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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2025-0154

DIRECT TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

**Kansas City, Missouri
February 2025**

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DIRECT TESTIMONY

OF

KEVIN D. GUNN

CASE NO. EO-2025-0154

I. Introduction and Executive Summary

Q: Please state your name and business address.

A: My name is Kevin D. Gunn, and my business address is 1200 Main Street, Kansas City, Missouri 64105.

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

A: I am employed by Evergy Metro, Inc. and serve as Vice President – State and Federal Regulatory Policy for Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro” or “EMM”), and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West” or “EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro” or “EKM”), and Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy Kansas Central” or “EKC”), the operating utilities of Evergy, Inc. (“Evergy”).

Q: Who are you testifying for?

A: I am testifying on behalf of EMM and EMW (collectively, the “Applicants” or “the Company”).

Q: What are your responsibilities?

A: My responsibilities include developing and implementing Evergy’s regulatory policy at the state and federal level, including managing regional transmission organization (“RTO”) policy. Currently, my state duties are limited to Missouri regulatory policy.

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

2 A: I received a Bachelor of Arts degree from American University in 1992 and a Juris Doctor
3 degree from St. Louis University School of Law in 1996. I was a Commissioner on the
4 Missouri Public Service Commission (“Commission” or “PSC”) from 2008 to 2013 and
5 served as Chair from 2011-2013. Prior to being on the Commission, I served as a lawyer
6 in private practice and as a chief of staff to a member of Congress from Missouri. After
7 serving on the Commission, I was a regulatory affairs consultant and was Executive
8 Director of Regulatory and Political Affairs, Central Region for NextEra Energy
9 Resources.

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

12 A: Yes, I have offered testimony before this Commission in File No. EO-2023-0369/0370,
13 ER-2024-0189, EA-2024-0292, and EA-2025-0075.

14 **Q: Are there other witnesses testifying in support of the Company’s Application?**

15 A: Yes. In addition to my testimony, the two additional witnesses are also providing direct
16 testimony in conjunction with Evergy’s filing in this docket. Mr. Jeff Martin, Vice
17 President of Large Customer Strategy, and Mr. Bradley Lutz, Director of Regulatory
18 Affairs.

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

20 A: The purpose of my Direct Testimony is to provide the policy support and background for
21 Evergy’s Large Load Power Service (“LLPS”) Rate Plan. Among other things, I provide
22 an overview of the national trends and marketplace driving new large customer loads across
23 the country. I explain how this trend presents a historic opportunity for the State of Missouri

1 to benefit from a scale of economic development opportunity that has not occurred for
2 decades, if ever. I also provide an overview and background of how the Company
3 developed its LLPS Rate Plan, including some of the Company's key considerations in
4 developing the LLPS Rate Plan, and the core goals and objectives the LLPS Rate Plan is
5 designed to achieve. Additionally, I provide a summary of the Company's LLPS Rate Plan,
6 including all new and modified tariffs proposed as part of this filing. Finally, I discuss the
7 policy reasons that support prompt Commission approval of the Company's LLPS Rate
8 Plan, explaining why time is of the essence, and how existing and non-participating
9 customers will benefit from the LLPS Rate Plan.

10 **Q: What recommendations are you making in your Direct Testimony?**

11 A: Evergy recommends the Commission issue an order approving the Company's LLPS Rate
12 Plan in full, including the Company's request for approval of the following new and
13 modified tariffs:

- 14 ■ New Tariffs - Base Tariffs to the LLPS Rate Plan
15 ○ Schedule LLPS (Large Load Power Service)
16
- 17 ■ New Tariffs – Complementary Riders to the LLPS Rate Plan
18 ○ Schedule SR (System Support Rider)
19 ○ Schedule CCR (Customer Capacity Rider)
20 ○ Schedule DRLR (Demand Response & Local Generation Rider)
21
- 22 ■ New Tariffs – Renewable/Carbon Free Attribute Procurement Riders Within the
23 LLPS Rate Plan
24 ○ Schedule CER (Clean Energy Choice Rider)
25 ○ Schedule RENEW (Renewable Energy Program Rider)
26 ○ Schedule AEC (Alternative Energy Credit Rider)
27 ○ Schedule GSR (Green Solution Connections Rider)¹
28

¹ The Green Solutions Rider is currently before the Commission in Case No. EA-2024-0292, *In re Application of Evergy Missouri West for Permission and Approval of Certificates of Public Convenience and Necessity Authorizing It to Construct, Install, Own, Operate, Manage, Maintain and Control Two Solar Generation Facilities* (filed Oct. 25, 2024). The Company is proposing the same rider for EMM in this filing.

- 1 ▪ Modified Tariffs to accommodate LLPS Rate Plan
- 2 ○ Schedule LPS (Large Power Service)
- 3 ○ Schedule SIL (Special Rate for Incremental Load Service)²
- 4 ○ Rules and Regulations Section 2 and Section 8

5 The Company also requests approval of any additional or conforming tariff changes
6 identified through the course of this proceeding that are needed to implement the LLPS
7 Rate Plan, as approved. The Company also requests the Commission issue an order on its
8 Application no later than August 1, 2025, to bolster the Company's and State's
9 competitiveness in attracting new large load and to enable the Company to better manage
10 its growing queue.

