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**

POSITION STATEMENTS OF THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

COMES NOW, the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Position Statements* states as follows:

A. Should the Commission adopt Evergy's or Staff's conceptual tariff, rate structure, and pricing in order to comply with Mo. Rev. Stat. Section 393.130.7?

In this case, no tariffs are filed in EFIS for the Commission to approve or reject. The Commission should order Evergy to work with the parties to finalize tariffs for EMM and EMW which reflect the general terms, rate structures, and pricing recommended by Staff, in Schedule SLKL-1. Section 393.130.7, RSMo. requires that LLPS rates be set to "reasonably ensure such customers' rates will reflect the customers' 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." This statute requires not only that LLPS customers be charged the right rates, but also that LLPS revenues make their way to prevent other customer classes from bearing the cost of serving LLPS customers. To the extent that LLPS revenue is retained between rate cases as utility profits, it does not prevent other customer classes from bearing the cost of serving LLPS customers.

The Staff-recommended approach avoids reliance on complex and highly discretionary mechanisms such as the "Cost Recovery" and "Acceleration" components of the SSR, which Evergy would bill to LLPS customers outside of the Commission's oversight, but Evergy asserts are necessary to avoid an "unreasonable subsidy," and to address the increases to cost of service caused by LLPS

customer demands.[1] The Staff-recommended approach also seeks to strike a balance in the treatment of potentially wildly diverse customers, who could range from factories to metallurgy to fertilizer production to biofuel refineries to advanced manufacturing to data storage to generative AI, to some currently unknown technology. Historically, any Missouri utility seeking to serve a customer in excess of 25 MW (or even lower) would seek the promulgation of a special rate schedule, tailored to that customer's characteristics.[2] Section 393.130.7, RSMo. requires that those diverse needs be met under a single new tariff.[3]

Staff's recommended charges may appear voluminous, but are, in reality, simply transparent and discrete, which will simplify future rate cases. This approach targets the main cost of service elements which will vary with additions and growth of LLPS customers.[4] These charges better align cost causation with revenue responsibility, are more responsive to customer actions to manage bills, and are easier to understand and administer than the complex Annual Billing Demand in place at EMW and the Hours Use rate structures in place at both EMW and EMM.[5]

Staff's recommended approach better reflects the representative share of costs incurred to serve LLPS customers:

***Energy*: Staff initially recommended time-based energy charges, for reasons including that time-based energy charges most clearly correlate revenue responsibility to cost causation, and that time-based energy charges encourage (but do not require)**

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[1] Pages 18 and 19 of Evergy witness Jeff Martin's direct testimony, pages 87 and 89-90 of Staff Recommendation Report.

[2] Pages 32-33 Staff Recommendation Report.

[3] As discussed in Issue C, below, Staff cannot recommend the result of providing a one-size-fits-all pricing structure for customers in excess of 100 MW while leaving a gap for special tariffs for customers of 25 – 99.9 MW.

[4] Staff Recommendation Report, page 39.

[5] Under existing EMW and EMM tariffs, the determinants for energy charges for customers served under the rate schedules for Small General Service (including customers smaller than 25**kW**), Medium General Service (EMM only), Large General Service, and Large Power Service are determined by "dividing the total monthly kWh on all meters by the Monthly Maximum Demand in the current month." At EMW, the process also includes a proration so that "The customer's energy usage during the month shall be apportioned to Base Energy and Seasonal Energy in the same proportion as the customer's Monthly Base Billing Demand and Seasonal Billing Demand. The Monthly Base Energy and Seasonal Energy shall be apportioned to the Hours Use rate blocks based on the Monthly Base Demand and Seasonal Demand." See EMW PSC Mo. No. 1 Original Sheet No 147.5.

The minimum demands for common EMW rate schedules are SGS customers at 25 kW (Sheet 147.5), LGS at 150 kW, (Sheet 148.3), and LPS customers 500 kW (Sheet 149.5). For EMM, SGS customers have a minimum facilities demand of 25kW (sheet 9A), and the minimum demands for other rate schedules include 25 Secondary /26 Primary kW for MGS (Sheet 10D), 200 Secondary / 204 Primary kW for LGS (Sheet 11D), and 980-1,116 kW, depending on service voltage, for LPS (Sheet 14D).

customers with variable loads to shift energy consumption to periods when energy costs are low, and away from periods when energy costs are high.[6] In Surrebuttal, Staff refined this approach to include an option for LLPS customers to simply pay the SPP bill for the energy to serve them.[7] In contrast, Evergy relies on flat energy rates of $2.881 cents per kWh for EMW and 2.988 cents per kWh for EMM.[8] Evergy's proposed rates will not adequately cover the cost of the wholesale energy purchases that will be required to serve LLPS customers, and which will be socialized to all customers through the operation of the EMM and EMW FACs. The historic day-ahead seasonal energy costs, excluding any other energy costs such as RES compliance, transmission, and ancillary services, are provided below in $/MWh:[9]

