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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

EA-2025-0153

REBUTTAL TESTIMONY

OF

DR. CAROLYN A. BERRY

ON BEHALF OF

GOOGLE LLC

July 25, 2025

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Carolyn A. Berry. I work at Bates White Economic Consulting ("Bates White"). My business address is 2001 K Street NW, North Building, Suite 500, Washington, D.C. 20006.

Q. What is your position with Bates White?

A. I am a Partner.

Q. Please describe your educational background and employment experience.

A. I have more than 30 years of experience providing economic analysis, advisory services and expert testimony for clients on issues related to electric market design, policy and strategy; utility rates; system planning; and cost allocation and tariff design. In recent work, I provided expert testimony on proposed changes to the industrial power tariff of Indiana Michigan Power ("I&M") in proceedings before the Indiana Utility Regulatory Commission and expert testimony on modifications to the Large Capacity Power and Industrial Power tariffs of Appalachian Power Company and Wheeling Power Company, respectively, before the Public Service Commission of West Virginia. The tariff modifications in these proceedings were made to address large loads. I have provided expert testimony before the Public Utilities Commission of Nevada regarding the Clean Transition Tariff, and I have analyzed proposed changes to PacifiCorp's large load customer tariffs and applicable rules in Oregon. In my years of practice, I have additionally provided expert testimony and/or testified at hearings before the Nova Scotia Utility and Review Board, the Public Utility Commission of Texas, the Massachusetts Department of Public Utilities, the Utah Public Service Commission, the California Public Utility Commission, the U.S. District Court for the District of South Carolina, and the Federal Energy Regulatory Commission.

I received a Bachelor of Science degree in economics and a Bachelor of Arts degree in Spanish from the University of Minnesota in Minneapolis, Minnesota, and a Ph.D. in economics from Northwestern University in Evanston, Illinois. Prior to my employment at Bates White, I was employed at Pacific Gas and Electric Company in San Francisco, California; as an independent economic consultant and as a consultant with National Economic Research Associates in Washington, D.C.; and at the Federal Energy Regulatory Commission in Washington, D.C. The details of my background and experience are provided in the resume, attached as Schedule CB-1.

Q. Have you previously provided testimony before the Missouri Public Service Commission?

A. No.

Q. On whose behalf are you submitting this testimony?

A. I am submitting this testimony on behalf of Google LLC ("Google").

Q. What is the purpose of your testimony?

A. I respond to the proposal made by Evergy Missouri West ("EMW") and Evergy Missouri Metro ("EMM") (together the "Company") to create a new tariff, the Large Load Power Service ("LLPS") rate plan for customers with peak loads of 100 MW or greater.

Q. Are you sponsoring any schedules or exhibits as part of your direct testimony?

A. Yes, I am sponsoring the following exhibits/schedules:

- Schedule CB-1 – Resume of Dr. Carolyn A. Berry
- Schedule CB-2 – Referenced Evergy Responses to Google Data Requests
- Schedule CB-3 – Evergy Workpaper
- Schedule CB-4 – Evergy Workpaper
- Schedule CB-5 – Referenced Evergy Responses to Data Center Coalition Data Requests
- Schedule CB-6 – Evergy Workpaper
- Schedule CB-7 – Evergy's Response to Staff Data Request Staff-0053.

A. SUMMARY OF RECOMMENDATIONS

Q. Please provide a summary of your recommendations.

A. My recommendations are as follows:

- **LLPS Customer Applicability Threshold:** I recommend reducing the LLPS class applicability threshold to 70 MW from the Company's proposed 100 MW to better balance the range of customer sizes and cost characteristics of large load customers, reduce cost differentiation within both the existing Large Power Service ("LPS") and the proposed LLPS classes, and align more closely with cost causation principles.
- **LLPS Contract Term:** I recommend shortening the contract term from 15 years to an 8 to 10-year range, with an optional load ramping period of up to 4 years that would extend the term, as this provides greater flexibility for large load customers in a dynamic market while still allowing the Company to manage its capacity position and mitigate risk, consistent with other utility practices.
- **Minimum Demand Charge Percentage:** I recommend approving a 70% minimum demand charge instead of the proposed 80% for the Demand Charge, Grid Charge, and Reactive Adjustment Charge. This more evenly balances risk between the Company and customers, preserves customer flexibility for demand response, and is proposed in the absence of cost-based evidence supporting an 80% minimum.
- **Minimum Demand Charges for the System Support Rider and the Company Transmission Delivery Charge:** I recommend rejecting the Company's proposed minimum demand charges for the System Support Rider ("SSR") and the Company Transmission Delivery Charge, as these were not included in the Company's initial

application, preventing adequate review. For the SSR, this rejection is also consistent with my fundamental recommendation for its complete rejection.

- **Contract Capacity Reduction:** I recommend that LLPS customers be allowed to reduce capacity by up to 20% without a penalty, and that the tariff language be modified to include payments to customers for the realized value of reduced capacity beyond 20%, that a dispute resolution process for capacity reductions be required in Schedule LLPS, and that these provisions apply to both Missouri West and Missouri Metro. These changes offer greater flexibility to large load customers with minimal stranded cost risk to the Company, while mitigation and dispute resolution procedures ensure equitable treatment and fair compensation for released capacity.
- **Exit Fee Provisions:** I recommend modifying Evergy's exit fee proposal to include reassignment options and dispute resolution procedures similar to those for reductions in contract capacity, as this ensures equitable treatment for full contract termination, maximizes efficient resource use, and provides necessary flexibility for customers operating in dynamic markets.
- **System Support Rider ("SSR"):** I recommend rejecting the SSR entirely because the Company has failed to establish a need for it, there are significant conceptual and methodological flaws, there is no established basis in cost of service, the process to update the SSR lacks necessary strictures, it results in inequitable allocation of charges among LLPS customers, and it adds significant regulatory burden.

- **Optional Customer Capacity Rider, Clean Energy Rider, and Clean Transition Tariff:** I recommend that the Commission require the Company to offer a tariff similar to NV Energy's Clean Transition Tariff ("CTT") as a more comprehensive and effective option than the proposed Optional Customer Capacity Rider ("CCR") and the Clean Energy Rider ("CER"). A CTT-like tariff would better empower LLPS customers to bring their own resources and assume financial risk to meet capacity needs (addressing the CCR's limited options), and enable them to actively participate in strategic clean energy investments that further their 24/7 carbon-free energy goals and achieve better alignment of energy consumed with green attributes (addressing the CER's limitations). This approach would align customer investment with overall grid needs, accelerate decarbonization by enabling strategic clean energy investments, and provide a clear pathway to 24/7 carbon-free energy without shifting costs to non-participants.
- **Path to Power Interconnection Proposal:** I recommend increasing the limit on the number of projects to be considered together in the advanced study and scoping phase of the interconnection process from four (4) to eight (8), as this allows for greater efficiency and project flow if needed.
- **LLPS Rate Implementation:** I recommend rejecting the Company's proposed rates for LLPS customers in Missouri Metro and Missouri West and charging them the same rates as the LPS class until there are a sufficient number of customers and billing determinants to determine rates for the LLPS customer within a rate case using the standard rate-making methodology. This approach is prudent given the lack of sufficient eligible customers for a cost-of-service analysis, ensuring rates

are determined transparently and appropriately in a future rate case, while still allowing LLPS tariff provisions to apply immediately.

B. BENEFITS OF LARGE LOAD CUSTOMERS

Q. Please describe how large load customers are beneficial to the electric utility system.

A. Large load customers, particularly those with high load factors, offer both operational and economic advantages to the electric system. Due to their consistent and predictable energy consumption, these customers support more efficient operation and planning of the electric utility grid. Their steady energy demand profiles, for example, enable utility system planners and grid operators to better optimize existing generation and transmission infrastructure, which in turn, can delay new infrastructure investments and improve overall system efficiency.

Additionally, the consistent energy usage of large load customers helps to distribute fixed costs across a larger energy volume, contributing to a lower average cost per kWh for all customers. Many large industrial consumers also engage in demand management, further enhancing grid stability and reliability. In essence, these customers provide a stable base load enhancing the economic and operational health of the electric utility system.

Q. Can you provide specific examples of how large load customers like Google provide these benefits through their investments and operations?

A. Yes. Google is leading several strategic initiatives that include:

- Accelerating Long Term Energy Storage Technology: Google has recently entered into a partnership with Energy Dome, a company that has developed CO2 battery technology that is capable of continuously dispatching energy for periods of 8 to 24 hours. The technology is modular and highly scalable and will help stabilize the

grid by providing natural inertia from rotating machinery acting as a shock absorber to smooth out sudden changes in frequency. Google plans to use this technology to help it reach its 24/7 carbon-free energy goals and to further its broader objective of helping to scale first-of-a-kind technology that can ultimately be adopted by others.[1]

- Advancing Demand-Side Flexibility: Through its internal Carbon Intelligent Computing Platform, Google has developed the capability to dynamically shift computing tasks and data consumption across its data centers to enable access to available carbon-free energy and provide additional capacity when requested by system operators. Additionally, Google is a major contributing partner in DCFlex, the Electric Power Research Institute's ("EPRI") new initiative to create frameworks for data centers to help support and strengthen the power grid through demand side flexibility.[2]
- Accelerating Advanced Transmission Technologies:[3] Google's recently announced initiative with CTC Global aims to accelerate the deployment of next-generation transmission technology, specifically advanced conductors, across the U.S. power grid. This partnership aims to enhance existing, untapped transmission grid

[1] *See Energy Dome inks a strategic commercial agreement with Google*, available at: https://energydome.com/energy-dome-inks-a-strategic-commercial-agreement-with-google/; and *1 big thing: Google's next tech move is long-duration storage*, Axios Generate, available at: https://www.axios.com/newsletters/axios-generate

[2] *See EPRI Launches Initiative to Enhance Data Center Flexibility and Grid Reliability*, available at: https://www.epri.com/about/media-resources/press-release/yimzjv2xnv9cqiztau1zxbedletwyqk1; *Unlocking AI Potential with Data Center Flexibility*, available at: https://www.energycentral.com/intelligent-utility/post/unlocking-ai-potential-with-data-center-flexibility-PtPoXIAuRMzs5Ff.