11 **II. Overview of the Large Customer Load Landscape Nationally and in Missouri**

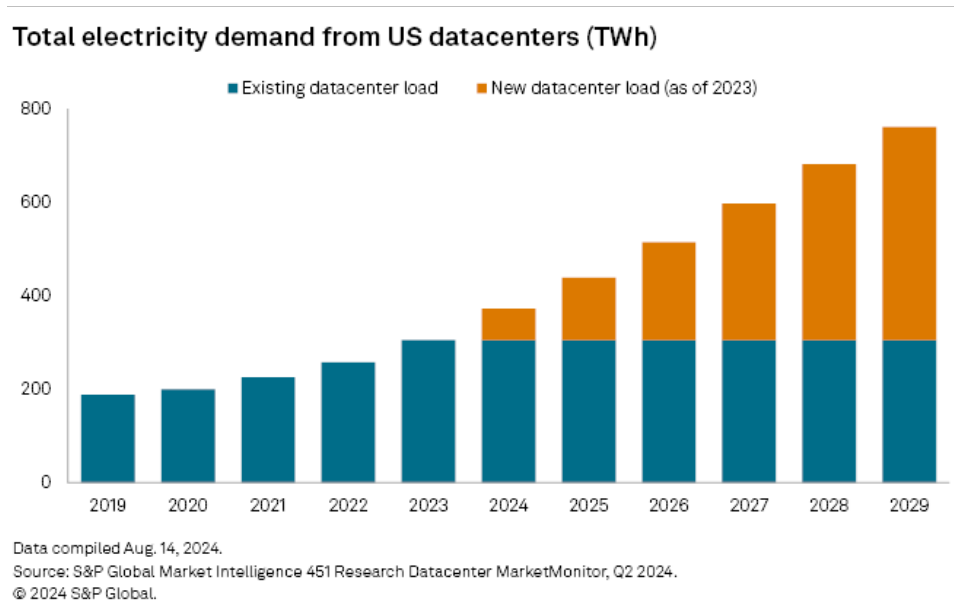
12 **Q: What was the impetus for Evergy to develop the LLPS Rate Plan?**

13 A: The technological renaissance occurring with the proliferation of artificial intelligence
14 ("AI") technology and advanced manufacturing technologies has been well publicized. AI
15 technology, combined with the widescale electrification of various industries, and policy
16 and security desires to on-shore many of the data centers and manufacturing plants needed
17 to support these advancements, is driving significant electric load growth across the
18 country and globe.³ Notably, data centers are one of the fastest growing industries
19 worldwide. While national forecasts vary, one thing is clear – the nation is in the midst of
20 the most dramatic electricity load growth phases of modern times. According to the North
21 American Electric Reliability Corporation ("NERC") 2023 Long-Term Reliability
22 Assessment, 10-year peak demand growth rates "are higher than at any point in the past

² For EMW only.

³ Robert Walton, *Five-year US load growth forecast surges 456%, to 128 GW: Grid Strategies*, Utility Dive, (Dec. 6, 2024).

1 decade” and “are increasing more rapidly than at any point in the past three decades.”⁴
2 According to the Department of Energy, total energy demand may grow 15-20 percent in
3 the next decade.⁵ While this load growth is driven by a variety of new types of loads, data
4 centers are one of the major drivers, with S&P Global Market Intelligence forecasting a
5 near quadrupling of data center demand between 2019 and 2029.



6 Not only is the scale of new large customer load drastically increasing, but many large
7 customers have ambitious clean energy and emission reduction targets. For example, 75
8 percent of the respondents to the Area Development Magazine’s Corporate Survey in the
9 first quarter of 2022 indicate that “access to renewable sources of energy are very or
10 somewhat important to their companies. And more than 90 percent of the survey
11 respondents also say sustainability efforts are very or somewhat important to their
12 companies.”⁶ While large commercial and industrial (“C&I”) customer interest and
13

⁴ North American Electric Reliability Corporation, *2023 Long-Term Reliability Assessment* at 33 (Dec. 2023).

⁵ *Clean Energy Resources to Meet Data Center Electricity Demand*, U.S. Dep’t of Energy, Office of Policy (Aug. 12, 2024).

⁶ Geraldine Gambale, *36th Annual Corporate Survey: Executives Focus on Labor, Energy, Shipping Costs*, Area Development Magazine (2022).

1 demand for renewable energy persists, the complexity of customer requests are also
2 increasing.

3 **Q: Can you provide some specific examples of the types of programs or energy supply**
4 **options large customers are seeking?**

5 **A:** Yes. Below are several examples of trends the Company is seeing across large customers:

- 6 ▪ Customers are increasingly requesting “additionality” in resource
7 development, meaning customers are seeking to be served with new, low-
8 cost renewable energy that may not have otherwise been built.
- 9 ▪ Other customers want to “bring their own energy.” This may be achieved
10 through on-site behind-the-meter generation, virtual purchase power
11 agreements, or similar arrangements.
- 12 ▪ Customers seeking to be served with a high percent of carbon free energy
13 (“CFE”) to meet their 24/7 demand has also increased. Large data centers,
14 such as Google, and large manufacturers are increasingly seeking 24/7
15 carbon-free energy. However, providing and accounting for 24/7 carbon free
16 energy is somewhat in its infancy and will require more development and
17 support by utilities, customers, and renewable registries.
- 18 ▪ Some large C&I customers look to achieve their clean energy goals through
19 the procurement of renewable energy certificates (“RECs”). Some large
20 customers prefer a simple historical REC option that is “unbundled,” which
21 means the energy has been disassociated with the REC. Alternatively,
22 customers may seek a “bundled” REC where the RECs are sold to a
23 customer as part of their electricity tariff at a fixed price. RECs can be

1 obtained directly from the electric provider, which provides a closer
2 matching of a customer’s energy use with the production of a given
3 renewable resource.