	Raw Averages							
	Metro				Missouri West			
	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring
2024	$ 26.73	$ 20.71	$ 35.16	$ 20.19	$ 26.35	$ 20.59	$ 33.10	$ 17.17
2023	$ 34.29	$ 24.16	$ 21.75	$ 21.59	$ 35.15	$ 24.89	$ 22.75	$ 21.69
2022	$ 72.05	$ 45.55	$ 34.61	$ 33.59	$ 70.43	$ 47.47	$ 40.34	$ 37.65
2021	$ 33.56	$ 32.60	$ 194.60	$ 20.14	$ 35.23	$ 38.50	$ 197.63	$ 22.91
2020	$ 25.07	$ 20.89	$ 19.23	$ 17.46	$ 23.24	$ 22.36	$ 20.13	$ 16.72
2019	$ 22.55	$ 21.44	$ 23.35	$ 24.92	$ 22.51	$ 21.35	$ 23.20	$ 25.54
2018	$ 27.74	$ 30.31	$ 25.90	$ 25.70	$ 27.20	$ 29.70	$ 24.98	$ 24.08
2017	$ 26.46	$ 18.81	$ 20.57	$ 20.41	$ 25.66	$ 18.88	$ 20.53	$ 20.16
2016	$ 25.36	$ 26.92	$ 21.05	$ 15.83	$ 25.31	$ 25.56	$ 20.75	$ 15.95

***Demand*: Staff's recommended Generation demand charge balances cost-causation principles with administrative efficiency.[10] EMW does not have the capacity to serve LLPS customers with its existing generation resources.[11] EMM does not have the capacity to serve LLPS customers with its existing generation resources.[12] Staff's recommended generation rates are calculated by dividing the current generation plant balances (minus depreciation reserve) by the number of MW of current peak load for each utility. To that value are added the costs of maintaining generation (such as property taxes), but not the cost**

[6] Pages 49-50, Staff Recommendation Report.
[7] Sarah Lange Surrebuttal, pages 23 – 26; Schedule SLKL-1, at section "Optional Agreement for Payment of Actual RTO Charges."
[8] LLPS tariff appended to Brad Lutz Direct testimony, Schedule BDL-1, pages 37 and 88, Staff Recommendation Report, pages 58-60.
[9] See Staff Recommendation Report, pages 50, 52; Sarah Lange Surrebuttal, pages 21-22.
[10] Sarah Lange Surrebutttal, pages 18 – 19.
[11] Staff Recommendation Report, page 11.
[12] Staff Recommendation Report, pages 12-13.

of fuel for those plants nor the cost of the labor associated with actual operation and generation of those plants.[13]

Staff's recommended rates neither buffer this calculated rate for the cost of service of the new power plants which will need to be built to serve LLPS customers, nor artificially reduce the cost of service of existing generation with an offset allocation of the Accumulated Deferred Income Tax balance of EMM or EMW.[14] ADIT is a rate base offset that results from tax timing differences under which legacy ratepayers have effectively prepaid the taxes for utility assets relative to the utility's actual payment of taxes on those assets. Missouri law requires that the LLPS tariffs to be developed in this case "reasonably ensure such customers' rates will reflect the customers' representative share of the costs incurred to serve the customers." It would be inconsistent with that law, general rate making policy, and patently unfair to offset the rates of large incremental customers causing incremental plant investment with the prepayment of income tax by legacy ratepayers. Further, Missouri law requires that the tariffs under development in this case "prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to such customers." Allocating away a substantial portion of the prepaid tax burden of legacy customers to discrete new customers would be inconsistent with this legislation, inconsistent with general rate making policy, and would be patently unfair.[15]

Staff's recommended Transmission demand charge is a clean reflection of the cost of service calculation in Evergy's workpapers from its direct filings in recent rate cases.[16] (It does not include an estimate of new transmission expense which will be caused by the operation, taxes, and insurance associated with yet-to-be-built transmission facilities which will be prepaid by LLPS customers, which will be recovered through the Facilities Charge.)[17]

***Minimum Demand*: In place of a set minimum demand level to be billed at the tariff demand rate, Staff has recommended a more customer-friendly approach which better aligns revenue recovery**

[13] Staff Recommendation Report, pages 46-47.
[14] Staff Recommendation Report, pages 46-47.
[15] Sarah Lange Surrebuttal pages 20-21.
[16] Staff Recommendation Report page 49.
[17] Staff Recommendation Report page 42-43

with cost causation, encourages accurate demand forecasts to facilitate system planning, and is not punitive.[18]

Staff recommends that at the outset of service of an LLPS customer, the customer provide its projection of the monthly demands for each month of its term of service.

Each year, the customer is to update these projections, if applicable. Differences between the initial projection and the annual update are billed a "Demand Deviation Charge," which is lower than the combined Demand Charges which would otherwise be applicable. A plus/minus 5% deadband is also allowed, for which no extra charge will apply. The interaction of these components is roughly equivalent to a 95% minimum demand charge before a reduced demand rate kicks in on the difference.

In real time, month to month, the actual demand is compared to the expected demand for the year under the annual update. That difference in demand is subject to a charge which is also lower than the combined demand charges which would otherwise be applicable.[19]

***Discrete Charges*: Not only do the discrete charges recommended by Staff facilitate rate case resolutions in the future, they also facilitate a simple calculation of a means to ensure that LLPS customers are paying rates in excess of the direct costs they cause, and simplify the calculation of termination charges.[20]**

Staff's recommended "Fixed Revenue Contribution" charges recognize that the other charges recommended by Staff do not include items such as PISA revenue requirement, Evergy's management, Evergy's office buildings, or any other cost of service not explicitly identified above.[21] This level of contribution to fixed cost of service is consistent with that required from customers receiving an Economic Development Rider discount.

The deferral provisions set out in the Staff tariff and Staff's recommended FAC-related treatments are necessary to give a chance to "prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to such

[18] Staff Recommendation Report, pages 28 – 29, Sarah Lange Surrebuttal, Schedule SLKL-1.
[19] Schedule SLKL-1; Staff Recommendation Report, pages 27-29.
[20] Staff Recommendation Report, pages 28, 39 – 41.
[21] No distribution system cost of service will be recovered from LLPS customers.

customers," as required by 393.130.7, RSMo. These are discussed below.