[3] *See We're partnering with CTC Global to increase and improve U.S. electrical grid capacity*, available at: https://blog.google/feed/ctc-global-partnership-us-electrical-grid-capacity/.

capacity through the reduction of line losses, thus expanding grid capacity at a fraction of the cost when compared to installing new infrastructure.

These initiatives are but a few examples of the multifaceted benefits that large load customers can bring as responsible grid participants. Indeed, by nature of their significant size, large load customers often possess a powerful incentive to lower energy costs, which in turn establishes them as a driving force in innovation and electricity advancements across the industry, ultimately benefiting all customers.

Q. Large load customers are contributing and will contribute substantial benefits to the electric utility system. How does that inform your perspective on Evergy's proposal?

A. The efficiency, operational, and transformative benefits large load customers like Google can provide to the electric system necessitates a meticulous and thorough review of Evergy's proposed rate design package for these customers. This scrutiny must cover all aspects of the proposal to ensure that new terms, charges, and conditions are balanced against the significant contributions these large load customers offer.

C. DESCRIPTION OF EVERGY'S PROPOSED LLLPS TARIFF RIDERS AND INTERCONNECTION PROCESS

Q. Why is Evergy proposing a new Large Load Power Service ("LLPS") tariff, new associated riders, and changes to the interconnection process.

A. As highlighted and referenced in the current filing,[4] its publicly filed Integrated Resource Plan,[5] and recent investor related documents,[6] Evergy has received numerous requests

[4] Kevin Gunn Direct Testimony ("Gunn Direct Testimony"), 12:21-13:3.

[5] Notice of Stakeholder Presentation, File No. EO-2025-0250 and File No. EO-2025-0251, p. 21-23.

[6] Evergy First Quarter 2025 Earnings Call, May 8, 2025. Evergy's presentation at the May 8, 2025 Earnings Call is available at: https://investors.evergy.com/static-files/5ef38971-0e2c-4f5f-

by large load customers to locate in its service territories. To address this, Evergy is proposing an LLPS rate plan to integrate these customers onto its system, while mitigating the potential risk of stranded costs and preventing other customers from bearing them.

Q. Please describe the new provisions in the LLPS tariff, the new riders, and the new terms in its tariff Rules and Regulation.

A. The following are the proposed LLPS tariff provisions:

- **Applicability Threshold** – All customers with a monthly maximum demand reasonably expected to be 100 MW or greater ("Large Load") are required to take service under the LLPS tariff.
- **Contract Term** – A 15-year contract term, which includes an optional 5-year load ramping period within the contract term. The choice of a ramping period, if any, does not change the 15-year contract term.
- **Grid Charge ($/kW)** – A monthly charge to recover transmission and substation-related infrastructure costs formerly collected in the Demand Charge.
- **Minimum Demand Charge ($/kW)** – A customer will be charged based on the higher of 80% of contract demand or the customer's highest monthly demand (kW) over the prior 12 months. The Demand Charge recovers production-related costs.[7]

8f39-04a9479dd7fc. Evergy's news release on the May 8, 2025 Earnings Call is available at: https://investors.evergy.com/news-releases/news-release-details/evergy-announces-first-quarter-2025-results-declares-quarterly. Additionally, a transcript of Evergy's May 8, 2025 Earnings Call is available at: https://investors.evergy.com/static-files/0164e7f5-bcf8-478f-8f9e-d07faf791520.

[7] Brad Lutz Direct Testimony ("Lutz Direct Testimony"), 17:5-6.

- **Minimum kW-Based Charges ($/kW) -** In addition to the Minimum Demand Charge, minimum kW-based charges based on 80% of contract demand will apply to the Grid Charge, Reactive Demand Adjustment, System Support Rider, and the Company Transmission Delivery Charge.[8]
- **Capacity Reduction Limitations** – Customers may reduce their Contract Capacity up to 10% after the first five years of service, with at least 36 months' written notice, with no penalty. Any reductions exceeding 10% are subject to a Capacity Reduction Fee equal to the Minimum Charge[9] for the reduced capacity to the end of the contract period. The Company will make "reasonable efforts" to reassign the capacity to mitigate the customer's Capacity Reduction Fee.
- **Exit Fee** – To terminate service, a customer must submit 36 months' written notice of termination and pay an exit fee equal to the Minimum Charge to the end of the contract period, or for one year, whichever is larger. Additional penalties apply if a shorter notice period is provided.

The following are newly proposed riders applicable only to those customers taking service under the LLPS tariff:

- **System Support Rider ("SSR")** – A mandatory charge comprised of two components, a "cost recovery component" that will reverse any economic

[8] Schedule CB-2, Evergy's Response to Google Data Request G-E-79.

[9] Lutz Testimony, Schedule BDL-1, Contract Capacity, p. 89 of 98. The Company did not provide a definition for Minimum Charge, but my understanding is that this would include a defined minimum amount for the Demand Charge, Grid Charge, SSR Charge, Reactive Demand Adjustment, and Transmission Delivery Charge. It would also include a monthly Customer Charge if not otherwise paid.

development credits a customer may have received, and an "acceleration" component, based on the time value of building a hypothetical resource sooner than would have been necessary if there had been no new large load. The acceleration component will create a revenue stream that will be credited to non-LLPS customers.

- **Optional Customer Capacity Rider** – A credit ($/kW) to customers who bring capacity to the Company. The customer must enter into an agreement with the Company to transfer the full rights of customer-owned capacity to the Company. A minimum of 10 MW is required.
- **Optional Clean Energy Rider** – A program that provides an opportunity for large load customers to influence clean energy acquisitions through the Company's Integrated Resource Plan ("IRP"). The customer pays the incremental cost of the clean energy resource, if approved, and receives the renewable attributes associated with the output.

The Company proposes the following change to its tariff Rules and Regulations:

- **Interconnection Process** – For all customers greater than 25 MW the Company is proposing the following steps for interconnection: an initial evaluation and study by the Company to determine conditions of service; the execution of a Letter of Agreement and submission of a $200,000 deposit for placement in the interconnection queue; priority placement in the interconnection queue for "Community Interest Projects";[10] advanced study and scoping for up to four

[10] "Community Interest Project" is defined as "one that is part of a competitive search process where the Company is competing against at least one other location for the project, the

projects at a time; execution of an initial Projects Agreement after completion of the advanced study; submission of details to the Southwest Power Pool ("SPP") for review; and completion of construction and service agreements.[11] The Company refers to this process as "Path to Power."

Q. Are there additional proposed changes or tariff provisions by the Company that you do not intend to address in your testimony?

A. Yes there are. The Company has proposed additional changes to other tariff provisions and riders, including: a required service agreement, a reactive demand adjustment, an optional interim capacity charge, collateral requirements, an optional demand-response rider, and three additional optional renewable/carbon-free clean attributes riders. Also, the Company is proposing changes to Section 8 of the Rules and Regulations. I do not address any of these components in my testimony. However, my silence on these issues should not be interpreted as an acceptance or endorsement of them.

II. RECOMMENDATIONS

A. THE 100 MW APPLICABILITY THRESHOLD FOR THE LLPS CLASS IS TOO HIGH

Q. How did the Company determine the 100 MW applicability threshold that dictates which customers must take service under the LLPS tariff?

A. The Company's primary reason for choosing the 100 MW threshold is to "ensure that any large customers who enroll in Schedule LLPS are new customers" thereby "limit[ing] the

customer demonstrates the project will employ at least 250 permanent, full-time employees, and has certification from an accredited state or regional economic development organization indicating that the absence of a deposit and expedited timing are critical to winning the project." Martin Testimony, p. 13, lines 3-7.

[11] Lutz Direct Testimony, Schedule BDL-1, p. 61 of 98.

need to convert existing customers to a new tariff."[12] The Company's secondary reason is to separate customers with a different expected size and cost profile, *i.e.*, customers with different efficiencies and economies of scale, into a separate class to "create rates that are fair and equitable."[13]

Q. Is it reasonable to establish the threshold based on limiting the need to convert existing customers to a new tariff?

A. No. Reducing the need to convert existing customers is an administrative consideration and should be given relatively little weight in rate making proceedings. While billing consistency is an important consideration for the utility to consider, the primary determination of the threshold should be based on cost principles. Customers grouped within a class should have similar usage and cost causation profiles.

Q. Do efficiencies and economies of scale, the Company's secondary reason for its proposed threshold, characterize loads less than 100 MW in addition to those over 100 MW?

A. Yes. The Company concedes that loads less than 100 MW can be characterized by efficiencies and economies of scale,[14] which means they could and likely should be grouped into the LLPS class. For example, there is no defensible reason why a 99 MW customer would present any less efficiencies and economies of scale than a 100 MW customer.

[12] Schedule CB-2 at 4-5, Evergy's Response to Google Data Request G-E-11.