- 4 ▪ Last, customers may seek to procure or be supplied from generation
5 resources that deliver the renewable or carbon free energy.

6 **Q: How is Evergy responding to these trends?**

7 A: The entire energy sector has been impacted by these trends and must pursue new paths to
8 adapt technical and commercial practices to quickly, efficiently, and equitably interconnect
9 new customer load through a variety of strategies.⁷ Such strategies range from new tariffed
10 offerings, special contracts, generator colocation arrangements, and behind-the-meter
11 configurations, with new approaches and partnerships being publicly announced almost
12 daily. Missouri offers no exception to this trend and is positioned to benefit from this surge
13 in new customer growth. Consequently, Evergy conducted a comprehensive, cross-
14 functional assessment to determine how to meet these evolving demands while benefitting
15 the region and all customers it serves. There, Evergy analyzed industry trends and a variety
16 of other utility offerings. The goal was to create a nation-leading program to attract large

⁷ *Powering Intelligence: Analyzing Artificial Intelligence and Data Energy Consumption*, Electric Power Research Institute, 2024 White Paper; PNUCC, *Northwest Regional Forecast of Power Loads and Resources*, at 4 (May 2024). Earlier this year, the Pacific Northwest Utilities Conference Committee (“PNUCC”) released its 2024 regional forecast, which projected an increase in average electricity demand of over 30 percent in the next 10 years, up from 24 percent in last year’s forecast.

customers in a manner that is equitable, efficient, transparent, and responsive to today's large customer's clean energy and emission reduction objectives.

Q: Has Evergy proposed a similar LLPS Rate Plan in Kansas?

A: Yes. Evergy has filed a very similar LLPS Rate Plan with the Kansas Corporation Commission. The plan will be available to large load customers interested in locating in Kansas.

Q: Are other jurisdictions experiencing similar interest from large customers seeking to locate in their states?

A: Yes. Increased power demand driven by large customers, including data centers, advanced manufacturing and other forms of industrial load, is a national trend.⁸ According to one study, the U.S. is expected to be the fastest growing market for data centers, growing from 25 gigawatts ("GW") of demand in 2024 to more than 80 GW of demand in 2030.⁹ According to a recent International Energy Agency report, in the U.S., data centers are expected to represent six percent of electricity consumption in 2026,¹⁰ and could consume up to nine percent of U.S. electricity by 2030 – up from four percent in 2024.¹¹ Additionally, "while tech companies can technically take their power-hungry data centers elsewhere, pressure on the electric grid is mounting all over the country, and many

⁸ See, e.g. Duke Energy, *Chapter NC Supplement*, at 2-3 (2024); Duke Energy, *Chapter SC Supplement* at 35-38 (2024); Georgia Power, *2023 IRP Update*, at 8-10 (Oct. 2023); Arizona Public Service Company, *2023 IRP*, at 18-19 (Nov. 2023); NV Energy, *Joint 2025-2044 IRP, 2025-2027 Action Plan, and 2025-2027 Energy Supply Plan*, Vol. 6, at 3-6 (May 2024); Tennessee Valley Authority ("TVA"), *TVA Plans to Invest \$15 Billion Over the Next Three Years to Meet Region's Growth* (Aug. 24, 2023); TVA, *Integrated Resource Plan 2025*, Volume 1 Draft Resource Plan, 1-5 (Sept. 2024).

⁹ Alastair Green et al., *How data centers and the energy sector can satiate AI's hunger for power*, McKinsey, Sept. 17, 2024

¹⁰ International Energy Agency, *Electricity 2024: Analysis and Forecast to 2026*, at 32 (Jan. 2024).

¹¹ Electric Power Research Institute, *Power Intelligence: Analyzing Artificial Intelligence and Data Center Energy Consumption*, at 2 (May 28, 2024).

1 communities are already grappling with how to accommodate it, making it incumbent on
2 the Big Tech companies to find a way to work with utilities....”¹²

3 In light of this new reality, utilities across the country are working to quickly
4 accommodate new large loads, while maintaining reliability, affordability, and other
5 regulatory and policy objectives, such as emissions reductions goals.

6 **Q: What are some of the challenges regulated utilities face in interconnecting new large**
7 **customers?**

8 A: Utilities face many challenges with interconnecting new large customers. This includes
9 managing the sheer volume of requests in an efficient, timely, fair, and technically sound
10 manner – both from an administrative and technical side. Moreover, many utilities are
11 challenged to source and secure the generation capacity needed to serve new large
12 customers. Not only is the country’s grid highly constrained in many places, but most
13 regulated utilities and generators are subject to complex regulatory processes, such as a
14 Certificate of Convenience and Necessity (“CCN”) in Missouri.¹³ These proceedings can
15 delay the length of time it takes to secure capacity to serve new loads, especially given the
16 growing volume of interconnection requests. At the same time, given the rush to secure
17 power, many new large customers “shop” their project with multiple jurisdictions looking
18 for the quickest path to interconnection and best financial incentives. This increases
19 jurisdictional competition for customers, but also can inject uncertainty into whether a
20 customer will materialize. In addition, there is a need to protect existing customers and
21 ensure that that the new large load customers are “paying their share” and contributing to

¹² Carolina O’Donovan, *Tech giants fight plan to make them pay more for electric grid upgrades*, The Washington Post (Sept. 13, 2024).

