Schedule MKT” is a tariff that must be approved by the MPSC so that the Agreement can take effect. This Agreement serves as a component of Schedule MKT for the purpose of defining rates and charges for energy service to the Customer.

Section 2.5 Service Agreement

“Service Agreement” means that certain Service Agreement dated _____, 2021, between Evergy and Customer.

SECTION 3: RATES AND CHARGES

Section 3.1 Rate Components

Customer billing under Schedule MKT will consist of the summation of a Service Charge, Demand Charge, Energy Charge and all applicable riders, adjustments and surcharges. Details for the Service Charge, Demand Charge and all applicable riders, adjustments and surcharges are defined in this Agreement. Details for the Energy Charge are defined in Schedule MKT using Southwest Power Pool node "MPS_MPS" Day Ahead Locational Marginal Price.

Section 3.2 Service Charges

Customer shall pay "***[REDACTED]**" per month as a Service Charge

Section 3.3 Demand Charges

The Demand Charge is set equal to "***[REDACTED]**" per kW month for the term of service under this Agreement with pricing for capacity to serve Customer based on the result from the Company's review of the least cost incremental cost to build capacity or a request for proposal (RFP) in the open market forecasted to be reflective of the cost at the time the customer will take service but subject to Section 5.1 below. The Customer has provided an estimate of committed Demand for purposes of informing need for needed build or RFP for the expected contract term duration. "***[REDACTED]**"

The Demand Charge is inclusive of a Renewable Energy Support Charge is set equal to "***[REDACTED]**" per kW month for the term of service under this Agreement for the benefit of all retail customers to support the recovery of new renewable resources.

Section 3.4 Determination of Demands

Demand will be determined by demand instruments or, at the Company's option, by demand tests. The Actual Demand shall be the maximum fifteen (15) minute demand, measured in kW during the current billing period at the Customer Site. Billing Demand shall be equal to the higher of: (a) the Actual Demand in the current month or (b) the Minimum Demand.

Section 3.5 Minimum Monthly Demand

The minimum monthly demand for application if the Demand Charge shall be:

- = "***[REDACTED]**" kW for the first year of the contract term
- = "***[REDACTED]**" kW for the second year of the contract term
- = "***[REDACTED]**" kW for the third year of the contract term
- = "***[REDACTED]**" kW for the fourth year of the contract term and until the end of the contract term

Section 3.6 Minimum Monthly Bill

The Minimum Monthly Bill shall be equal to the sum of the Service Charge and the Demand Charge.

Section 3.7 Applicable Riders, Adjustment and Surcharges.

The rates hereunder are subject to adjustment as provided in the Tax and License Rider.

Section 3.8 Mandated Cost Recovery Mechanisms

All service provided to the Customer, under generally available retail rate schedules or the Special Rate may be subject to mandated cost recovery mechanisms directed, mandated or enacted by the Missouri State Legislature, or order by the MPSC or other Governmental Authority, or the administrators of any Applicable Program during the term, any extension or renewal. If such statute, order, directive, or mandate (whether one or more) is received, the charge or cost will be passed through to the Customer and invoiced or billed according to the terms of the statute, order, directive, mandate, or resulting Evergy tariff associated with the mechanism, in addition to or as otherwise provided by Schedule MKT as so modified. Evergy will notify Customer of any proposed mandated cost recovery mechanisms and any proposed changes to the demand charge, and will provide details of such cost recovery mechanisms and proposed rate changes, prior to assessing any new or changed charges on Customer.

Section 3.9 Term

The initial Term of this agreement shall be five (5) years from the commencement date of service as described in Section 1 The Company reserves the right to revisit all pricing to determine its continued viability expected at the end of the term of service. Any expected changes to the Charges will be communicated to the six months prior to the end of each five (5) year term. The agreement, inclusive of any mutually agreeable revised pricing, will renew for subsequent five (5) year terms unless Customer provides notice that it wishes to terminate at least three (3) months prior to the end of the initial or a subsequent term.