[13] Lutz Direct Testimony, 14:11–13.

[14] Schedule CB-2 at 4-5, Evergy's Response to Google Data Request G-E-11(c).

Q. What size customers will be included in the Company's new "Path to Power" interconnection process and how does this relate to the LLPS threshold?

A. The Company's Path to Power interconnection process is designed for all customers seeking service for loads expected to be 25 MW or greater.[15] This indicates that a large load could be defined to be as low as 25 MW.

Q. How might the Company consider the specific MW threshold for the LLPS program?

A. One way to determine the MW threshold is to consider the size distribution of current and expected future large load customers.

Q. What are the sizes of current large industrial customers on the Company's system?

A. The size of the top five customers by load in Missouri, inclusive of both Missouri Metro and Missouri West, are by order of magnitude: 89 MW, 48 MW, 43 MW (with expected expansion of 10-12 MW which would increase the size of this customer up to 55 MW), 40 MW, and 38 MW.[16] The next largest customer is under 25 MW.

Q. What are the projected sizes of new large load customers?

A. Large load projects currently in the pipeline in Evergy's Missouri jurisdictions are projected to ramp to the following sizes by 2032: 93 MW, 250 MW, 282 MW, 425 MW, 680 MW, and 777 MW.[17] Note that some of these projects may not be built.

[15] Lutz Testimony, Schedule BDL-1, p. 97 of 98.

[16] Schedule CB-2 at 2-3, Evergy's CONFIDENTIAL Response to Google Data Request G-E-7. The Response indicates that "[t]hese loads represent customer totals and may occur through multiple metering points and disparate locations," but does not provide further detail on which customers this applies to.

[17] Schedule CB-2 at 25-26, Evergy's Response to Google Data Request G-E-90.

Q. What size customers are in the existing Large Power Service ("LPS") rate class?

A. The LPS tariff for Missouri West is available to general service customers with a minimum load of 500 kW. The LPS tariff for Missouri Metro is available to non-residential customers and, while it does not specify a minimum load level, it does require a minimum billing demand of 980 kW for customers taking service at secondary voltage. If the LLPS tariff is approved with a 100 MW threshold, the LPS tariff for Missouri West would cover customers ranging from 0.5 MW to 100 MW, while the LPS tariff for Missouri Metro would cover customers ranging from approximately 1 MW to 100 MW.

Q. What threshold for LLPS customers do you recommend based on cost principles and service characteristics?

A. I recommend a 70 MW threshold, which is lower than the Company's proposed threshold. This revised threshold better balances the range of sizes and cost characteristics within both the existing LPS and the proposed LLPS classes. A 70 MW threshold would include one current 89 MW customer and one new 93 MW customer.

A 70 MW threshold that will define the boundary between LPS and LLPS customers is more appropriate for several reasons.

- A lower threshold than 100 MW is needed to reduce cost differentiation within the LPS class: LPS customers sized at 0.5 MW and 100 MW are vastly different in their cost causation profiles and they can take service at very different voltage levels, indicating that the current 100 MW upper limit for the LPS class is too high.
- A higher threshold than 25 MW is needed to reduce cost differentiation within the LLPS class: LLPS customers sized at 25 MW are quite different from those exceeding 700 MW.

Also, it's not uncommon for customers in the 25-40 MW range to take service at distribution voltage levels that would not comply with the LLPS tariff defined as customers taking service at substation or transmission levels. Customers over 70 MW, however, typically do take service at substation or transmission levels.

Q. Given the proposed 70 MW threshold, how many existing customers may require conversion to the new LLPS tariff?

A. Based on the current peak loads of Evergy's large industrial customers, implementing a 70 MW threshold for the LLPS tariff would potentially require the conversion of just one existing customer (the 89 MW customer referenced above), and such conversion could be avoided through the implementation of grandfathering provisions. Thus, the primary reason cited by the Company for choosing the 100 MW threshold should be given little consideration in setting the threshold.

Q. Under Missouri Senate Bill 4, effective August 28, 2025, electrical corporations like the Company are required to add a service tariff applicable to customers projected to have annual peak demands of 100 megawatts or more. Does your recommended 70 MW threshold comport with that mandate?

A. Yes, I believe so. While I am not an attorney, I do not read Senate Bill 4 as creating a specific rate class, so much as it is prescribing a number for which the Legislature believes special considerations are warranted in ratemaking. Senate Bill 4 provides that schedules for 100-MW-or-more customers should “ensure such customers' rates will reflect a representative share of the costs incurred to serve the customers and prevent other customer classes' rates from reflecting any unjust

or unreasonable costs arising from service to such customers."[18] Adopting a rate schedule with a 70 MW threshold comports with a requirement for establishing a just rate for customers above the 100 MW threshold by establishing tariff mechanisms unique to such large load customers while protecting other rate classes from unjust or unreasonable costs arising from service to such customers. The requirement of Senate Bill 4 can be accomplished by adopting schedules with a threshold below 100 MW, so long as those schedules also apply to customers reasonably projected to have an annual peak demand of 100 MW or more.

B. THE CONTRACT TERM SHOULD BE SHORTENED

Q. The Company proposes a 15-year contract term, which may include a load ramp period of no more than 5 years. What support did it provide for this proposal?

A. The Company states that it examined approaches by other utilities to determine the contract term,[19] and notes that the contract term will mitigate the risk of speculative load and stranded costs similar to the other proposed LLPS tariff provisions.[20]

Q. Does the Company currently have a tariff with a long-term contractual commitment?

A. Yes. The Company's tariff for special incremental load, Schedule SIL has a variable contract term, but it can be no greater than 10 years.[21]

[18] Missouri Senate Bill 4 (2025), Section 393.130, available at: https://www.senate.mo.gov/25info/pdf-bill/perf/SB4.pdf.

[19] Schedule CB-2 at 6-7, Evergy's Response to Google Data Request G-E-14.

[20] Gunn Direct Testimony, 22:23–23:1.

[21] Lutz Testimony, Schedule BDL-1, Term, pg. 73 of 98

Q. What contract terms have other utilities used?

A. In the recently approved settlement in Ohio,[22] AEP Ohio put in place an 8-year contract term with an optional load ramping period of up to 4 years that would extend the term of the contract. In the I&M settlement,[23] parties agreed to a 12-year contract term with an optional 5-year ramping period that would, like AEP Ohio, extend the term of the contract.

Q. Are power purchase agreements ("PPAs") with longer terms, such as Amazon's 20-year agreement with Talen Power, comparable to utility embedded cost tariffs?

A. No, unit-specific PPAs with longer terms are generally not comparable to the terms in utility embedded cost tariffs that provide generation from system resources. While some companies are indeed signing longer PPAs, such as Amazon's 20-year agreement to buy energy from Talen's Susquehanna nuclear plant, these are fundamentally different.

[22] *See* Opinion and Order, Public Utilities Commission of Ohio Case No. 24-508-EL-ATA, p. 94 (July 9, 2025) ("Accordingly, based on the foregoing, the Commission finds that the 10/23 Stipulation should be adopted, as modified by this Order. With this finding, as qualified above, the Commission directs AEP Ohio to file updated tariffs for Schedule DCT, under which applicable data centers shall be subject to the specified load ramp period, longer contract terms, adjusted minimum demand charges, collateral requirement, capacity reassignment limitations, and new service enrollment process, amongst other 10/23 Stipulation provisions."); Joint Stipulation and Recommendation, Public Utilities Commission of Ohio Case No. 24-508-EL-ATA, p. 5 (Oct. 23, 2025) ("As reflected in Exhibit A, the initial term of the Contract will equal the Load Ramp Period (no greater than four years, as described below) plus eight years.").

[23] *See* Order of the Commission, Indiana Utility Regulatory Commission Cause No. 46097, p. 48 (Feb. 19, 2025) ("Based upon our review of the record as a whole and consideration of the Settlement Agreement terms in totality and the supporting testimony and exhibits, the Commission finds that the Settlement Agreement as modified herein represents a just and reasonable resolution of the issues. Accordingly, the Settlement Agreement as discussed and modified herein is approved."); Submission of Unopposed Settlement Agreement and Unopposed Motion for Acceptance of Out of Time Filing, Indiana Utility Regulatory Commission Cause No. 46097, p. 2 (Nov. 22, 2024) ("Mandatory Term: The Large Load Customer's Initial Contract Term will be made for a period of not less than 12 years. A Large Load Customer may designate a Load Ramp Period, which can be no greater than five years. If a Load Ramp Period is designated by the Large Load Customer, the Initial Contract Term shall commence after the Load Ramp Period ends.").

Q. Why are unit-specific contracts not comparable to utility tariffs that provide generation from system resources?

A. The contract term for a unit-specific contract will be negotiated with terms and conditions that cover that unit's specific set of costs. A utility contract for system resources is different. A utility such as Evergy with a diverse set of resources has the ability to manage costs and diversify risk associated with its resource portfolio. Excess capacity can be sold in the market or to other willing buyers, such as municipalities. The utility can manage its supply/demand balance through its resource planning process, reducing planned investment if load does not materialize, which reduces Company risk.

Q. What do you recommend?

A. Based on the AEP Ohio and I&M settlements, and Evergy's ability to manage its capacity position, I recommend a period shorter than 15 years, in the 8 to 10 year range with an optional load ramping period of up to 4 years that would extend the term of the contract.