¹³ 20 CSR 4240-20.045 (“CCN Rule”).

the fixed costs of maintaining the current the system. Finally, it is imperative that the load additions be added without endangering long term reliability and affordability.

Q: Do large customers ever seek alternative solutions to interconnection challenges?

A: Yes. To circumvent delays the regulatory process creates, many large customers are turning to colocation and self-supply. Recently, Constellation Energy made the historic announcement it would seek regulatory approval to restart the Three Mile Island Nuclear Plant for the sole purpose of selling energy to Microsoft for an AI data center.¹⁴ In another recent example, ExxonMobil announced it would join the power generation business and offer a natural gas-fired power plant dedicated solely to serve data centers.¹⁵ Other examples include: Meta’s recent announcement that it is seeking up to four GW of new nuclear power to meet both its AI and sustainability objectives;¹⁶ and, Google’s plans to co-locate data centers in “energy parks” with approximately \$20 billion in renewable energy and energy storage to be built by Intersect Power.¹⁷

Q: What opportunities does this new load present for the State of Missouri and Evergy?

A: According to the global real estate firm Cushman & Wakefield, Kansas City is the leading global emerging data center market among cities including Milan, Italy, and Minneapolis, Minnesota.¹⁸ Large manufacturing customers are also likely to find Missouri to be an

¹⁴ Constellation, *Constellation to Launch Crane Clean Energy Center, Restoring Jobs and Carbon-Free Power to The Grid* (Sept. 20, 2024).

¹⁵ Darrell Proctor, *ExxonMobil Planning Large Gas-Fired Plant to Serve Data Centers*, Yahoo! Finance (Dec. 11, 2024).

¹⁶ Brian Martucci, *Meta seeks up to 4 GW of new nuclear power to help meet AI, sustainability objectives*, Utility Dive (Dec. 4, 2024).

¹⁷ Ethan Howland, *Google, Intersect Power to develop co-located energy parks with \$20B of renewables, storage*, Utility Dive (Dec. 11, 2024).

¹⁸ Cushman & Wakefield, *Global Data Center Market Comparison*, A Publication of Cushman & Wakefield’s Data Center Advisory Group (2024).

1 attractive market in which to locate. Thus, Evergy has a unique opportunity to leverage this
2 unprecedented demand growth for its customers and the State of Missouri. Notably, by
3 attracting quality new large load, Evergy will drive job creation and increased tax revenues,
4 which fund important services like schools and roads. While data centers may, in some
5 cases, not employ as many individuals as new manufacturing plants, they attract many
6 ancillary businesses, such as construction, food and beverage, and housing. Employees of
7 the prospective customer spend money at local businesses, including restaurants, shops and
8 entertainment venues, which further stimulates the local economy. New large customer
9 growth will also improve Missouri's economic resiliency by helping diversify Missouri's
10 economic industrial base. Finally, the addition of large new customers will provide benefits
11 to existing customers through the design of the LLPS Rate Plan and by allowing the
12 Company to allocate fixed costs across a larger customer base, as Mr. Lutz discusses in
13 more detail.

14 **Q: Is there new technology that may impact artificial intelligence performance and**
15 **cause data centers to be less energy intensive?**

16 A: Yes. DeepSeek, a Chinese AI startup, recently released two AI models that it alleges have
17 greater computing efficiency and consequently consume less energy.¹⁹ If this technology
18 performs, it is nascent and foreign based which creates significant questions about its
19 widespread adoption that will not be known for years. As a result, it is currently not
20 expected to eliminate the need for this plan. Data centers and advanced manufacturing
21 loads will continue to drive large load customer growth. Even at half the projected growth
22 levels, these projects remain significant and are multiple times larger than existing

¹⁹ Matt O'Brien, *What is DeepSeek, the Chinese AI company upending the stock market?* Associated Press (Jan. 27, 2025).

1 customers. In any event, Evergy will take steps to ensure that the risk to existing customers
2 or to the system itself through any significant reduction in load will be mitigated.

3 **Q: Has Missouri historically had policy that attracts large customers?**

4 A: Yes. The Missouri Department of Economic Development (“DED”) recently celebrated
5 former Governor Mike Parson’s impact on business growth. The DED noted that during
6 his tenure, the state supported more than 740 business projects totaling more than \$17
7 billion in investment and creating 60,000 jobs.²⁰ His recent successor, Governor Mike
8 Kehoe and former Lieutenant Governor, has indicated that economic development is a key
9 policy that will remain a focal point of his administration.²¹

10 The DED has in place a sales tax exemption specifically to incentivize the location
11 and expansion of data center s in the State of Missouri, which exempts sales and use taxes
12 associated with activities necessary to build a new facility or expand an existing one. DED
13 has also partnered with the Hawthorn Foundation, the State of Missouri, and economic
14 development agencies across the state to form the Missouri Partnership, a public-private
15 economic development organization focused on attracting new jobs and investment to the
16 state. Data centers are one of the key industries the Missouri Partnership focuses on
17 attracting.²²

18 **Q: Please describe the pipeline of large load customers interested in locating in Evergy’s**
19 **Missouri’s service territory.**

20 A: The Company has engaged in several recent transactions, including securing a large Google
21 data center in Missouri. The Company is currently working with over 20 prospective large

²⁰ <https://ded.mo.gov/press-room/ded-celebrates-impact-parson-administration-missouris-economy>.