B. Can the Commission establish terms and conditions to exclude otherwise eligible customers from receiving EDR discounts?

Yes.[22] **EMW's current SIL and MKT tariffs for large customers include terms that exclude customers served on those tariffs from receipt of EDR discounts.**[23]

If LLPS rates are set to meet the statutory requirement that LLPS are meant to "reasonably ensure such customers' rates will reflect the customers' 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," then it is not reasonable to immediately reduce those rates by 40%, or other customer classes' rates will necessarily reflect unjust and unreasonable costs caused by LLPS customers. This is because the statutory economic development discount – once recognized in a rate case – does not reduce utility revenue. Rather, the revenue not paid by customers receiving the economic development discount is added to the revenue requirement of all other customers.[24]

C. What should be the threshold demand load in megawatts ("MW")/criteria for a large load power service ("LLPS") customer to receive service under a Commission approved LLPS tariff?

A reasonable threshold for the LLPS class is 25 MW. This threshold eliminates the result where customers of 25-99.9 MW, who historically would be served under special tariffs, would require a tariff proceeding for service while larger customers would not. The 25 MW threshold is also consistent with an

[22] Staff Recommendation Report, page 88.
[23] The current SIL tariff, P.S.C. Mo. No. 1 Original Sheet No. 157, states "Service under this tariff may not be combined with service under an Economic Development Rider, an Economic Redevelopment Rider, the Renewable Energy Rider, Community Solar program, 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." The current MKT tariff, P.S.C. Mo. No. 1 Original Sheet No. 158, states "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."
[24] Staff Recommendation Report pages 88-89.

industry breakpoint between loads that can or cannot be served efficiently at distribution voltages.[25] Further SPP defines "High Impact Large Loads," as "Any commercial or industrial individual load facility or aggregation of load facilities at a single site connected through one or more shared points of interconnection or points of delivery that can pose reliability risks to the grid. HILLs are deemed Non-Conforming Loads. A load may be considered a HILL if the point of interconnection kV level is:

69kV or below and the HILL peak demand is 10MWs or greater Greater than 69kV and the HILL peak demand is 50MWs or greater".[26]

a. To the extent the threshold captures existing customers, should a grandfathering provision for such customer be adopted?

   Yes. Staff's recommended tariff includes grandfathering provisions as reproduced below:

   Any customer taking service at 34 kV or greater except those served under the Large Power, Special Rate for Incremental Load Service, or Special High-Load Factor Market Rate rate schedules prior to January 1, 2026, or any customer with an expected 15-minute customer Non-Coincident Peak (NCP) of 25 kW or greater at a contiguous site (whether served through one or multiple meters) shall be subject to this Schedule LLPS. [Note, for the EMM tariff, only the Large Power rate schedule reference is applicable.]

   In the event that a customer with a demand that did not exceed 25 MW prior to January 1, 2026, (1) increases its demand to 29 MW or greater, unless such customer is served on the Special Rate for Incremental Load Service or Special High-Load Factor Market Rate rate schedules, or (2) requires installation of facilities operating at transmission voltage to accommodate increases in its demand, EMM/EMW shall expeditiously work with such customer to execute a service agreement and fully comply with the provisions of this Schedule LLPS within 6 months of (1) the customer's notice that such customer's demand is expected to equal or exceed 29 MW or (2) EMM/EMW's

[25] Staff Recommendation Report pages 31-33.

[26] Staff Recommendation Report, Appendix 2 – Schedule 3.

determination that transmission facilities are required.[27]

D. What other existing programs and riders should or should not be available to LLPS customers, if any?

LLPS customers should not be eligible to participate in the following riders:

- Underutilized Infrastructure Rider

- Economic Development Rider

- Large Power Off-Peak Rider

- Limited Large Customer Economic Development Discount Rider

- Standby Service Rider

- Voluntary Load Reduction Rider

- Curtailable Demand Rider

- Demand Side Investment Mechanism Rider

- Market Based Demand Response

[This list prepared based on EMW tariff names][28]

E. Should the LLPS customer bear reasonability for its interconnection and related non-FERC transmission infrastructure costs?

Yes.[29]

a. How should such interconnection and related non-FERC transmission infrastructure costs be accounted for or tracked, if at all?

Evergy's facility extension provisions are tariffed at EMW Sheets R-46 – R-54 and EMM 2 Sheets 1.30-1.31. While the current language of this tariff refers to "service connection" and "distribution system extension," where a customer's interconnection to the utility system occurs at a transmission voltage, those facilities are functionally distribution and properly recorded to distribution accounts. The tariff language in the facilities extension provisions should be clarified to include transmission-voltage equipment, and modified to require full prepayment of extensions related to transmission-level interconnections. Staff has prepared a comprehensive revision of the EMW facility extension tariff to incorporate necessary changes,

[27] Sarah Lange Surrebuttal, Schedule SLKL 1, "Applicability."
[28] Sarah Lange Surrebuttal, Schedule SLKL 1, "Other Tariff Applicability."
[29] Staff Recommendation Report, pages 110-111.

and recommends the same changes be made to the EMM tariffs. The EMW version of the tariff is attached to Staff's Recommendation Report as Appendix 2 – Schedule 10.

Evergy's proposed tariff revisions appended to Mr. Lutz's direct testimony fail to adequately modify terms referring to distribution infrastructure to clearly include equipment that operates at transmission voltages, and apply only to customers interconnecting on the proposed LLPS tariff. Also, Evergy's proposed revisions exclude the costs associated with "network upgrades" from the responsibility of the interconnecting customer. Staff's recommended tariff revisions address these concerns with the Facility Extension Tariffs.