C. MINIMUM DEMAND CHARGES ARE NOT SUPPORTED WITH COST-BASED EVIDENCE AND THEREFORE REQUIRE REDUCTION OR REJECTION

Q. What minimum demand charges is the Company proposing?

A. The Company proposes to put in place minimum kW requirements for the Demand Charge, Grid Charge, Reactive Adjustment Charge, SSR charge,[24] and Company Transmission Delivery Charge for LLPS customers. The minimum kW requirement is proposed to be set at 80% of contract demand. Each month, the LLPS customer would be required to pay, at minimum, 80% of contract demand times the Demand Charge ($/kW), Grid Charge ($/kW), Reactive Adjustment

[24] Schedule CB-2 at 17-18, Evergy's Response to Google Data Request G-E-65.

Charge ($/kVar), SSR charge ($/kW), and Company Transmission Delivery Charge ($/kW) regardless of the customer's actual demand. If the customer's demand is higher than 80% of contract demand, then the customer would pay its actual demand times each of these charges.

Q. Both the Grid Charge and the SSR are new charges for LLPS customers only, is that correct?

A. Yes. The Grid Charge will recover variable substation and transmission costs including transmission and maintenance costs, allocated administrative and general costs, depreciation and amortization costs and other allocated expenses that would otherwise be recovered in the Demand Charge.[25] The SSR charge will recover the cost of accelerating generation investment and is discussed in detail further below.

Q. Did the Company include the minimum SSR Charge and the minimum Transmission Delivery Charge in its initial application?

A. No. The Company informed stakeholders through discovery that it planned to include these additional changes in the LLPS tariff.[26] There has been no analysis provided by the Company regarding the need or impact of either a minimum SSR or Transmission Delivery Charge. Given that the Company added these requirements late in the process, providing no time for adequate review, I recommend that the Commission reject the Company's back-door proposal for a minimum SSR Charge and minimum Transmission Delivery Charge.

[25] Schedule CB-2 at 8-10, Evergy's Response to Google Data Request G-E-15(b).

[26] Schedule CB-2 at 21-22, Evergy's Response to Google Data Request G-E-79.

Q. Why is the Company proposing minimum demand charges?

A. Minimum demand charges are proposed as part of the bigger LLPS package of provisions and related riders, "to accommodate the needs of large load customers and to ensure proper protections are in place for all other customers."[27]

Q. Has the Company presented any cost-based evidence to support its proposed 80% minimum?

A. No. The Company does not provide justification for the specific level of the minimum demand charge at 80% other than to say that the new programs, terms, and conditions such as the minimum bill requirement are "designed to make sure large load customers pay their share."[28]

Q. How will the minimum demand charges reduce risk to the Company?

A. Minimum demand charges will lock in a revenue stream for the Company over the contract period. This guarantees recovery of costs that the Company has incurred to serve LLPS customers. If the Company has not yet incurred infrastructure costs for LLPS customers, the minimum demand charge will lock-in a minimum stream of benefits to customers by increasing contributions to fixed costs.

Q. When infrastructure is built to serve LLPS customers, how will the minimum demand charges protect other customers?

A. Minimum demand charges reduce the risk of stranded costs – infrastructure costs incurred to serve LLPS customers not recovered through LLPS rates, that could get shifted to other customers. Stranded cost risk is high when there is excess capacity. It is lower when the Company

[27] Lutz Direct Testimony, 14:1-2.

[28] Gunn Direct Testimony, 16:18–20.

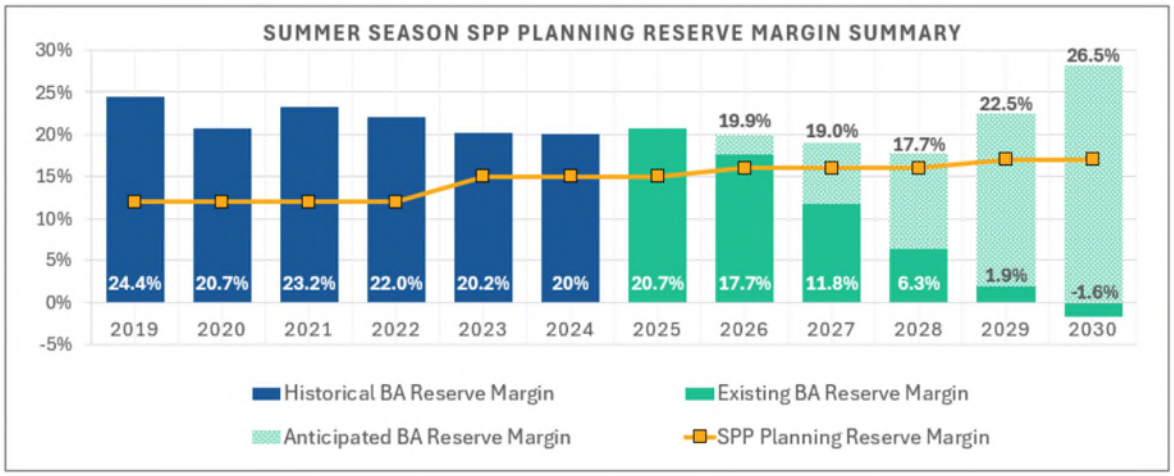
has alternative uses for excess capacity such as selling it into capacity markets or to other jurisdictions. New resource capacity in the Southwest Power Pool ("SPP") is currently projected to keep up with peak demand over the next five years, however, "resource adequacy issues can arise if generators retire earlier than anticipated or new resource additions connect more slowly."[29] Also, changes in SPP capacity accreditation policy can impact resource adequacy.[30] Increased resource adequacy risk puts downward pressure on stranded cost risk. Figure 1 shows a capacity deficiency in SPP, based on existing resources (the dark green bar), in 2030. Planned retirements drive a large portion of the deficiency. Including anticipated resources, the Balancing Authority ("BA") reserve margin is 26.5% in that year (the light green bar). It is unknown, however, what portion of the anticipated resources will be operable by 2030 due to multiple potential known and unknown hurdles.[31]

[29] NERC 2024 Long-Term Reliability Assessment, December 2024, Updated July 15, 2025, available at: https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf.

[30] FERC Order Accepting and Suspending Proposed Tariff Revisions, Consolidating Proceedings, and Establishing Paper Hearing Procedures, Docket Nos. ER24-1317-000 & ER24-2953-000 (consolidated) (Jan. 16, 2025).

[31] *See* 2025 SPP Summer Season Resource Adequacy Report, June 15, 2025, pp.2-3, available at: https://www.spp.org/documents/74099/2025%20spp%20summer%20resource%20adequacy%20report.pdf.

Figure 1. SPP BA Area Reserve Margin Summary[32]



Q. How do minimum demand charges affect LLPS customers?

A. Minimum demand charges increase risk to LLPS customers by reducing their flexibility to respond to changing market conditions or operational changes. The higher the minimum demand charge, the more risk that is transferred from the Company to the LLPS customer.

Q. How can minimum demand charges impact a customer's ability to utilize demand response?

A. Minimum demand charges can diminish a customer's incentive and ability to effectively use demand response strategies. Since a customer is obligated to pay a minimum charge regardless of their actual demand, the financial benefit of reducing consumption during peak times or system stress is lessened. This not only reduces the LLPS customer's flexibility to mitigate their own costs but, more importantly, it undermines the role demand response plays in mitigating risks to other customers and enhancing overall grid reliability.

[32] *Id.* at 3.

Q. What do you recommend?

A. I recommend that the Commission approve a 70% minimum demand charge for the Demand Charge, Grid Charge, and Reactive Adjustment Charge. This is for several reasons: minimum demand charges will be applied to multiple kW charges, the risk of stranded costs are reduced given current and projected market conditions in SPP, the Company has not yet built capacity to service LLPS customers, and a 70% minimum demand charge more evenly balances the risks to the Company, LLPS customers, and other customers. Additionally, the company has not presented any cost-based evidence to support its proposed 80% minimum. Finally, a 70% minimum demand charge would preserve greater flexibility for LLPS customers to manage their demand and effectively participate in demand response, which can provide benefits for overall grid reliability and mitigate costs for all customers on the system.

I additionally recommend that the Commission reject the Company's proposed minimum demand charges for the SSR and the Company Transmission Delivery Charge. These proposed charges were not included in the Company's initial filing preventing adequate review. Beyond this procedural flaw, and as I detail later in my testimony, I recommend the complete rejection of the SSR itself, which would inherently include any associated minimum demand charges.

D. THE CONTRACT CAPACITY REDUCTION PROPOSAL SHOULD BE MODIFIED

Q. Can you please summarize the Company's proposal regarding reductions to contract capacity?

A. Yes. After the first five years of the contract, the Company will allow LLPS customers to reduce their contract capacity by 10% with a 36-month notice period. There will be no penalty for this 10% reduction. A customer can request a reduction greater than 10%, also after five years and a 36-month notice, but will be required to pay a penalty equal to the customer's

minimum demand charges for the remainder of the contract term on any reductions greater than 10%.

Q. What support does the Company provide for this proposal?

A. The Company is proposing provisions governing contract capacity reductions as part of the bigger LLPS package of provisions and related riders, "to accommodate the needs of large load customers and to ensure proper protections are in place for all other customers."[33] The Company's concern is that load deviations "do not cause undue impacts to other customers."[34] The Company does not provide an explanation for the precise terms of the capacity reduction policy.

Q. Are the capacity reduction provisions similar to those in other jurisdictions?

A. Yes. They are similar to those in the I&M Settlement regarding large load customers. In that settlement, large load customers can reduce capacity by 20% after the first five years of the contract, with 42 months notice, without payment of any penalty. The longer notice period was needed to accommodate capacity market timelines in PJM.