²¹ Mike Kehoe, Governor of Missouri, *Securing Missouri’s Future: Governor Kehoe Delivers First State of the State Address*, Press Release from the Office of the Governor, (Jan. 28, 2025).

²² *Data Centers Safe and Secure*, Missouri Partnership (2025).

1 load customers with more than six gigawatts of incremental demand that are interested in
2 locating in its service territory. These large load customers include both data centers and
3 large manufacturing customers, all of which stand to bring benefits to the State.

4 To remain competitive and capitalize on this opportunity, Evergy will need to re-
5 tool its entire approach to evaluating and interconnecting new large load. I discuss the
6 proposed solution to this in more detail below.

7 **III. Evergy's LLPS Rate Plan - Background**

8 **Q: Please explain the background research and process Evergy used to develop its LLPS**
9 **Rate Plan.**

10 A: The Company identified the need for a new strategy for large load customers based on the
11 national landscape, as well as the Company's recent experience interconnecting large
12 customers across Kansas and Missouri, such as a Google facility in Missouri. As testament
13 to this, the Company recently named Jeff Martin, who testifies in this proceeding, as Vice
14 President of Large Customer Strategy. Mr. Martin led the effort to develop a
15 comprehensive rate plan and interconnection process for large load customer needs. Mr.
16 Martin describes that process in more detail in his Direct Testimony.

17 **Q: What are some of the characteristics of large load customers that Evergy considered**
18 **when developing its LLPS Rate Plan?**

19 A: There are several key characteristics that are particularly important to many large load
20 customers. These include traditional business needs, such as speed to market, availability
21 of infrastructure, transparency, and efficiency. But equally, if not more important for many
22 large load customers, is their desire to influence the type of energy they use. Given the

1 variety of perspectives, this means large load customers need a wide variety of choices in
2 the energy and energy services they receive. As I mentioned earlier, many large load
3 customers have corporate decarbonization goals ranging from percentage-based emission
4 reduction or clean energy targets, zero or even negative carbon emission goals, and 24/7
5 renewable energy goals. Some customers desire to contract for their own power supply,
6 while others seek to purchase RECs to achieve their goals, and others who desire to support
7 system-wide clean energy resources. Customers may also be interested in participating in
8 demand response programs that can add system value, reduce demand at critical times, and
9 drive bill savings for the customer.²³

10 **Q: Conversely, what are some of the key considerations Evergy must balance for its**
11 **existing customers and non-participants?**

12 **A:** While the Company is eager to help Missouri seize the opportunity to bring new economic
13 development to the State, it is critical that any program avoid shifting undue risk onto
14 existing customers and non-participants. Programming for large customers must ensure
15 that new customers “pay their share” by paying for the costs of new facilities constructed
16 to serve them. Additionally, new customers must be thoroughly vetted and have the
17 financial means to pay for any new infrastructure that will serve them, and that the new
18 customers stay long enough to provide benefits to existing customers, system value, and
19 minimize the risk of stranded costs.

²³ For example, in October 2023, Google announced it is piloting demand response methods to reduce its data centers’ electricity consumption during times of high stress on the power grid. Varun Mehra and Raiden Hasegawa, *Supporting power grids with demand response at Google data centers*, Google Cloud (Oct. 3, 2023).

1 **Q: How has Evergy taken these considerations into account?**

2 A: As I previously noted, Evergy has a significant pipeline of interest and new requests from
3 large load customers. This pipeline is not speculative, and many potential customers have
4 taken significant financial and logistical steps to demonstrate their commitment to the
5 proposed projects. These large load customers bring capacity needs that often exceed the
6 Company's current generation capacity and transmission capabilities, and the Company's
7 ability to efficiently process them. Thus, Evergy has created a comprehensive suite of new
8 and modified offerings, which the Company is cumulatively referring to as the LLPS Rate
9 Plan. The LLPS Rate Plan is guided by Evergy's desire to: (1) meet large load customer
10 needs in a way that is *equitable and fair*, protects existing and non-large load customers,
11 and minimizes the risk of cost shift; (2) *promote economic development* and attract new
12 large customers to Missouri; (3) leverage the established ratemaking framework to develop
13 a program that is *transparent and efficient*; (4) afford large load customers *choice and*
14 *flexibility*, while accommodating diverse customer situations; and, (5) have a program that
15 treats the power grid as a *shared resource*, while enabling customers with aggressive clean
16 energy goals the ability to pay incrementally more to support those objectives. The LLPS
17 Rate Plan emerged from these goals.