In addition to these recommended tariff changes, Staff recommends the Commission order Evergy to create subaccounts for each set of interconnection infrastructure associated with each customer interconnecting at transmission voltage.

Finally, EMW's provision 4.04 "Increasing Connected Load" on sheet R-28 states "If the customer's connected load is increased without prior approval by Company, then the customer shall assume full responsibility for the quality of their service and for any damage to Company's distribution facilities and metering installations. The customer shall pay for such increased service at the appropriate rate tariff. Upon request by Company, the customer shall execute a new agreement at Company's regular published rate covering the total connected load or demand as so increased." This provision should be modified to refer to "transmission, substation, or distribution facilities and metering installations," and similar changes should be made to similar EMM tariff provisions.[30]

F. What minimum term of service should be required for a LLPS customer to receive service under the Commission approved LLPS tariffs?

The minimum term of service for a customer qualifying for service under LLPS shall be 10 years, following a ramp-up period of up to 5 years.[31]

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[30] Staff Recommendation Report, pages 110-111.
[31] Sarah Lange Surrebuttal, Schedule SLKL-1.

G. What collateral or other security requirements should be required for a LLPS customer to receive service under the Commission approved LLPS tariffs?

The customer agreement should provide for a pledge of collateral or other security as ordered by the Commission in this proceeding, which shall equal or exceed the indicated termination fees, and a commitment to pay or cause to be paid any applicable termination charges, as defined in the LLPS tariff.[32]

H. What termination fee (exit fee) provision should a LLPS customer be subject to under the Commission approved LLPS tariffs?

To meaningfully mitigate the risks of LLPS customers to the cost of service of captive ratepayers, termination provisions should be as recommended by Staff:[33]

In the event that an LLPS customer's monthly load (in kWh) is 50% or less of its expected load under its updated contract load for 3 consecutive months, the customer will be required to pay, or cause to be paid, all amounts expected for the remainder of the contract under the following charges: Facilities Charge, Demand Charge for Generation Capacity, Demand Charge for Transmission Capacity, Variable Fixed Revenue Contribution, and Stable Fixed Revenue Contribution.

A. If a customer anticipates a temporary closure or load reduction related to retooling, construction, or other temporary causation, this anticipated reduction shall not trigger the termination charges described above until the anticipated load reduction has exceeded the anticipated duration by three months;

B. The amount due under the Variable Fixed Revenue Contribution Charge in the event of early termination shall be due at the level associated with normal usage in the most recent applicable rate proceeding. If a rate proceeding has not occurred establishing normal usage, or if the customer was not recognized at the anticipated contract maximum load in the prior rate proceeding, the amount due under the Variable Fixed Revenue Contribution Charge shall be at the level associated with the contract projected usage;

[32] Sarah Lange Surrebuttal, Schedule SLKL-1.
[33] Sarah Lange Surrebuttal pages 29-30.

C. In the event an LLPS customer either declares bankruptcy, the facility is closed, or is more than 5 business days late in payment of a properly-rendered bill for service, termination charges are immediately due;

D. Except in the case of bankruptcy, closure, or lack of timely payment, termination charges are due on the due date of the bill for the third month of 50% or lower usage;

E. The portion of termination charge revenue associated with the Facilities Charge shall be recorded as a regulatory liability, and treated as an offset to transmission plant. The amortization period for this regulatory liability shall be set to coincide as closely as is practicable with the depreciable life of the transmission-related infrastructure associated with the LLPS customer;

F. The remaining termination charge revenue shall be recorded as a regulatory liability and treated as an offset to production ratebase with a 50 year amortization;

G. These termination provisions can be waived or varied by the Commission if the Commission determines that it is just and reasonable to do so upon application of [EMM/EMW] and an opportunity for hearing;

H. Provisions contained herein supersede the Termination of Service provisions of the Rules and Regulations of the generally-applicable tariff.[34]

EMM or EMW will be building new power plants to serve LLPS customers, and EMM and EMW have discretion in rate case timing, including the timing of true-up cut offs. It would be reasonable to expect that if EMM or EMW receive notice that a customer will terminate, that the respective utility will time its case so that the customer actually terminates just before the true-up cutoff of the case. The utility would then expect, and the Commission would likely order, the determinants and revenues in the case to be modified to exclude the terminating customer. This will result in captive ratepayers paying for the capacity that the LLPS customer will not be using, offset only by an amortization of the value of the termination fee. In other words, the utility would bear no risk and no financial harm from the LLPS customer's departure, while captive ratepayers pay for the capacity built to serve that LLPS customer.[35]

[34] Sarah Lange Surrebuttal, Schedule SLKL-1.
[35] Sarah Lange Surrebuttal pages 29-30.

Staff also recommends that the Service Agreements with LLPS customers include terms to address explicit transfer of capacity from one LLPS customer to another to offset or avoid termination charges.[36]

I. Should any limit be placed on Evergy concerning the amount of LLPS load that it may serve?

Yes. Staff recommends that service to LLPS customers is limited to 33% of the annual Missouri jurisdictional load of the respective utility.[37]

J. Should the Commission approve Evergy's "Path to Power" approach?

a. What components of the proposed "Path to Power," if any, should be included in the Commission's approved tariff sheets?