Q. Is a 20% reduction reasonable, and if so, do you recommend its implementation in this proceeding?

A. Yes. Given the current forecast of additional large load over the next ten years, and the plan for building resources in the Integrated Resource Plan ("IRP"), the risk that a 20% reduction will result in stranded costs is low. The reduced capacity could be used by the Company to serve large load customers in the interconnection queue, or sold to others that need it. Given the expected load growth, the Company has the ability to adjust its IRP, and build less, if needed. Given increased load forecasts, resource planning flexibility, and uncertain capacity market

[33] Lutz Direct Testimony, 14:1–2.

[34] Lutz Direct Testimony, 18:10–11.

conditions, it is reasonable to conclude that there is little risk that the Company would not be able to manage any capacity made available at the 20% level. Meanwhile, this higher level of potential reduction, at 20%, strikes a better balance by providing significantly more flexibility for large load customers without increasing the risk of stranded costs or capacity management issues for the Company.

Q. Does the Company offer a way for the proposed penalty for capacity reductions beyond 10% to be mitigated?

A. Yes. The Company states that it "will use reasonable efforts to mitigate the Capacity Reduction Fee amount owed by the customer by evaluating the opportunity to re-assign the reduced capacity."[35] In the tariff sheets attached to Mr. Lutz's testimony, there is a section titled "Contract Capacity" for Missouri West[36] that contains the following language:[37]

> Following receipt of proper notice, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the capacity reduction fee amount owed by the Customer by evaluating the opportunity to assign the reduced capacity to serve other new Customers, to expand service to existing Customers, or otherwise secure offsetting expected revenues.

Q. Is the above language similar to that in the I&M settlement?

A. Yes. However, there are two important differences. The I&M settlement language applies to both capacity reductions and the Exit Fee. Also, the I&M settlement language allows for payments to the customer. The language from the I&M settlement is as follows:

> Following receipt of proper notice, through the Exit Fee Period, I&M will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise

[35] Lutz Direct Testimony, 21:2–4.

[36] Lutz Direct Testimony, Schedule BDL-1, p. 89 of 98.

[37] Note, a similar section is missing from the tariff sheets for Missouri Metro.

secure offsetting expected revenues. The remainder of any mitigating amounts owed to the Large Load Customer shall be delivered to the Large Load Customer, or its designated successor, after all outstanding balances have been resolved.

Q. Do you recommend that the Commission approve mitigation language similar to that in the I&M settlement?

A. Yes. It allows the customer to be fully compensated for the value of the reduced capacity, preventing the Company from being paid twice for the same capacity. I also recommend that the provision apply to the Exit Fee as well, as I discuss in the next section.

Q. Do you recommend dispute resolution provisions be added to the Missouri West and Missouri Metro tariffs regarding capacity reductions?

A. Yes. As it stands, the Company has unilateral power to find and approve capacity reductions and may not follow through with finding alternative uses to mitigate costs for the customer. This is not fair to LLPS customers. The I&M settlement contains a dispute resolution process to resolve issues regarding capacity reductions and Exit Fees. A similar provision should be required in the LLPS tariff. The provision in the I&M settlement is as follows:[38]

> If there is an issue concerning the calculation of the Exit Fee or delivery of any mitigation amounts, that either I&M or Large Load Customer view as in need of escalation, either I&M or Large Load Customer may request escalation. Such request shall be made in writing and within 14 business days of the Large Load Customer being notified regarding the Exit Fee calculation. In such instance, management representatives for I&M and for the Large Load Customer will discuss and seek to resolve any issues. The management discussion shall occur within 14 business days of a request, unless otherwise agreed to in writing by I&M and Large Load Customer. I&M and Large Load Customer agree to use this escalation process in good faith, escalating only those matters appropriate for management's consideration. This dispute resolution process does not limit or otherwise affect the ability of either Large Load Customer or the Company to file a formal proceeding requesting the Commission to resolve the dispute.

[38] *See* Order of the Commission, Indiana Utility Regulatory Commission Cause No. 46097, p. 5 (Feb. 19, 2025).

Q. In sum, what do you recommend regarding the capacity reduction provisions?

A. I recommend that LLPS customers be allowed to reduce capacity by up to 20% without a penalty, that the tariff language regarding capacity reductions by modified to include payments to the customers for the realized value of reduced capacity, that the Commission require a dispute resolution process for capacity reductions be included in the Schedule LLPS, and that these provisions apply to both Missouri West and Missouri Metro.

E. THE SYSTEM SUPPORT RIDER SHOULD BE REJECTED

Q. What is the System Support Rider or SSR?

A. As I earlier testified, the SSR is a new mandatory rider applicable only to customers taking service under the LLPS tariff. It is composed of two components: (1) A "cost recovery" component and (2) An "acceleration" component.

Q. Please describe the cost recovery component and the Company's rationale for its implementation.

A. The cost recovery component will reverse any economic development credits a customer may have received. The Company explains that it is necessary to ensure it recovers full rate revenues from customers that participate in the Economic Development Rider.[39,40]

Q. Do you take a position on the cost recovery component?

A. No, I am not taking a position on the cost recovery component at this time. This should not be interpreted as an endorsement or support for it, as my testimony primarily focuses

[39] Lutz Direct Testimony, 31:15–17.

[40] The Economic Development Rider is available to industrial and commercial customers that promote economic development in Missouri. It provides for a discount to rates under general service and large power schedules. As explained by Evergy witness Jeff Martin in his direct testimony, "…if a customer qualifies under section 393.1640, the EDR will be available to Schedule LLPS customers." Jeff Martin Direct Testimony ("Martin Direct Testimony"), at 18:17-18.

on the conceptual and methodological flaws of the acceleration component and the overall SSR, as I testify further below.

Q. Please describe the acceleration component and the Company's rationale for its implementation.

A. The acceleration component is based on the time value of building a hypothetical resource sooner than would have been necessary if there had been no new large load added to the system. The acceleration component will create a revenue stream that will be credited to non-LLPS customers. The Company asserts it is needed to protect non-LLPS customers from paying costs caused by LLPS customers. The Company's basic reasoning is that a resource must be built for large loads, and if there were no large loads, that same resource would be built at a later date. Because the resource has to be built now, rather than later, existing customers are allegedly harmed because under the cost allocation methodology, existing customers will pay for their allocated share of the new resource now rather than paying for it later.

Q. Is the fundamental premise of the Company's argument for the acceleration component sound?

A. No. Generation resources are not constructed for specific customers. As explained by Ameren in their large load tariff filing, "their allocation or assignment on that basis would unfairly deprive large load customers of retail service on equivalent terms as other retail customers."[41] The Company has repeatedly explained that no specific resource can be identified that exclusively serves large load.[42] The Company underscored that "Schedule LLPS customers

[41] Steven Wills Direct Testimony ("Wills (Ameren) Direct Testimony"), Missouri Public Service Commission File No. ET-2025-0184, 15:16 - 17:2 (May 14, 2025).

[42] Martin Direct Testimony, 16:3-4, ("the grid has always been treated as a shared resource as any new generation that is procured to serve new load will be used and shared by all customers."); Gunn Testimony at 15:9-15, ("The LLPS Rate Plan is guided by Evergy's desire to

are not assigned any specific capacity."[43] Any new resource (or set of resources) that the Company builds serves all loads. The Company's existing resources also serve all loads. The SSR methodology is based on a marginal concept. It targets a marginal resource and attempts to identify a cost (the acceleration cost) for this resource that—according to the Company—is entirely attributable to LLPS customers. This methodology is at direct odds with the embedded cost of service methodology that the Company proposes to use for LLPS customers. It assigns the cost associated with the marginal resource entirely to the LLPS customer and ignores the costs that the LLPS customer pays for the rest of the Company's resource portfolio.

Q. Does the SSR[44] address the Company's concerns about stranded costs—costs of unused capacity built to serve LLPS customers that might be recovered from other customers?

A. No. Stranded cost risk is addressed by the suite of other tariff provisions that the Company proposes: contract term lengths, minimum demand charges, capacity reduction provisions, exit fees, collateral, and equipment financing.

The SSR addresses a different concern: that large load, simply by virtue of coming onto the system, could potentially harm other customers. The notion is that the cost of resources built to accommodate large load will somehow be paid, in part, by existing customers– meaning that large load will not pay its fair share of costs. Ultimately this boils down to a conviction that the existing cost allocation framework does not work when a large load is added to the system.

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have a program that treats the power grid as a *shared resource*."): Gunn Testimony at 22:13-15, ("The power grid is a resource that is collectively used and shared by all customers, and the LLPS Rate Plan eliminates the notion that the grid is something that can be attributed to each customer's use on an individual, incremental basis."

[43] Schedule CB-2 at 11-12, Evergy's Response to Google Data Request G-E-19(b).

[44] All discussion in the testimony from this point forward relates to the acceleration component of the SSR.

Q. Is the SSR based on actual costs?

A. No, it is not. The SSR is a stand-alone calculation based on a hypothetical resource. It is not based on any actual resource costs.[45] As the Company explains, new resources are built to accommodate system needs, including the needs of large loads, so no resource can be identified as exclusively serving large loads.

Q. If the SSR is based on a hypothetical resource, with numerous hypothetical assumptions, will the resulting SSR charge have any relationship to actual costs?

A. No. As the Company explains, "The [SSR] is not a cost recovery rider. There is no total amount that needs to be recovered. Instead, this rider is established to ensure that Schedule LLPS customers contribute additional revenue."[46] The SSR construct will be put in place simply to create a revenue stream that will be credited back to non-LLPS customers on the assumption that they need to be protected from costs attributable to LLPS customers.