18 **IV. LLPS Rate Plan Overview**

19 **Q: Please provide a summary of the LLPS Rate Plan.**

20 A: The LLPS Rate Plan builds on the existing rate structures for commercial and industrial
21 customers but is enhanced to accommodate large load customers. Key among the features
22 of the LLPS Rate Plan is a new rate offering, Large Load Power Service, Schedule LLPS,
23 which sets forth the specific terms and conditions that will apply to customers over 100

1 MW seeking to interconnect to the Missouri system. In addition to Schedule LLPS, the
2 LLPS Rate Plan includes a selection of new and existing tariff offerings that will address
3 the unique needs of large customers while protecting existing customers and non-
4 participants. Customers can alternatively enroll in the existing Special High-Load Factor
5 Market Rate, Schedule MKT, but still take advantage of the complementary tariff offerings
6 the Company has developed to support large customers. Among the features of the
7 program is the “Path to Power,” which reflects strategic updates to the Company’s queue
8 process to enable more transparent and efficient interconnection for new customers over
9 25 MW. Company witness Mr. Martin describes the process in detail in his Direct
10 Testimony. Other features of the LLPS Rate Plan focus on:

- 11 ▪ Providing increased customer choice offerings, such as a variety of clean
12 energy and emissions-reduction programs that will provide large load
13 customers optionality in supporting a power portfolio that aligns with their
14 own goals and objectives;
- 15 ▪ Driving system value by adding a new demand response/interruptible rate
16 offering that will provide large load customers with two bill credit options
17 if they are willing to have load curtailed should system conditions warrant;
- 18 ▪ Implementing a variety of new programs, terms, and conditions designed to
19 make sure large load customers pay their share, such as the System Support
20 Rider, a minimum bill requirement, which updates to the Company’s line

extension policies to ensure new large load customers pay for the costs of dedicated facilities needed to serve them; and,

- Implementing a number of financial due diligence requirements and metrics large new customers must comply with to demonstrate their ability to pay for any and all costs attributed to them over the term of their agreement (15 years for customers over 100 MW).

Combined, the innovative and multi-faceted LLPS Rate Plan will position Evergy and the State of Missouri to attract and accommodate new large load customers, while also protecting Evergy's existing and non-participating customers.

Q: What is the Company's existing policy for large customers?

A: Presently, the Company has two service rates available for large load customers – Schedule Large Power Service (“LPS”)²⁴ and the Company's Special High Load Factor Market rate, Schedule MKT, which is available to customers with an annual load factor of 85 percent or higher and monthly demand of 100 MW or more, or load projected to be over 150 MW within five years of receiving service. The Company has also entered into special contracts with certain customers on a limited basis. Company witness Mr. Lutz describes these special rates in more detail in his Direct Testimony. These special contract options, which are often paired with the statutorily established economic development rate (“EDR”), allow Evergy to offer a rate discount to customers who demonstrate a competitive need and meet other qualifications. Special Contracts may be appropriate in certain circumstances and the

²⁴ The EMM and EMW Large Power Service rate tariffs are similar. The tariffs are both are four-part designs with blocked demand charges and hours-use energy charges. An absolute demand threshold for service does not exist for the EMM or EMW rates. If a customer selects service under EMW's Schedule LPS, the customer will be billed a minimum demand of 500 kW. If a customer selects secondary voltage service under EMM's Schedule LPS, the customer will be billed a minimum demand of 980 kW. Customers served at higher voltages have higher minimum demands. These rates do not currently have a maximum limit.

1 Company intends to maintain the option of entering into special contracts if the situation
2 warrants. However, given the significant pipeline of new large load, the special contracts
3 mechanism is administratively burdensome and inefficient to offer on a widespread basis.
4 Moreover, neither Schedule LPS nor the special contracts approach were developed for the
5 extreme size and range of accommodations that today's large customer load requires.

6 **Q: Why did the current rate structures need to be modified?**

7 A: While the Company's current rate structures available for large customers are generally
8 adequate for smaller C&I customers, many of today's large load customers require a more
9 tailored approach. By offering a new, dedicated tariff to customers over 100 MW, Evergy
10 can mitigate concerns about shifting costs protect existing customers and non-participants
11 from undue risk. This is critical to prioritizing equity and fairness among all customers
12 while meeting the needs of today's large load customers.

13 **Q: Please summarize the specific tariffs that comprise the LLPS Rate Plan.**

14 A: Table One below summarizes new tariffs the Company is proposing as part of the LLPS
15 Rate Plan.

Table One			
Rider	Relationship to Schedule LLPS	Description	Nature of Charge
Large Load Power Service (Schedule LLPS)	Base Rate Option	Sets forth the specific terms and conditions that will apply to customers over 100 MW seeking to interconnect to Evergy's system	Combination of fixed, demand, and energy charges
Special High Load Factor Market Rate (Schedule MKT)	Alternative Base Rate Option	Provides large, high load factor customers access to energy pricing set by SPP and incremental cost for capacity.	Combination of fixed, demand, energy, and capacity charges
System Support Rider (Schedule SR)	Mandatory	Customers contribute to ensure appropriate recovery of costs incurred to serve Schedule LLPS customers, and to reflect the acceleration of resource investment required to serve large loads that join the Company's system	\$/kW demand charge
Customer Capacity Credit Rider (Schedule CCR)	Optional	Optional credit to customers for using their existing capacity as SPP-accredited capacity	\$/kW-month bill credit for capacity contribution
Demand Response & Local Generation Rider (Schedule DRLR)	Optional	Customers designate a set level of curtailable load that can provide demand response services to Evergy	Bill credit based on demand response commitment and performance
Clean Energy Choice Rider (Schedule CER)	Optional	Option to provide customers with a means to influence Evergy's integrated resource plan for clean resource generation	Negotiated installment payment.
Renewables Rider (Schedule RENEW)	Optional	Unbundled REC offering that provides attributes from Evergy's local generation fleet or attributes procured on the customer's behalf.	Incremental \$/kWh charge for applicable attributes
Green Solution Connections (Schedule GSR)	Optional	Unbundled REC offering that provides multi-term current and future year renewable attributes from Evergy's IRP resources.	Incremental \$/kWh charge for applicable attributes
Alternative Energy Credits (Schedule AEC)	Optional	Unbundled AEC offering that provides carbon free attributes from Evergy's Wolf Creek nuclear facility.	Incremental \$/kWh charge for applicable attributes