Yes, with the modifications as proposed by Staff. Staff recommends the Commission order EMM and EMW to make the following changes in compliance tariffs to its rules and regulations regarding service to loads greater than 25 MW:

- **Include expected duration for each phase.**
- **Include deliverables from Evergy to customer for each applicable phase, such as indicative cost estimates.**
- **Include the title of all required agreements.**
- **Remove reference to Company's "sole discretion" regarding deposit applicability and managing projects in the queue.**
- **Prohibit Evergy from being the entity providing certification to its potential large load customers that the absence of a deposit and expedited timing are critical to the state winning the project.**
- **Modify language regarding the website and require Evergy to maintain on its website a list of accredited state or regional economic development organizations who may certify the criticality of timing and deposit waiver for a specific customer project.**[38]

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[36] Sarah Lange Surrebuttal, Schedule SLKL-1.
[37] Sarah Lange Surrebuttal, Schedule SLKL-1.
[38] Staff Rebuttal Report, page 115, lines 12-26.

Staff further recommends the Commission order Evergy to return with additional modifications to its tariffs to align timing of any applicable SPP studies if SPP's Revision Request 696 receives FERC approval.[39]

K. Are changes needed for the Emergency Energy Conservation Plan tariff sheet and related tariff sheets to accommodate LLPS customers?

Yes. Staff recommends the Emergency Energy Conservation Plan tariff sheets indicate that customers taking service under Schedule LLPS may be interrupted during grid emergencies under the same circumstances as any other customer.[40]

L. What studies should be required for customers to take service under the LLPS tariff?

Evergy should conduct studies as contemplated by its proposed "Path to Power" approach, including any requirements under its Transmission Facility Interconnection Requirements.[41] **Staff recommends the Commission order parties to collaborate on an annual reporting requirement for Evergy to report to the Commission and the public on its large load customers.**[42]

M. Should a form customer service agreement be included in the Commission approved LLPS tariffs resulting from this case?

Yes. Staff recommends elements of Ameren Missouri's proposal, such as inclusion of a form service agreement in the tariff coupled with Commission approval, be applicable to any electric utility service large loads as defined in Section 393.130.7, RSMo.[43] **Specifically, Ameren Missouri proposed inclusion of a form service agreement into its large load tariff and a process by which the Commission would review and approve each service agreement. Staff recommends the Commission include in its order in this case:**

1. **A process for review of a new LLPS customer prior to Evergy constructing interconnection facilities for that customers; making upstream transmission investments to facilitate service to that customer; or building or acquiring power plants, or energy contracts, or capacity contracts to serve that customer.**
2. **Minimum filing requirements for the direct testimony of Evergy in a proceeding seeking authorization to serve a new LLPS customer, and**

[39] Staff Rebuttal Report, page 115, lines 7-10.
[40] Staff Rebuttal Report, page 112, lines 18-22.
[41] Corrected Surrebuttal Claire M. Eubanks, P.E., page 5, lines 4-7.
[42] Corrected Surrebuttal Claire M. Eubanks, P.E., page 3, lines 3-5.
[43] Corrected Surrebuttal testimony of Claire M. Eubanks, P.E., page 3, lines 14-16.

3. **A commitment from the Commission to prioritize such proceedings to the extent possible.**[44]

For the minimum filing requirements in proceedings to authorize service of a new LLPS customer, Evergy should file the following information under affidavit, and simultaneously file in the EFIS docket fully operable supporting workpapers describing:

1. **The interconnection facilities to serve the LLPS customer, including:**

a. **a projection of the cost of removing the facilities at the end of the contract term,**

b. **a projection of property tax and insurance expense, each year, associated with the facilities for the projected life of the facilities,**

c. **a projection of operation and maintenance expenses, each year, associated with the facilities for the projected life of the facilities,**

2. **All information required under the Service Agreement included in Staff's recommended tariff. At a high level this includes projected demands and energy requirements for the full term of service, information related to financial assurances, and information related to day-to-day load management.**

3. **An updated capacity forecast without the new LLPS customer.**

4. **An updated capacity forecast with the new LLPS customer.**[45]

In addition to fully operable supporting workpapers, Evergy should file supporting documentation including:

1. **Evidence that site control by the proposed customer is established, including local zoning approval as applicable.**

2. **The boundary of Evergy's facilities serving the customer in a format supported by the State's geographic information system (GIS) software.**

3. **Documentation of customer consultation with other utility providers (i.e. water, sewer, gas) that will provide service to the proposed customer whether regulated by the Commission or not.**

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[44] Corrected Surrebuttal testimony of Claire M. Eubanks, P.E. page 5, line 20 and page 6, lines 1-10.
[45] Corrected Surrebuttal testimony of Claire M. Eubanks, P.E. page 6, lines 23-25 and page 7, lines 1 – 14.

4. **Evidence that Evergy completed all internal engineering studies supporting the interconnection.**

5. **Proposed annual reporting requirements for Evergy to report to the Commission and the public on the proposed customer.**[46]

N. Should Evergy be required to disclose information about prospective customers?

   a. If so, what review should the Commission have of prospective customers and terms applicable to specific customers?

   b. In what case should said review occur?

   The Commission should require Evergy, and every other regulated electric utility in Missouri, to provide actual potential customer lists to the Commission and anticipated loads for each customer. Further, the utility should also provide how it plans to meet these potential new loads. This information should be filed confidentially to make sure that the information is not released to the public, but the Commission must have the ability to review the information that the utility has prior to allowing construction and upgrades on these facilities. Due to the nature of this new industry and how quickly it has developed, Staff would recommend that this information be filed quarterly so that if the utility has to make a quick decision, the Commission has the information at hand.