Q. Are there other flaws in the SSR acceleration methodology?

A. Yes. The Company assumes that a resource that is built now for large loads would have been built in the future even without large loads. This is highly unlikely. Resource planning in a world without LLPS customers would be very different. It is more likely the resource would never be built if there was no large load. There is no acceleration, rather the Company would build a different set of resources.

Additionally, the Company's methodology assumes that the non-LLPS customers will pay a constant pro-rata share of acceleration costs over the entire period and that the pro-rata share is the same in the future with large load and the future without it. In reality, the pro-rata shares will

[45] See Schedule CB-2 at 19-20, Evergy Response to Google Data Request G-E-77, ("The Acceleration Component is not tied to any specific resource cost.").

[46] Lutz Direct Testimony, 33:6–8.

change annually as LLPS customers ramp into their contract capacity and new LLPS customers come on the system. In a future with no LLPS customers, other customers would be responsible for bearing 100% of the costs of all new resources built by the Company to serve them.

Another serious flaw is the omission of the benefits provided to non-LLPS customers. LLPS customers will pay their pro-rata share of all existing resources, reducing the amounts that non-LLPS customers will have to pay. This error reflects the misguided use of a marginal impact analysis within an average embedded cost methodology. The marginal impact analysis does not take into account the full range of effects from the incorporation of LLPS customers into the customer mix.

Q. The SSR will create a revenue stream through the SSR acceleration component with no basis in actual costs. How does the Company justify this?

A. The Company has provided four separate analyses for Missouri Metro and Missouri West, using cost of service data from 2021 and 2024, respectively. The analyses add load (384 MW) to the LPS class, new generation (a 400 MW combined cycle gas turbine) or capacity purchases (384 MW) depending upon the scenario, and SSR credits (allocated to all classes) to evaluate the impact on customers. The Company concludes that, with the inclusion of the SSR, "the potential addition of the Customer [384 MW load] benefits the Evergy MO West system and its corresponding ratepayers,"[47] and that "the potential addition of the Customer [384 MW load] benefits the Evergy MO Metro system and its corresponding ratepayers."[48]

[47] Schedule CB-3, Workpapers of Mr. Lutz, "Evergy MO West Large Customer Analysis Memo (2-5-25).docx," page 10.

[48] Schedule CB-4, Workpapers of Mr. Lutz, "Evergy MO Metro Large Customer Analysis Memo (Draft 2-5-25).docx," page 10.

Q. What are the flaws in the Company's analyses and how do they undermine the purpose of the analyses, which is to show the SSR is reasonable?

A. The analyses suffer from several significant limitations: They rely on outdated cost of service data from 2021 and 2024; they do not specifically address the effect of the SSR, as no comparison is provided to a case where it is not included; and there is no analysis of rate impacts for any customer class to show that the SSR is needed to protect customers.[49] One of the supposed purposes of these analyses was to show that the SSR is reasonable and that the addition of new load and generation would cause customer rates to go up if the SSR revenue stream was not used to offset costs; but it does not do that.

Q. Under the Company's SSR proposal, will LLPS customers be required to pay the fully embedded costs to serve them plus the SSR charge?

A. Yes. The Company is requesting that the Commission approve a new stream of revenue outside of the cost of service framework. The revenues would reduce the amounts that non-LLPS customers would pay in a rate case. But the Company does not propose to reduce the revenue requirement in the analyses that it provided.

Q. Please explain what you mean that the Company does not reduce the revenue requirement in the analyses provided.

A. In the Company's cost of service analyses, the net revenue requirement is held constant, meaning a change in one of its components requires an equal and opposite change in another component. SSR revenues are incorporated into the analysis by netting them out of the production demand cost category, reducing the production demand costs allocated among

[49] The Company does show changes to class rates of return which are indicative, but not definitive in terms of rate impacts. See *id.*, Table 10, p.10.

customer classes. This means the Company collects less revenue because the SSR reduces its cost of service. Then simultaneously, within the model, the net operating income, charged to all customer classes across all cost categories (production energy, production demand, transmission demand, etc.) is increased to compensate for the reduced production demand revenue. While customers benefit from the reduced production demand costs due to the SSR, they are negatively impacted by the increase in costs through net operating income.

Q. Does this way of modelling the SSR distort the results of the models?

A. Yes. The impact of the SSR on rates and rates of return is not accurately reflected.

Q. Is the analysis done by the Company useful at all for determining whether an SSR is needed?

A. No. It will never be the case, under the embedded cost of service approach, that a new resource will be built to serve a specific LLPS load. If that were the case, the cost of the new resource could be assigned to the new load and customers would be protected. (The Company, however, has not offered a direct assignment option.) The cost of services analyses provided by the Company do not get to the issue at hand. Rates may increase for non-LLPS customers due to many factors (rising costs, resource mix, more efficient operations, etc.) *including investment in new resources*, but this does not mean non-LLPS customers are harmed. Non-LLPS customers are paying their fair share of costs under the Commission's cost of service and rate making framework and reaping the benefits of access to the Company's entire system including reliability, resiliency and efficiency benefits.

Q. Can you provide an example of the benefits you point to above?

A. Yes. The construction of a utility-scale solar and battery system might be motivated by the need to serve large load customers. However, after it is built, it will effectively provide a

peaking resource that will increase the reliability of the whole system. The system will also enable the construction of additional solar resources, lowering the average cost of the Evergy's resource portfolio. A resource that is purportedly built to serve large load will benefit all customers through increased reliability and lower costs.

Q. Let's now discuss the proposed implementation and the assumptions inherent in the SSR's calculation. Did the Company provide a calculation of the SSR in its application?

A. Yes, it did. However, these calculations are for illustrative purposes only.[50] A calculation provided in the future, when resources are actually accelerated for LLPS customers, would have to go through a vetting process.

Q. What specific assumptions underpin the Company's SSR calculation now and in the future?

A. To perform the SSR calculation, the following assumptions need to be chosen: [51]

- Resource to be accelerated
- Resource costs, both if built now and if built at a future date
- Acceleration period (the number of years in the future that the resource would have been built if there were no large load)
- Discount rate
- Term over which the resource costs will be recovered
- Customer consumption profiles (peak load of LLPS customers and other customers to determine the allocation of costs)

[50] Schedule CB-5, Evergy's CONFIDENTIAL Responses to DCC Data Requests DCC-11 and DCC-14.

[51] An illustrative example of the methodology is provided in Mr. Lutz's workpaper, Schedule CB-6, "CONF System Support Rider Model_CCGT_01.27.25.xlsx."

Q. Could you elaborate on the challenges associated with the determination and support of these assumptions?

A. There will be diverse views on the appropriate assumptions for these inputs. Also, it will be difficult to support various assumptions, in particular those related to the hypothetical future (a future without large load), since that future is unknown, will never occur, and thus assumptions about it are indeterministic.

Q. How does the Company propose to update the SSR as new LLPS customers come on the system?

A. The Company proposes to update the calculation of the SSR during utility rate cases[52] and charge the updated rate to all LLPS customers in a separate charge outside of the cost of service analysis.[53] (The crediting of the SSR revenues collected from LLPS customers, on the other hand, would be done within the cost of service.) The Company provides no detail as to how the updated SSR calculation will be done. The proposal to update the SSR paid by all LLPS customers means that an existing LLPS customer will be impacted by future large load expansion even though that customer will not have caused the associated acceleration. Holding existing LLPS customers accountable for future LLPS customer costs will increase risk for LLPS customers and is not equitable. Notably, the Company has not put forth any plan or mechanism to address this issue through the "vintaging" of LLPS customers.

[52] Schedule CB-2 at 15-16, Evergy's Response to Google Data Request G-E-41(d).

[53] The proposal to calculate the SSR outside of the cost of service analysis could be considered single-issue ratemaking, which occurs when a utility adjusts rates based on consideration of a single factor (in this case, the hypothetical acceleration factor) without consideration of other factors that may offset any justification for the rate adjustment (in this case, the LLPS customers' contribution to other system costs). I am not an attorney, but I have been advised that single-issue ratemaking is generally disallowed in Missouri.

Q. When does the Company plan to implement the SSR charge?

A. The Company has filed modified tariff sheets that reflect the SSR charges computed in their hypothetical examples.[54] It is my understanding that the Company will not request approval of those rates, but after the Company identifies and builds an "accelerated" resource, the SSR would be calculated and implemented.[55]

Q. Having examined the conceptual and analytical flaws of the SSR, let's now consider its application in other contexts. Does the Company use an SSR or SSR-like charge in its proposed tariff provisions for existing customer classes for resources built to serve those loads?

A. No.

Q. Does a comparable utility, such as Ameren, include an SSR or SSR-like charge in its proposed tariff provisions for large load?

A. No. Ameren explains that "generation resources are not planned, developed, or constructed on a customer-specific basis, and their allocation or assignment on that basis would unfairly deprive large load customers of retail service on equivalent terms as other retail customers."[56] I agree.

[54] Lutz Direct Testimony, Schedule BDL-1, p. 43 of 98, "The Acceleration Component shall be $9.59 per kW."; Lutz Direct Testimony, Schedule BDL-1, p. 95 of 98, "The Acceleration Component shall be $9.64 per kW."

[55] Schedule CB-2 at 19-20, Evergy's Response to Google Data Request G-E-77.

[56] Wills (Ameren) Direct Testimony, 16:14-17 (citations omitted).