SECTION 4: CONDITIONS IMPACTING CUSTOMER LOAD

Section 4.1 Planned Load Reductions

In the event the Customer's daily energy use is expected to be reduced by more than 25% of the Customer's prior month's average daily energy use at the Customer Site, Customer shall endeavor to provide 5 days advance notice to Evergy of the anticipated reduction in consumption and at least 5 days advance notice of when Customer intends to resume operations. To the extent that 5 days advance notice is not reasonably possible, Customer shall endeavor to provide notice to Evergy as soon as reasonably possible. During the period of reduction in energy usage, Customer shall be responsible for the payment of any and all minimum charges as set out in this Agreement.

Section 4.2 Unplanned Load Reductions

In the event the Customer's daily energy use is unexpectedly reduced by more than 25% of the Customer's prior month's average daily energy use at the Customer Site as a result of conditions occurring inside the Customer Site and independent of energy provided by Evergy, Customer shall endeavor to provide notice to Evergy of the reduction in consumption as soon as reasonably possible and similarly provide notice of when Customer resumes operations. Except in cases of Force Majeure, Customer shall be responsible for the payment of any and all minimum charges as set out in this Agreement during the period of reduction in energy use, but excluding Evergy-caused outages or forced load reductions.

Section 4.3 Evergy Planned Maintenance

For any planned maintenance and outages by Evergy in Evergy's facilities located at the Customer Site or within the transmission grid that Evergy reasonably believes may impact the quality or reliability of the electric service to the Customer Site, Evergy shall endeavor to notify Customer at least 15 days in advance of the start and stop time for any maintenance events or equipment outages impacting the Customer Site. Evergy shall use Prudent Good Utility Practice to perform any planned maintenance such that electric service to the Customer Site is maintained at all times. In the event that a complete outage is required, Evergy will give thirty (30) days' notice to Customer, including reasoning for the outage, and endeavor to coordinate the outage with Customer to manage the duration of the outage.

Section 4.4 Designation of Persons to Receive Notice

Notices under this Agreement, unless specified otherwise herein, shall be sent by electronic mail, hand delivery, overnight United States mail, overnight courier service or facsimile, to the following:

For Customer:
[physical address]
[email address]

and

For Evergy:
Evergy
[address]
Attn: [name]

With an electronic copy to:
[email address]

Each Party may by written notice to the other Party, modify the above, and such modification shall control subsequent similar notifications under this Agreement. Such written notices shall be appended to this Agreement.

SECTION 5: REGULATORY MATTERS AND CHOICE OF LAW

Section 5.1 Approval and Regulations

This Agreement and all rights and obligations hereunder are contingent upon the MPSC's approval of the Agreement and Schedule MKT. Evergy and Customer acknowledge that this Agreement is subject to the review and approval by the MPSC. Evergy will reevaluate the demand charges stated herein based on the least cost capacity prior to filing this Agreement and propose revised cost-based Demand Charges as appropriate. If agreeable to customer, this Agreement will be modified to reflect the new rate prior to filing.

The Parties agree to use best efforts to obtain approval and shall cooperate fully in all matters related to the MPSC approval process. Absent agreement by both Parties, the Parties agree not to seek or support

any attempt to terminate or materially modify this Agreement or Schedule MKT in any MPSC proceeding unless legislative or MPSC actions were to result in material modifications to either Parties' beneficial interests in this Agreement. The effects of any such material modifications would be discussed by both Parties in advance of any action to materially modify or terminate this Agreement.

In the event this Agreement is not approved or is found to be imprudent or is materially modified by the MPSC through a final order in any case addressing this Agreement or any future MPSC Rate Case, then the Parties agree to enter into good faith negotiations to discuss the necessity of modifying the terms and conditions, of this Agreement, to address MPSC concerns through a mutually agreeable modification. Parties will use best efforts to agree on mutually acceptable terms and conditions within ninety (90) days after the issuance of a final MPSC Order containing disapproval or finding of imprudence or material modification of this Agreement or Schedule MKT including at least two all-day in-person meetings between executives of both Parties, which summit must occur within 30 days of the MPSC's final issuance (the "Negotiation Period"). After the Negotiation Period, either Party may terminate this Agreement upon written notice to the other Party, such termination to become effective on the day actually received, if received during business hours on a Business Day, and otherwise to be effective at the close of business on the next Business Day. The Negotiation Period may be extended at the mutual agreement of both Parties, and such agreement to extend shall not be unreasonably withheld.