   This information should be provided for several reasons: (1) to ensure that the claims that are being made by the utility are correct, (2) to be able to compare utilities within the state to ensure that multiple Missouri utilities are not counting the same potential customer, (3) because the magnitude, location, and timing of energy usage impacts fuel and purchased power costs as well as the planning of transmission and distribution facilities, and (4) the Commission also needs to be able to review the overall load characteristics of a potential large load customer. While a majority of the load may be for continuous operations of computer servers within the facility, there will also be the potential for substantial load that will be weather sensitive, such as cooling in the summer. Weather sensitive load will cause lower load factors overall, and significant swings in seasonal capacity requirements. Thus, it is imperative to understand the operating characteristics of these

[46] Corrected Surrebuttal testimony of Claire M. Eubanks, P.E. page 7, lines 16 – 28.

potential large load customers to make sure that the new generation facilities are chosen to meet actual capacity requirements that the utility will experience.[47]

O. Should LLPS customers be included in the FAC?

Ultimately, Staff recommends that the wholesale energy market transactions for the energy, transmission, and ancillary services of LLPS customers be excluded from the FAC for those LLPS customers who enter into an Optional Agreement for Payment of Actual RTO Charges.[48] **However, because all LLPS customers may not opt into this arrangement, all customers will remain in, and subject to, the FAC until a general rate case to implement these changes.**[49]

Staff recommends that the FAC LLPS adjustments to exclude qualifying LLPS customers from paying the FAC, and to exclude the expenses of serving those customers from the FAC (and further changes described below) be incorporated in the FAC tariff sheet in the next general rate case(s), because the FAC cannot be modified outside of a general rate case.[50]

It will be reasonable to exclude LLPS customer load from the FAC, (and to exempt those customers from paying the FAC), if the customer enters an Optional Agreement for Payment of Actual RTO Charges because EMM and EMW, respectively, would be receiving the exact revenue in near real-time from each qualifying LLPS customer to cover the day-ahead, real-time, and ancillary expenses of serving those customers.[51]

a. What, if any, changes should be made to Evergy's existing FAC tariff sheet?

EMM and EMW will reflect additional energy cost in the respective utility's FAC when a new LLPS customer comes onto the system. Simultaneously, that customer is also paying for every kWh of energy it consumes, resulting in double recovery.[52] **Staff acknowledges a reverse effect as well if an LLPS customer leaves the system and reduces**

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47 James Busch Rebuttal, pages 13-15.
48 Staff-Recommended LLPS Tariff, Schedule 1 to Sarah Lange Surrebuttal; Sarah Lange Surrebuttal pages 17-27.
49 Sarah Lange Surrebuttal, page 24; Staff Recommendation Report pages 64-66.
50 Staff Rebuttal Report, page 66 lines 4 through 5.
51 Surrebuttal Testimony of Sarah L.K. Lange, page 24, lines 8 through 12.
52 Staff Rebuttal Report, page 64 lines 11 through 12 and lines 16 through 17.

Evergy's load after that customer has been recognized in base rates and the FAC base factor.[53] Language should be added to the FAC tariff sheet, to account for LLPS adjustments for any customers who do not enter into the Optional Agreement for Payment of Actual RTO Charges, which Staff refers to as the "Reverse N Factor," and the "N Factor," due to the use of a similar concept in the Ameren Missouri FAC tariffs related to the load of the Noranda Aluminum Smelter.[54]

b. When/in what case should these changes be made?

It is Staff's understanding that, except for changes because of any federal, state, or local environmental law, regulation, or rule, FAC tariff sheets cannot be changed outside of a general rate case. Further, it is Staff's understanding that those exemptions are not applicable here, therefore FAC LLPS adjustments should be incorporated in the FAC tariff sheet and in the next general rate case(s).[55]

c. What if any FAC related costs should the Commission order tracked?

All energy-related expenses for serving LLPS customers, and all revenues of LLPS customers should be tracked and recorded as a regulatory asset or liability until changes to the FAC occur as described above.[56]

P. Should LLPS customers be registered with a separate Southwest Power Pool ("SPP") commercial pricing node (subject to SPP support) or alternatively should Evergy be required to provide the Staff-recommended data (Appendix 2, Schedule 2) node?

Staff recommends that the Commission order in this case includes a condition that LLPS customers will be served via a separate commercial pricing node and that Evergy develop subaccounts that would allow for simple and concise tracking of many of the SPP costs directly associated with each customer.

Absent this treatment, it is difficult to isolate the expenses caused by LLPS customers that would otherwise be flowed through the

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[53] Staff Rebuttal Report, page 65, lines 18 through 20.
[54] Staff Recommendation Report pages 64-66.
[55] Staff Rebuttal Report, page 66 lines 3 through 5.
[56] Staff Rebuttal Report, page 66, lines 6 through 7.

FAC and which may cause unreasonable impacts on captive ratepayers.

In the absence of separate commercial pricing nodes for each LLPS customer, Staff recommends that the Commission order each of the conditions included in Appendix 2 – Schedule 2. The conditions included in Appendix 2 – Schedule 2 are not a perfect solution for identifying the costs associated with the LLPS customers, will not allow for full cost causation transparency, and will create additional work processes for Staff and other parties. However, absent separate commercial pricing nodes, the information provided would provide an improvement over Evergy's current documentation processes.[57]

It is imperative that Evergy conducts due diligence when forecasting the loads of customers this large and avoids cross-subsidization from non-LLPS customers by combining the overall load forecast. Doing so is opaque and leads to added complication for identifying costs directly associated with what will be Evergy's largest retail customers. Pairing Evergy's stated intent to ensure that the LLPS customers are not subsidized by other ratepayers with a request to serve the LLPS customers via a separate SPP commercial pricing node is a logical conclusion.[58]