Q. Has the SSR acceleration concept, based on the time value of money, been used in other jurisdictions or previously by Evergy itself?

A. I am not aware of its use, and the Company admits that it has not previously used it itself and is not aware of any other utility utilizing this form of Rider.[57]

Q. Will the SSR increase regulatory burden?

A. Yes. The SSR is a novel concept with numerous conceptual and methodological shortcomings. If approved, it would require substantial analysis and support to demonstrate a cost basis for it. The model's assumptions would need to be updated in every rate case, requiring a lengthy and contentious proceeding before the Commission. One would expect that an SSR, with questionable underpinnings, would be frequently challenged.

Q. How can the Commission ensure that non-LLPS customers are not harmed by LLPS customers coming on the system?

A. Again, the package of tariff provisions set forth for LLPS customers will protect other customers from stranded costs and the potential for LLPS costs to be shifted to them. If the Commission determines that the cost allocation process does not protect other customers, then the Commission should modify the cost allocation process, a review and adjustment that is typically undertaken within a general rate case.

Q. How can the Commission determine if the cost allocation process should be modified, and if so, how?

A. Based on a review of rates, the Commission can assess how non-LLPS customers' rates are impacted and make equitable adjustments. It would be very difficult to determine a formulaic method to adjust rates because isolating a component due exclusively to new or growing

[57] Schedule CB-2 at 13-14, Evergy's Response to Google Data Request G-E-32.

large load would be nearly impossible. Also, there is currently no evidence that the cost allocation process does not work when LLPS customers are added. If such evidence were to emerge, then adjustments could be made in the cost allocation process in a future rate case.

Q. Given the perceived uncertainties, is there something the Commission can do to raise consumer confidence in the process?

A. Focusing just on the impact of bringing LLPS customers online (and not the package of tariff provisions that will protect other customers from stranded costs), there are two possible ways to address uncertainties: (1) the Commission could implement a review and rate balancing process within the utility's rate case to directly address the issue of cost-shifting and allow for an adjustment to rates, or (2) the Commission could require the Company to provide an option to LLPS customers that would allow them to pay for and be assigned energy and capacity from a designated resource; this would shift generation risk from the Company to the LLPS customer (I discuss this option in more detail below).

Q. What do you recommend?

A. I recommend that the Commission reject the SSR for the following reasons: the Company has failed to establish a need; there are significant flaws in the concept and methodology; there is no established basis in cost of service; the process to update the SSR lacks necessary strictures; the SSR misallocates charges among LLPS customers, the SSR adds significant regulatory burden to all involved, and it results in inequitable treatment of LLPS customers.

F. ENHANCING CUSTOMER OPTIONS FOR CAPACITY AND CLEAN ENERGY

Q. What optional riders has the Company proposed for large load customers, and what concerns do you have regarding their scope and effectiveness?

A. I address two of the Company-proposed optional riders for LLPS customers: the Optional Customer Capacity Rider ("CCR") and the Clean Energy Choice Rider ("CER"). While intended to provide some flexibility, both riders currently have serious limitations that hinder their effectiveness in meeting customer goals and fully leveraging large load contributions.

Q. Describe the Optional Customer Capacity Rider or "CCR"?

A. The CCR is an option that a large load customer can enter into that allows the transfer of capacity it owns to the Company,[58] at the Company's discretion, in exchange for a credit on its bill.[59] The credit is "equal to the price difference between the Schedule LLPS Demand Charge price and the negotiated pricing in the capacity contract for each accredited kW of contracted capacity, reduced by the applicable Southwest Power Pool planning reserve margin."[60]

Q. What are the primary drawbacks of the CCR proposal?

A. There are two primary drawbacks:

- All contracting is subject to the Company's capacity need and at its complete discretion.[61]
- No capacity from the customer-owned resource is assigned directly to the large load customer.

[58] Lutz Direct Testimony, 35:12-13.

[59] Lutz Direct Testimony, 36:4-6.

[60] Lutz Direct Testimony, Schedule BDL-1, pp. 21 and 77 of 98 (see provisions related to Billing)..

[61] Lutz Direct Testimony, 34:20.

Q. How does the Company's discretion and need affect the LLPS customer under the CCR?

A. The Company's need will be dependent on its resource planning in the IRP. There is no process to ensure that the customer's resource will be adequately considered.

Q. What is the drawback of the CCR's crediting mechanism?

A. The CCR does not give the LLPS customer the opportunity to use its own resource to satisfy its own capacity needs.

Q. Now describe the Clean Energy Choice Rider or "CER."

A. The CER is a program that provides an opportunity to large load customers to influence clean energy acquisitions through the Company's IRP.[62] A customer can propose a clean energy resource, and the Company may develop a Clean Energy Preferred Plan, that includes that resource, as an alternative to the Company's Preferred Resource Plan. Resources included in the resource plan must provide appropriate and equivalent service to all customers as would be received under a plan produced by the Company without customer participation through the Clean Energy Rider.[63] If the Clean Energy Preferred Plan is approved by the Commission, the requesting customer would be required to pay the difference in costs between the two plans. In exchange, the customer would receive the renewable attributes related to the output of the clean resource generation.

Q. What are some of the drawbacks of the CER proposal?

A. There are a number of drawbacks to the CER proposal, including:

[62] Lutz Direct Testimony, 53:20-54:1.

[63] Schedule CB-7, Evergy's Response to Staff Data Request Staff-0053.

- The Company is not obligated to develop a Clean Energy Preferred Resource Plan. Schedule CER only represents an opportunity, but not a guarantee, to influence the Company's resource planning.

- There are no provisions to compensate the requesting customer if the clean energy resource provides superior service to customers than they would receive under the Preferred Resource Plan.

- No energy or capacity will be directly assigned to the requesting customer from the incremental clean energy resources.

- There is no alignment with energy consumed by the requesting customer with green attributes.

Q. Will these drawbacks limit participation in the CER?

A. Yes. In my experience, customers want to be able to actively participate in the process of selecting and financing clean energy resources in collaboration with their utility service provider and want alignment of energy consumed with green energy attributes.

Q. Should the Company be required to provide more comprehensive options to LLPS customers beyond the proposed CCR and CER?

A. Yes. LLPS customers should be allowed to bring resources to the Company, assume financial risk for those resources, and use them to satisfy their capacity needs.

Q. Do you have an example of a tariff that provides these more comprehensive opportunities and addresses the limitations you've identified?

A. Yes. The Public Utilities Commission of Nevada recently approved NV Energy's Clean Transition Tariff ("CTT"). This tariff allows participating large customers to bring resources to the utility, which are then integrated into the utility's resource portfolio. This model enables these customers to assume financial risk for their resources, thereby protecting other customers, and allows them to receive the energy and capacity associated with their resource to help achieve their clean energy goals. Under this approved tariff, Google recently brought forward an Enhanced Geothermal Resource that will be integrated into NV Energy's system, enabling Google to advance

its 24/7 carbon-free energy ("CFE") goals while simultaneously providing benefits to NV Energy and all its customers.

Q. Can you elaborate on the principles or framework underlying the CTT?

A. Yes. The CTT is a new, innovative product that can be offered by a utility that utilizes a 24/7 CFE framework and aims to deliver on the objective of full grid decarbonization. It can meet growing customer demand for clean energy while providing the utility with an investment and planning framework to fully decarbonize and meet its renewable energy requirements. In short, it is a first step toward aligning the customer and the utility in the shared goal of achieving grid decarbonization.

Q. How does the CTT work?

A. Under the CTT, participating customers financially support the utility's existing and future clean energy portfolio while also funding new, strategic investments that complement this portfolio, provide pathways to 24/7 CFE supply, and align procurement strategies with evolving grid needs. This structure would provide a mechanism to bring available capital and risk appetite from the private sector to invest in next generation technologies to maximize benefits for the system as a whole.

Q. How are investments under a CTT developed?

A. The utility examines the hourly carbon profile of the grid based on the utility's existing and planned clean energy portfolio. Next, it identifies investments needed to supply carbon-free energy in the hours required to improve overall grid decarbonization. The customer and the utility then target procurement of resources under an Energy Supply Agreement ("ESA") to those investments that would complement the utility's existing clean portfolio, aligning clean energy operations with hourly customer load. By targeting investment in clean resources that are

needed to further decarbonization, the ESA under a CTT would both enhance the participating customer's hourly CFE profile as well as maximize the value of the customer investment on a decarbonizing system.

Q. How is the CCT implemented?

A. The CTT customer and the utility would execute an ESA for a clean energy product that is targeted to operate in hours needed to accelerate the decarbonization of the system. The compensation scheme could take various forms. One possibility is that the CTT customer would pay a contract rate for capacity and energy matched to the clean resource and pay rates in the LLPS tariff for energy received from Evergy's resource portfolio. The contract rate would reflect the cost of the product under the ESA and the value that the CTT resource provides to the system.

Q. What types of investments could be considered under a CTT?

A. Example resources include renewable energy and battery storage, advanced nuclear, carbon capture and storage, long-duration energy storage technologies, among others.

Q. If customers move to the CTT, won't there be excess generation on the system?

A. No. The planning for the new generation would be done with Evergy and incorporated into Evergy's IRP process.

Q. Has the CTT been approved and implemented elsewhere?

A. Yes. As I earlier testified, the Public Utilities Commission of Nevada approved the CTT in NV Energy's service territories allowing Google to bring forward an Enhanced Geothermal Resource with an expected in-service date of 2029. In addition, CTTs are under development in Indiana (with I&M) in the Carolinas (with Duke Energy) and in Minnesota (with Xcel Energy).