Evergy will file Schedule MKT prior to, or at the same time as the filing of this Agreement. The Parties agree that Schedule MKT is subject to the review and approval by the MPSC and that Schedule MKT must be approved for the Agreement to take effect. Evergy may at its discretion withdraw its filing of the Proposed Tariff and this Tariff Contract, if the terms of MPSC approval are materially different than proposed and not satisfactory to Evergy, or the Parties cannot mutually agree to modifications.

Except as otherwise specifically provided herein, all of Evergy's General Rules and Regulations in effect and on file from time to time with the MPSC shall apply to the electric service supplied under this Agreement.

Section 5.2 Regulatory Authority

This Agreement is in all respects made subject to the jurisdiction and authority of the MPSC. Notwithstanding any other provisions in this Agreement, nothing in the Agreement shall be construed as divesting or attempting to divest the MPSC or other regulatory agency or any party hereto of any rights, jurisdiction, power, or authority vested by law.

Section 5.3 Choice of Law

This Agreement shall be construed in accordance with the laws of the State of Missouri, but without regard to the State's conflict of laws provisions. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

Section 5.4 Assignment

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. This Agreement shall not be assigned by either party without the written consent of the other Party, which

consent will not be unreasonably withheld. Any assignment by one Party to this Agreement will not relieve that party of its obligations hereunder unless the other Party to this Agreement so consents in writing.

SECTION 6: FORCE MAJEURE

Section 6.1 Force Majeure

The term “Force Majeure” as used herein shall mean any cause not reasonably within the control of the Party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; riots; orders or decrees of any lawfully constituted federal, state, or local body; fires, storms; floods, wash-outs; explosions; breakage or accident or machinery or lines of pipe; inability to obtain or delay in obtaining rights-of-way, materials, supplies or labor permits; temporary or permanent interruption of electric or natural gas supply or transportation services; repair, maintenance or replacement of facilities used in the performance of the obligations contained in this Agreement; or any other cause of a similar nature whether of the kind herein enumerated or otherwise.

SECTION 7: GENERAL PROVISIONS

Section 7.1 Notice

Except as otherwise noted herein, all notices under this Agreement shall be in writing and may be delivered by electronic mail, hand delivery, overnight United States mail, overnight courier service or facsimile. Notice by electronic mail, hand delivery, facsimile, overnight United States mail, or overnight courier service shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice may be first given orally or by telephone and becomes effective upon such oral or telephonic delivery if on a Business Day, so long as the party providing such oral or telephonic notice memorializes it in writing and delivers it to the other Party by one of the above means within 24 hours. If oral or telephonic notice is given on a day that is not a Business Day, the notice shall be effective at the close of business on the next Business day, so long as the party providing such oral or telephonic notice memorializes it in writing and delivers it to the other Party by one of the above means within 24 hours.

Section 7.2 Nondisclosure

Confidential Information of either Party under this Agreement is subject in all respects to the Mutual Non-Disclosure Agreement entered into by and between the Parties on “** [REDACTED] **” (the “NDA”).

Section 7.3 Entire Agreement

This Agreement and the components of the Service Agreement incorporated herein by reference in Section 3.1 above constitute the entire agreement between the Parties related to the Customer receiving service under the Special High Load Factor Market Rate, Schedule MKT. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both

Parties. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this agreement).

IN WITNESS WHEREOF, Evergy and Customer hereto have caused this Agreement to be executed by their respective authorized officers as of the date first written above.

On behalf of:

Evergy Missouri West, Inc.,

[Customer Name]

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

COMMENTS OF VELVET TECH SERVICES, LLC

Velvet Tech Services LLC, (“Velvet”) hereby submits these comments as part of the Application filed by Evergy Missouri West (“Evergy”) for approval of a new contract-based tariff, designated Special High Load Factor Market rate (“Schedule MKT”). Velvet fully supports Evergy’s filing and urges the Missouri Public Service Commission, (“Commission”) to approve Schedule MKT as filed. The new tariff would provide large high load factor industrial customers, like Velvet, with a competitively priced tariff structure that accommodates customers’ independent strategies to meet their renewable energy goals.