Q. Should LLPS customers be a subclass of Evergy's Large Power Service ("LPS") or be a stand-alone class?

Staff is unaware of any advantage to including the LLPS customer class as a subclass of the Large Power Service rate schedule. Staff recommends the rates for LLPS customers be set out as a separate rate schedule, and studied and set separately in future rate cases.[59] Current LPS minimum demands at 500 kW at EMW and roughly 1,000 kW at EMM are, respectively 20 and 40 times higher than the minimum demands billed at 25 kW for demand-metered SGS customers at each utility. A 100 MW LLPS customer is a 100,000 kW customer. A 100,000 kW customer is 100 times the minimum LPS demand at EMM, and 200 times the minimum LPS demand at EMW.[60]

[57] Pages 22 and 23 of the Staff Recommendation report in this case.
[58] Page 25 of the Staff Recommendation report in this case
[59] Staff Recommendation Report, pages 77 – 78.
[60] The minimum demands for common EMW rate schedules are SGS customers at 25 kW (Sheet 147.5), LGS at 150 kW, (Sheet 148.3), and LPS customers 500 kW (Sheet 149.5). For EMM, SGS customers have a minimum facilities demand of 25kW (sheet 9A), and the minimum demands for other rate schedules include 25 Secondary /26 Primary kW for MGS (Sheet 10D), 200 Secondary / 204 Primary kW for LGS (Sheet 11D), and 980-1,116 kW, depending on service voltage, for LPS (Sheet 14D).

Historically, any Missouri utility seeking to serve a customer in excess of 25 MW (or even lower) would seek the promulgation of a special rate schedule, tailored to that customer's characteristics.[61] Schedules SIL and MKT are currently effective EMW tariffs that exist outside of the LPS class.

R. What treatment is needed to address revenues from LLPS customers occurring between general rate cases?

Depending on the actual size of the LLPS customer and the wholesale cost of energy in the future, EMM and EMW will recover substantial portions of the LLPS customer's cost of energy through the FAC, and fully recover that cost of energy through LLPS rates.[62] Further, due to the inherent lag between when an LLPS customer begins paying its bills, and when that revenue is recognized in a rate case, EMM and EMW will experience positive regulatory lag. This lag is different than ordinary positive lag associated with customer growth for the following reasons:

1. Scale,

2. Lack of offsetting revenue requirement increases,

3. The statutory requirement that LLPS customers rates will reflect the customers' 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 LLPS customers cannot be effectuated until those revenues are realized in a rate case to the benefit of other customers, and

4. While Staff does not recommend approval of Evergy's requested riders, revenues under those riders compound these problems.[63]

To mitigate this double recovery, Staff recommends deferral of the revenue from many LLPS charges. A table identifying the Staff's recommended revenue deferrals for the Commission to order in this case is provided below:[64]

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[61] Pages 32-33 Staff Recommendation Report.
[62] Staff Recommendation Report, pages 64-65.
[63] Staff Recommendation Report, pages 61-62.
[64] Sarah Lange Surrebuttal, page 27.

Charge	EMM Rates	EMW Rates	Determinant	Revenues Deferred Until Recognized in Rate Case - To be Ordered in this Case	Ongoing Revenue Deferral - To be Reflected in Tariff	Include in Revenue Contribution?	Include in Termination?
Customer Charge	$10,000	$10,000	$/Customer			Variable	
Facilities Charge	$ 0.0107	$ 0.0065	$/$ of Assets			Variable	Yes
Demand Charge 1 - Charge for Generation Capacity Cost of Service	$ 17.55	$ 8.16	$/kW during demand window	Yes	Yes	Stable	Yes
Demand Charge 2 - Charge for Transmission Capacity Cost of Service	$ 3.00	$ 5.81	$/kW during demand window	Yes		Stable	Yes
Energy Charge	$ 0.055	$ 0.053	$/kWh	Yes	Not if excluded from FAC	Variable	Yes
Alternative to Energy Charge	Execution of an Optional Agreement for Payment of Actual RTO Charges						
RES compliance charge	$ 0.00033	$ 0.00040	$/kWh		Yes	Variable	
Variable Fixed Revenue Contribution	24.77%	24.77%	Percent of other charges	Yes	Yes		Yes
Stable Fixed Revenue Contribution	24.77%	24.77%	Percent of other charges	Yes	Yes		Yes
Demand Deviation Charge	$8.9177	$8.9177	$/kW of deviation	Yes	Yes		
Imbalance Charge	$8.9177	$8.9177	$/kW of deviation	Yes	Yes		
EDI Responsibility Charge	$ -	$ -	$/kWh				
Capacity Shortfall Rate, if applicable	TBD	TBD	$/kW	Yes, if Applicable			
Capacity Cost Sufficiency Rider, if applicable	TBD	TBD	$/Month	Yes, if Applicable			
Reactive Demand Charge	$ 0.99294	$ 0.46000	$/kVar				

S. Should the Commission approve the Evergy System Support Rider or take other steps to address cost impacts to non-LLPS customers?

Rather than approving the System Support Rider, the Commission should simply set the right rates. This means exempting LLPS customers from EDR eligibility,[65] and it means setting appropriate demand charges that are not reduced by allocations of prepaid taxes from non-LLPS customers. Unlike the Evergy-requested demand rates, Staff's recommended generation demand rates do not artificially reduce the cost of service of existing generation with an offset allocation of the Accumulated Deferred Income Tax balance of EMM or EMW.[66]

Charging LLPS customers for the revenue requirement impacts of the accelerated construction of a power plant that has not yet been built, as requested by Evergy through the Acceleration Component of the SSR, is not reasonable. Allowing EMM and EMW to retain those revenues is wholly unreasonable.[67]

Other appropriate steps to take to address cost impacts to non-LLPS customers, as required by statute, include removing qualifying LLPS customers from the FAC in an appropriate general rate case,[68] deferring revenues from LLPS customers to serve to offset the increases in ratebase caused by the plant additions that will be made to serve those customers,[69] and setting the rates right to begin with.