Q. Please summarize the benefits of a CTT.

A. The CTT is an innovative tariff that applies the 24/7 CFE framework to align customer investment with the needs of the grid. The tariff is structured to accelerate the transition to a 100% clean energy portfolio. The CTT provides customers with the opportunity to actively participate in the transition to carbon-free energy. Customers that initially sign on will pay a premium to support the construction and deployment of the grid-aligned carbon-free resources—a clear benefit for existing customers and Evergy. The CTT is structured to create momentum toward investment in carbon-free energy. It provides a pathway to get all customers on clean energy without shifting costs to non-participants.

Q. What do you recommend?

A. I recommend that the Commission require the Company to offer a tariff similar to the CTT.

G. THE PATH TO POWER PROPOSAL NEEDS GREATER FLEXIBILITY

Q. What is the Path to Power proposal?

A. It is Evergy's new interconnection procedures for customers with contract demand of 25 MW or greater. The procedures are set out in Section 2.10 of Rules and Regulations Electric.[64]

Q. What concern do you have with the proposal?

A. After the Letter of Agreement ("LOA") is signed and customers are placed in the queue, the Company will work on advanced study and scoping for up to four projects at a time. The Company does not provide a justification for limiting the advanced study and scoping to four

[64] *See* Lutz Direct Testimony, Schedule BDL-1, p. 61 of 98.

projects. Depending upon the size, location, and number of projects in the queue, it may be more efficient to consider a larger group of projects. It is not practical to limit the number of projects without information about the projects under consideration.

Q. What do you recommend?

A. I recommend that the limit on the number of projects to be considered together in the advanced study and scoping phase of the interconnection process be increased to eight. Artificially limiting the number of projects that can be jointly reviewed without information about the actual projects could create inefficiencies. Increasing the limit to eight, if needed, allows for greater efficiency and project flow. Moreover, although the Company asserts that considering more than four projects would create administrative burden,[65] it has not justified its initial arbitrary limit of four projects.

H. LLPS CUSTOMERS SHOULD PAY LPS RATES UNTIL LLPS RATES ARE DETERMINED IN A RATE CASE

Q. Has the Company proposed a new set of rates for the LLPS customers?

A. Yes. The rate sheets are provided in the testimony of Mr. Lutz.[66]

Q. How did the Company determine these rates?

A. The Company established rates for the LLPS class in three steps: first, by modeling baseline prices using billing scenarios for a 728 MW LPS customer with 85% and 100% load factors—this resulted in average price per kWh targets for the LLPS design; second, the Company used Class Cost of Service ("CCOS") models to analyze the incremental LPS pricing impact of adding a hypothetical 384 MW large load customer across two scenarios—with purchased power

[65] Schedule CB-2 at 23-24, Evergy's Response to Google Data Request G-E-88.

[66] *See* Lutz Direct Testimony, Schedule BDL-1, pp. 36–39 and 88–92 of 98.

and with a 400 MW combined cycle gas turbine—and chose a price for the LLPS rate within the range of results; and third, by designing a four-part rate structure consisting of a Customer Charge, Grid Charge, Demand Charge, and Energy Charge reflecting the prior determined prices.

Q. What billing determinants did the Company use?

A. No billing determinants for LLPS customers were used. The rates were based on expanding the LPS class.

Q. Is the Company's methodology for determining LLPS rates generally accepted?

A. No. The methodology used was developed by the Company and includes many subjective judgements, such as picking numbers in Company-defined ranges, without providing any support to justify its choices.

Q. Are there currently any customers that will take service under the LLPS rates?

A. No, not to my knowledge.

Q. What is the prudent course of action for setting LLPS rates?

A. It would be prudent to wait until there are sufficient customers eligible to take service under the LLPS rates, and then determine the rates in a rate case under the accepted cost of service and rate-making methodologies.

Q. Has Ameren, in its large load tariff filing, developed a set of rates for large load customers that are different from LPS rates?

A. No. Large load customers, under Ameren's proposal, will be required to take service at transmission voltages, and then will be subject to both the rates within the LPS tariff[67] and the rate provisions that apply to customers served at this voltage level.[68]

Q. Moving back to Evergy, should the LLPS tariff provisions proposed for large load customers (contract period, minimum demand charges, etc.) apply immediately even if the rates don't get adjusted until a future rate case?

A. Yes.

Q. What do you recommend?

A. I recommend that the Commission reject the Company's proposed rates for LLPS customers in Missouri Metro and Missouri West and charge the same rates as those for the LPS class until there are a sufficient number of customers and billing determinants to determine rates for the LLPS customer within a rate case using the standard rate-making methodology.

III. SUMMARY OF RECOMMENDATIONS

Q. Please provide a summary of your recommendations.

A. My recommendations are as follows:

- **LLPS Customer Applicability Threshold:** I recommend reducing the LLPS class applicability threshold to 70 MW from the Company's proposed 100 MW to better balance the range of customer sizes and cost characteristics of large load customers, reduce cost differentiation within both the existing Large Power Service ("LPS")

[67] Wills (Ameren) Direct Testimony, 14:11-12.

[68] Wills (Ameren) Direct Testimony, 15:4-6.

and the proposed LLPS classes, and align more closely with cost causation principles.

- **LLPS Contract Term:** I recommend shortening the contract term from 15 years to an 8 to 10-year range, with an optional load ramping period of up to 4 years that would extend the term, as this provides greater flexibility for large load customers in a dynamic market while still allowing the Company to manage its capacity position and mitigate risk, consistent with other utility practices.
- **Minimum Demand Charge Percentage:** I recommend approving a 70% minimum demand charge instead of the proposed 80% for the Demand Charge, Grid Charge, and Reactive Adjustment Charge. This more evenly balances risk between the Company and customers, preserves customer flexibility for demand response, and is proposed in the absence of cost-based evidence supporting an 80% minimum.
- **Minimum Demand Charges for the System Support Rider and the Company Transmission Delivery Charge:** I recommend rejecting the Company's proposed minimum demand charges for the System Support Rider ("SSR") and the Company Transmission Delivery Charge, as these were not included in the Company's initial application, preventing adequate review. For the SSR, this rejection is also consistent with my fundamental recommendation for its complete rejection.
- **Contract Capacity Reduction:** I recommend that LLPS customers be allowed to reduce capacity by up to 20% without a penalty, and that the tariff language be modified to include payments to customers for the realized value of reduced capacity, that a dispute resolution process for capacity reductions be required in

Schedule LLPS, and that these provisions apply to both Missouri West and Missouri Metro. These changes offer greater flexibility to large load customers with minimal stranded cost risk to the Company, while mitigation and dispute resolution ensure equitable treatment and fair compensation for released capacity.

- **Exit Fee Provisions:** I recommend modifying Evergy's exit fee proposal to include reassignment options and dispute resolution procedures similar to those for reductions in contract capacity, as this ensures equitable treatment for full contract termination, maximizes efficient resource use, and provides necessary flexibility for customers operating in dynamic markets.
- **System Support Rider ("SSR"):** I recommend rejecting the SSR entirely because the Company has failed to establish a need for it, there are significant conceptual and methodological flaws, there is no established basis in cost of service, the process to update the SSR lacks necessary strictures, it results in inequitable allocation of charges among LLPS customers, and it adds significant regulatory burden.
- **Optional Customer Capacity Rider, Clean Energy Rider, and Clean Transition Tariff:** I recommend that the Commission require the Company to offer a tariff similar to NV Energy's Clean Transition Tariff ("CTT") as a more comprehensive and effective option than the proposed Optional Customer Capacity Rider ("CCR") and the Clean Energy Rider ("CER"). A CTT-like tariff would better empower LLPS customers to bring their own resources and assume financial risk to meet capacity needs (addressing the CCR's limited options), and enable them to actively participate in strategic clean energy investments that align with their

24/7 carbon-free energy goals and achieve better alignment of energy consumed with green attributes (addressing the CER's limitations). This approach would align customer investment with overall grid needs, accelerate decarbonization by enabling strategic clean energy investments, and provide a clear pathway to 24/7 carbon-free energy without shifting costs to non-participants.

- **Path to Power Interconnection Proposal:** I recommend increasing the limit on the number of projects to be considered together in the advanced study and scoping phase of the interconnection process from four (4) to eight (8), as this offers a more practical balance, allowing for greater efficiency and project flow without presenting an unmanageable burden, particularly since the Company has not justified its initial arbitrary limit of four.
- **LLPS Rate Implementation:** I recommend rejecting the Company's proposed rates for LLPS customers in Missouri Metro and Missouri West and charging them the same rates as the LPS class until there are a sufficient number of customers and billing determinants to determine rates for the LLPS customer within a rate case using the standard rate-making methodology. This approach is prudent given the lack of sufficient eligible customers for a cost-of-service analysis, ensuring rates are determined transparently and appropriately in a future rate case, while still allowing LLPS tariff provisions to apply immediately

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of New and Modified Tariffs for Service to Large Load Customers	)))))	File No. EO-2025-0154

AFFIDAVIT OF CAROLYN A. BERRY

1. My name is Carolyn A. Berry, and I am a Partner at Bates White Economic Consulting. My business address is 2001 K Street NW, North Building, Suite 500, Washington, D.C. 20006.

2. I have read the above and foregoing Testimony and the statements contained therein are true and correct to the best of my information, knowledge, and belief.

3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

Carolyn A. Berry
Partner
Bates White Economic Consulting

Date: July 25, 2025