2 **Q: How does the LLPS Rate Plan leverage Evergy's established ratemaking framework?**

3 A: Schedule LLPS is intended to both complement and have the same general structure as the
4 LPS rate but with distinct protective terms that may be combined with several riders that
5 address the unique accommodations and cost recovery considerations of today's large load
6 customers. It introduces features that more comprehensively achieve the goals for a large
7 load customer rate offering but aligns with the Schedule LPS rate, from a structure and

pricing perspective, providing consistency in rate offerings for both new and existing C&I customers.

Q: How does the LLPS Rate Plan expand customer choice?

A: The Company will offer several existing and new renewable programs offerings to accommodate diverse renewable energy needs. For example, some large load customers want to ensure that their power supply aligns with their corporate clean energy goals and are willing to pay a premium to achieve that. Other large load customers have flexible demand or onsite generation that can reduce their transmission interconnection capacity or contribute to meeting Evergy's resource adequacy requirements.

As Table One above reflects, the LLPS Plan includes a number of optional programs for large customers to procure renewable or carbon free attributes to meet their corporate sustainability goals. These four programs include:

- **Clean Energy Choice Rider** - This new, voluntary tariffed program offering will provide large customers with the ability to support the procurement of clean energy resources in lieu of or in addition to the Company's Preferred Resource Plan, as part of a "Clean Energy Resource Plan." Under this program, the requesting customer or customers will be financially responsible for the incremental cost difference associated with Clean Energy Resource Plan, which shall be charged to these customers through a levelized charge on their bill.
- **Renewable Energy Program Rider** - This existing tariff, available on a voluntary basis, provides customer access to historical RECs at a fixed price adjusted annually. The Company agrees to purchase energy from renewable

1 sources or purchase RECs in an amount equal to the level of service
2 purchased by Renewable Energy Program participants.

- 3 ▪ **Green Solution Connections Program** - This new tariff, available to non-
4 residential customers with an average monthly peak demand greater than
5 200 kW. It offers participants the opportunity to subscribe to future
6 renewable energy attributes associated with new Company-owned wind or
7 solar generation acquired through the Integrated Resource Planning (“IRP”)
8 process that are not needed to meet renewable compliance targets or
9 requirements. This program will allow customers to subscribe to forward
10 renewable energy attributes for a specified term based on the associated
11 resource.

- 12 ▪ **Alternative Energy Credit Rider** - This new, voluntary tariff will provide
13 Alternative Energy Credits (“AECs”) to large customers who wish to
14 include emission-free nuclear energy from Company owned or sourced
15 resources into their clean energy portfolio to support their sustainability
16 needs and decarbonization goals.

- 17 ▪ **Demand Response Generation Rider** - Additionally, large customers
18 enrolled in Schedule LLPS will be able to participate in a new interruptible
19 demand response program. Under Schedule DRLR, participants may
20 designate a certain amount of load as interruptible (*i.e.* curtailable). The
21 Company retains the right to curtail that load support system reliability and
22 resource adequacy. Additionally, the Company’s right to curtail helps to
23 support a more economical energy procurement and deployment, such as at

1 high-cost system peaking hours, and/or to otherwise offset system peaks
2 that may drive the need for capacity additions. The Company will provide
3 advance notice but will require participants to have a curtailment plan and
4 demonstrate their ability to curtail the load. Customers will have two timing
5 options to make their load available for DRLR curtailments during that
6 time. Participating customers will be compensated through a credit based
7 on their enrolled timing option.

8 **Q: How does the LLPS Rate Plan treat the power grid?**

9 A: The Company retains the ability within the LLPS tariff to directly assign interim
10 incremental purchase power costs to individual customers. But, once a new large load is
11 incorporated into Evergy's resource planning process and generation procurement
12 approach, the LLPS Rate Plan relies on system average energy rates for purposes of billing
13 large load customers. The power grid is a resource that is collectively used and shared by
14 all customers, and the LLPS Rate Plan eliminates the notion that the grid is something that
15 can be attributed to each customer's use on an individual, incremental basis.

16 **Q: How does the LLPS Rate Plan protect existing customers and non-participants?**

17 A: The LLPS Rate Plan includes numerous protections for existing customers and non-
18 participants. This includes the proposed System Support Rider, a minimum bill
19 requirement, which updates the Company's line extension policies to ensure new large load
20 customers pay for the costs of dedicated facilities needed to serve them. Additionally, the
21 Company proposes to implement several due diligence requirements and financial metrics
22 to ensure that customers have the ability to pay for any and all costs attributed to them over
23 the minimum term of their agreement. Schedule LLPS will also require a 15-year

1 commitment, thus mitigating the risk of speculative load and stranded costs. Company
2 witness Mr. Lutz describes each of these protections in detail.