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[65] Staff Recommendation Report, page 89.
[66] Staff Recommendation Report, pages 46-47, Sarah Lange Surrebuttal, pages 16 – 21.
[67] Staff Recommendation Report, pages 93-94.
[68] Sarah Lange Surrebuttal, pages 23-24.
[69] Sarah Lange Surrebuttal, page 27, and Schedule SLKS-1.

T. Should the proposed additional riders, be authorized by the Commission at this time?

a. The Customer Capacity Rider?

No. The Customer Capacity Rider would allow Evergy to enter into agreements of their choice, with customers of their choice, on terms of their choice, and for the results of those agreements to modify the otherwise applicable bills of their largest customers. It is unclear what oversight the Commission may possibly exercise over these transactions and over the revenue requirement impact of these transactions.[70] Staff is concerned that contracts from the Customer Capacity Rider may not take resource planning into account.[71] Staff notes that nothing prohibits EMM or EMW from entering into agreements with an LLPS customer to purchase energy or capacity from that customer.[72]

b. The Demand Response & Local Generation Rider?

No. Staff's recommendation for rejection of this rider at this time is primarily based on not knowing the customers, the participation levels, and curtailment capabilities. Further, the proposed DRLR tariff has the following three issues: (1) Lack of a non-performance penalty, which undermines the reliability of demand reductions, (2) Inclusion of an "Earnings Opportunity Fee", a compensation mechanism that Staff finds inappropriate outside of an authorized and statutorily-compliant framework such as the Missouri Energy Efficiency Investment Act (MEEIA), and (3) Affordability, where administrative and incentives costs will be borne by all ratepayers.[73]

While Staff opposes the current DRLR proposal, it recognizes the potential value of a properly designed demand curtailment program. Such a program could help mitigate the incremental capacity and wholesale energy cost impacts associated with LLPS customers. Staff encourages Evergy to continue engaging with potential LLPS participants to develop a revised and reasonable

[70] Lines 1-5 of Page 100 of Staff's Rebuttal Report.
[71] Lines 25 and 26 of Page 100 of Staff's Rebuttal Report.
[72] Lines 17-18 of Page 99 of Staff's Rebuttal Report.
[73] Staff Recommendation, page 94, line 8, to page 97, line 13.

demand response program that could be brought forward in a future tariff filing.[74]

c. The Renewable Energy Program Rider?

No. The RENEW Rider should not be approved at this time due to current North American Registry REC retirement limitations and other concerns including the need for improvement of the tariff language.[75]

d. The Green Solution Connections Rider?

No. Rider GSR as filed in this case should be rejected until such time that the program tariff has been approved in EA-2024-0292 in order to ensure consistency for the Green Solution Connections Program.[76]

e. The Alternative Energy Credits Rider?

No. The AEC Rider should be rejected at this time due to uncertainty regarding AEC tracking, retirement, and reporting.[77]

f. The Clean Energy Choice Rider?

No. Staff is concerned with adding Schedule CER, a new tariffed rider, when by its own admission Evergy could consider customer requests and cost allocation in its current IRP modeling.[78] **Further, A new rider allowing a large customer or customers to influence the IRP process, an IRP process likely drastically changing with over eleven pages of new legislation and likely several more pages of yet-to-be approved Commission Rule language expanding on the new legislation, is of great concern to Staff.**[79] **Also, with only one large load customer currently included in EMM's and EMW's 2025 Annual Updates, that would receive service under the Schedule LLPS rate no sooner than the first quarter of 2026, and the new legislation requiring an integrated resource planning proceeding commencing by August 28, 2027, Staff is of the position that a new rider such as Schedule CER not be approved at this time. The Commission should allow for the new IRP process to be developed and understood prior to considering a**

[74] Staff Recommendation, page 94, lines 9-22.
[75] Staff Recommendation, page 105, line 27 – page 106, line 3.
[76] Staff Recommendation, page 107, lines 19-21.
[77] Staff Recommendation, page 109, lines 17-19.
[78] Staff Recommendation, page 80, lines 4 – 6.
[79] Staff Recommendation, page 80, lines 13 – 17.

rider that allows for customers to influence prudent resource planning.[80] Lastly, extreme conditions or not, Staff is of the position that the cost differential agreed to be paid by the sponsoring customer(s) should not be paid by "non-sponsoring customers" in any scenario. Even though Evergy frames resources added as a result of a Clean Energy Choice Preferred Plan to be considered a Company resource for the service of all customers, those resources would be added as a direct request by a sponsoring customer to meet its renewable energy goals.[81]

U. Should the Commission order a community benefits program as described in the testimony of Dr. Geoff Marke?

Staff does not have a position on this issue at this time, but reserves its right to develop its position as this case continues to unfold.

Respectfully submitted,

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[80] Staff Recommendation, page 82, lines 2 – 8.
[81] Staff Recommendation, page 85, lines 1 – 7.

<u>CERTIFICATE OF SERVICE</u>

I hereby certify that copies of the foregoing have been transmitted by electronic mail to all parties and/or counsel of record this 22nd day of September, 2025.

<u>/s/ Travis J. Pringle</u>