Velvet has conducted a highly competitive, multi-state search for a location to site our new \$800 million enterprise data center. As we continue to evaluate potential new sites globally, Kansas City has stood out as a great location for a number of reasons. Situated in the heartland of the United States, Kansas City has the right mix of strong local partners, a thriving talent pool, as well as access to needed infrastructure and opportunity for renewable energy development. We are committed to supporting 100% of the new data center load with new renewable energy resources. As stated in the Application, Velvet informed Evergy that it is interested in locating its new data center near Kansas City, Missouri and would pursue and support the development of new renewable generation facilities within surrounding SPP electric grid to support its renewable energy goals. Schedule MKT is the result of two years of collaboration between Evergy and Velvet to develop a suitable solution. The collaborative result is a major factor in our location decision making process.

Our new data center would directly employ more than 50 direct, full-time employees at an average annual salary of at least \$81,000. Consistent with past hyperscale enterprise data center builds, the construction phase of the project is expected to result in the multi-year (5-6 years) employment of approximately 1,000 construction workers. The capital investment and

new jobs created by the project will result in increased state and local tax revenues, local franchise fees, and personal income taxes of all employees of the plant. An RTI International study analyzing the potential economic impact of the data center investment showed that within the Kansas City regional economy, six jobs are supported for every \$1 million spent in capital investment, and that every direct data center job supports an additional 2.5 jobs within the local economy. This, in turn, results in additional capital investment and jobs in the state, thereby further increasing the tax base and providing additional economic benefits. It is important to Velvet to be a strong community member and good corporate citizen and we believe that industrial growth is a key ingredient to the future health of the local and state economy. The testimony of Mark Stombaugh, Director of the Regional Engagement Division for the State of Missouri's Department of Economic Development, and Jill McCarthy, Senior Vice President for Corporate Attraction at Kansas City Area Development Council, also speak to the economic benefits of projects like ours.

Velvet and Evergy have entered into an Electric Service Agreement to address general conditions of service and a Market Rate Contract that is substantially similar to Darrin Ives Exhibit B. If Velvet proceeds with construction of the data center, it will take service under the Evergy Large Power Service rate, Schedule LPS and the Limited Large Economic Development Rider, Schedule PED during our initial ramp up and, pursuant to the Market Rate Contract and subject to Commission approval of the pricing and terms, Evergy would provide electric service to the project under Schedule MKT beginning November 2025. The initial term of the Market Rate Contract is five years, which balances flexibility and predictability for near term planning and potential further expansions of the Kansas City data center.

Approval of Schedule MKT will establish an incremental cost-based capacity and market energy framework; however, the Commission will retain approval rights over the customer-specific agreements under the tariff. We expect to seek Commission approval of our Market

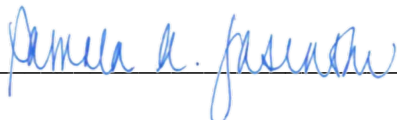
Rate Contract closer to our expected date of service under the tariff. Reaching a solution with Evergy that provided competitive energy pricing and dovetailed with our independent efforts to meet our company's sustainability goals met a threshold in establishing the Kansas City area as a viable destination for our future development.

Once approved by the Commission, Schedule MKT will be a tool for Evergy to attract new large, high load factor, transmission and substation level customers, such as Velvet, to the Kansas City area. In this way, Schedule MKT can promote and increase economic development and help generate significant employment opportunities in Kansas City and Missouri more broadly while providing an avenue for Evergy customers to independently support the addition of renewable energy on the SPP grid. A final Order in this case establishing this new electric service option will provide Velvet certainty about our ability to meet our renewable energy goals, which is at the forefront of our decision whether or not to locate in Kansas City.

We appreciate the Commission's consideration of this tariff structure that supports economic development in Missouri and opens pathways for customers to meet their own sustainability goals. We also appreciate the support of state and local partners for our project. Velvet looks forward to continuing to work with the Commission and Evergy in connection with securing the electricity supply for Velvet's proposed data center project and, for the reasons stated above, recommends that the Commission approve the Special High Load Factor Market Energy rate, Schedule MKT as requested in the Application.

Respectfully submitted,

Velvet Tech Services, LLC

By:  _____