3 **Q: How does the LLPS Rate Plan streamline the contracting process?**

4 A: The new LLPS Rate Plan promotes fairness and transparency among large load customers
5 and minimizes the administrative burden to customers and Evergy. By offering the same
6 rate design and rider choices to all large load customers rather than individually negotiating
7 tailored contracts, large load customers are treated more consistently. The LLPS Rate Plan
8 enables the Company to minimize the protracted contracting process. Moreover, with the
9 development of the Path to Power process for studying new load, new customers will have
10 a clear understanding of the necessary steps and processes for having their load studied,
11 the stages of the commercial contracting process, and identifying costs.

12 **Q: Will the Company continue to offer its EDR to qualifying large load customers?**

13 A: Yes. Missouri law requires the Company to offer the EDR to qualifying customers. The
14 Missouri EDR, which is driven by state enabling legislation, provides significant discounts
15 to certain large customers who meet the criteria.²⁵ Missouri also offers another EDR tariff,
16 not specifically authorized or directed by statute, which includes a declining discount over
17 a five-year term.²⁶ It has similar criteria as the statutory EDR. The Company plans to
18 continue to make the EDR available to qualifying customers. Company witness Mr. Martin
19 explains how the EDR and the LLPS plan will interact in more detail in his Direct
20 Testimony. Company witness Mr. Lutz explains in his Direct Testimony the number of
21 customer protections and safeguards, such as the minimum bill requirement and System

²⁵ Mo. Rev. Stat. § 393.1640 (2022).

²⁶ See₂ EMW EDR, Sheet 123.1-123.4; EMM EDR, Sheet 32E-32J.

1 Support Rider, which are designed ensure that new large load customers continue to pay
2 their share and avoid undue risk to non-participants.

3 **V. Benefits for Existing and New Large Load Customers; Reporting**

4 **Q: How will the LLPS Rate Plan benefit new large load customers seeking new service**
5 **on the system?**

6 A: The Schedule LLPS Rate Plan includes provisions to protect and prevent other customers
7 from subsidizing large load customers. The LLPS Rate Plan accommodates the unique
8 needs of today's large load customers. It recognizes the utility's requirement to design a
9 system that supports all customers being served. It enables large load customers to
10 influence renewable deployment to assist these customers with meeting their corporate
11 sustainability goals. Finally, the LLPS Rate Plan is designed to recognize the benefits large
12 load customer provide to the system.

13 **Q: How will the proposed LLPS Rate Plan rate benefit all other customers on Evergy's**
14 **system?**

15 A: Non-Schedule LLPS customers will benefit from transparency and openness, undue cross-
16 subsidization, as well as a variety of tariffs and riders that were designed consistent with
17 long standing cost causation principles. The LLPS Rate Plan will help attract large load
18 customers to the region, supporting economic development in the state for the collective
19 benefit of all Missourians. The Schedule LLPS Rate Plan also recognizes how the new
20 large load allocates fixed costs over a larger rate base, in turn, both protecting and
21 benefitting all customers. The System Support Rider ensures appropriate cost recovery and
22 makes an allowance for the cost of accelerated generation investment. Last, revenues
23 collected from subscribing customers to the four new renewable/carbon free attribute

procurement riders within the LLPS Rate Plan are to be credited to the fuel adjustment clause in the respective jurisdiction thus lowering the cost of fuel for all customers.

Q: How will the LLPS Rate Plan benefit the Commission and other stakeholders?

A: The Commission will benefit from having a transparent and open process. Other stakeholders will benefit from the Company's thorough development of provisions to prevent undue cross-subsidization or risk to other customers.

Q: Is Evergy open to providing the Commission with updates regarding the status of its LLPS Rate Plan and large customer adoption?

A: Yes. In the interest of transparency and helping track the uptake and success of the LLPS Rate Plan, Evergy proposes that it provide the Commission with an annual report, either in this docket or through a repository docket. As part of the annual report, Evergy will inform the Commission of the number of new or expanded customers that have enrolled in Schedule LLPS, the total estimated load enrolled under each rate, the sector the customer is in, and the estimated number of new or retained jobs associated with each new customer (to the extent available). Because large load customers often consider their energy usage information to be proprietary and commercially sensitive information, the Company will provide these updates on an anonymized basis.

VI. Evergy's Tariff Requests

Q: What specific requests for approval is the Company seeking?

A: The Company requests approval of any additional or conforming tariff changes identified through the course of this proceeding that are needed to implement the LLPS Rate Plan. Additionally, the Company also requests the Commission issue an order on its Application no later than August 1, 2025.

1 **Q: Why is the Company seeking Commission approval of the Application by August 1,**
2 **2025?**

3 A: The Company seeks expedited approval of these tariffs to provide certainty and clarity of
4 rate treatments available to new customers considering Missouri as a potential location and
5 existing customers. Additionally, Evergy recently filed a similar application and tariffs in
6 Kansas and wants to have a similar timeline so that Missouri customers can take advantage
7 of the new rate plan if approved.

8 **VII. Conclusion**

9 **Q: Please state your conclusions and summarize your testimony.**

10 A: In sum, Evergy's plan achieves the goals of attracting large new load to the system,
11 allocating incremental costs in a way that aligns with causation principles and protects and
12 benefits existing Evergy customers. I recommend the Commission issue an order
13 approving the Company's LLPS Rate Plan in full, including the Company's request for
14 approval of all new and modified tariffs included in the LLPS Rate Plan. I additionally
15 request the Commission grant this Application on an expedited basis and issue an order
16 approving the LLPS Rate Plan by August 1, 2025.

17 **Q: Does this conclude your Direct Testimony?**

18 A: Yes.

