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Kevin Gunn Testimony
Surrebuttal
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ET-2025-0184

SURREBUTTAL TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

Kansas City, Missouri
November 3, 2025

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SURREBUTTAL TESTIMONY

OF

KEVIN D. GUNN

CASE NO. ET-2025-0184

I. Introduction and Executive Summary

Q: Please state your name and business address.

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

Q: Are you the same Kevin D. Gunn who filed Rebuttal testimony in this case on September 5, 2025?

A: Yes. I previously submitted Rebuttal testimony on behalf of Evergy Missouri 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") (collectively, "Evergy").

Q: What is the purpose of your Surrebuttal testimony?

A: The purpose of my Surrebuttal testimony is to respond to various Rebuttal testimony recommendations filed with the Missouri Public Service Commission ("Commission" or "MPSC") concerning the Large Load Customer ("LLC") Rate Plan proposed by Union Electric Company d/b/a Ameren Missouri ("Ameren"). More specifically, I respond to the Rebuttal testimony and Staff Report and Recommendation ("Staff Rec." or "Recommendation") of the staff of the MPSC ("Staff"). I explain that, broadly speaking, the LLC Rate Plan aligns with Missouri law (including Section 393.130.7),[1] incorporates

[1] All statutory references are to the Missouri Revised Statutes (2016), as amended, unless otherwise noted.

many industry trends emerging nationally as best practices for serving large load customers, and will provide flexibility, customer protections, and economic development benefits needed to establish Missouri's competitiveness in attracting new investments. Subject to several modifications, the LLC Rate Plan, alongside Evergy's Large Load Power Service ("LLPS") Rate Plan, will serve as an engine for economic growth and development in Missouri while protecting non-participating customers from the risks associated with serving such customers. By contrast, Staff's recommendations would turn the LLC Rate Plan into an onerous, uncertain process for large load customers, serving only to deter large customers from choosing to locate in Missouri. Staff's recommendations will have a chilling effect on business development in Missouri and, if adopted, would be inconsistent with state policy and interests.[2]

Q: Please recap Evergy's interest in participating in this proceeding.

A: As I explained in my Rebuttal testimony, Missouri is experiencing an unprecedented amount of load growth with large load customers interested in locating here.[3] Both Evergy and Ameren are working to respond quickly and thoughtfully to this influx of new customers in a manner that is most beneficial to the state – most notably through tariff proposals that protect existing customers, attract new large load customers, and ensure competitive fairness across investor-owned utilities in Missouri. Evergy is participating in this case because it wants to promote a business environment in Missouri that is nationally competitive and well-positioned to reap the benefits of serving large load customers.

[2] See Tr. 126:3-15, No. EO-2025-0154.
[3] For example, just six days ago, Lambda in partnership with the Missouri Department of Economic Development and Governor Kehoe announced plans to develop a state-of-the art "AI Factory" in Kansas City, Missouri. The facility will have the potential to scale to more than 100 MW in the future. https://ded.mo.gov/press-room/lambda-establish-ai-factory-facility-kansas-city (*last accessed* Nov. 3, 2025), attached hereto as **Schedule KG-1**.

Q: Given the policy prerogatives Evergy is seeking to promote, are there any party positions in Rebuttal Testimony that you found particularly troubling?

A: Yes. In its Recommendation, Staff distances itself from other state-level entities such as the Department of Natural Resources, the Department of Natural Resources Division of Energy, the Department of Economic Development, and the Governor's office in deciding how to approach large loads.[4] Particularly telling is Staff's claim that "[t]here is no requirement or check in current Missouri regulation that requires Ameren Missouri to vet potential customers for the best economic, environmental, public benefit, or any other interest of the State of Missouri, its service territory, or a given community – other than this Commission." See Staff Rec. at 7.

Q: What is Evergy's reaction to Staff's position?

A: Evergy remains troubled by Staff's position and recommendations. Most notably, we are concerned that adoption of Staff's position in this proceeding (as well as on Evergy's own LLPS Rate Plan), will have a chilling effect on economic development in Missouri, as Staff supports a tariff structure that is unlikely to attract the type of quality large loads that our state supports. Electricity is the backbone of the economy in our nation and in our state. Given today's unique large load considerations, this Commission, coupled with utilities like Ameren and Evergy, play a critical role in supporting economic development in Missouri. See, e.g., SPP Our Generational Challenge at 2 ("State utility commissioners are extremely important in developing responsible cost allocation and resource adequacy policies."). The role of the Commission and Staff is clear and best represented by the Commission Mission Statement, which provides:

[4] See Tr. 215:7-216:14, 263:19:264:12 (J. Busch (Staff)), No. EO-2025-0154.

Mission Statement

We will:

- ensure that Missourians receive safe and reliable utility services at just, reasonable and affordable rates;
- support economic development through either traditional rate of return regulation or competition, as required by law;
- establish standards so that competition will maintain or improve the quality of services provided to Missourians;
- provide the public the information they need to make educated utility choices;
- provide an efficient regulatory process that is responsive to all parties, and perform our duties ethically and professionally.

Based on the Commission's Mission Statement, the Commission absolutely has a role in supporting economic development. The Commission must ensure that Missouri's regulatory environment is responsive, transparent, and competitive, directly supporting the attraction and retention of large customers and fostering statewide economic growth. See *Governor Kehoe Signs SB 4 Into Law, Securing Missouri's Energy Future and Economic Growth* (Apr. 9, 2025). Both Evergy and Ameren have put forward large load tariffs that reasonably accomplish this objective, while the conceptual tariff proposed by Staff would directly frustrate the very mission of this Commission.

Q: Please summarize Evergy's recommendations.

A: Evergy recommends that the Commission reject Staff's Recommendation for the LLC Rate Plan, as it would impose excessive regulatory burdens, cost uncertainty, and untenable terms that will deter economic development and undermine Missouri's ability to compete for new large loads. Adopting Staff's Recommendation would also undermine Ameren's efforts to fulfill its statutory obligations of ensuring just and reasonable rates.

In addition to recommending that the Commission reject Staff's recommendations, Evergy continues to support limited modifications to Ameren's LLC Rate Plan. Specifically, we request that in its decision approving the LLC Rate Plan, the Commission take the following steps:

(1) Ensure that the LLC Rate Plan (and any other large load tariffs approved in the state) establish Missouri as a competitive and attractive state in which large load customers will choose to locate;

(2) Ensure that the LLC Rate Plan includes rate design structures that demonstrate benefits to existing and non-large load customers, particularly from a cost-of-service perspective;

(3) Ensure that the LLC Rate Plan incorporates similar commercial principles to other large load tariffs that mitigate undue risk to non-large load customers (*e.g.,* minimum bill structure, exit fee, financial security); and,

(4) Reject Ameren's proposal to require Commission approval of any large load service agreement.[5]

By taking these steps, the Commission will ensure that the LLC Rate Plan is positioned to bring economic development opportunities to Missouri, promote a level playing field, and also protect non-participants. Below I provide more detail regarding Evergy's recommendations.

II. <u>Response To Staff</u>

Q: Please summarize Evergy's position regarding Staff's tariff proposals in this proceeding.

A: Staff's conceptual tariff proposals are, quite frankly, radical, and "novel."[6] Staff's tariff proposals are contrary to Section 393.130.7, are unsupported by regulatory precedent and conventional ratemaking practices, reflect an overreach into utility management decisions,

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[5] <u>See</u> Tr. 150:4-151:6 (K. Gunn), No. EO-2025-0154.

[6] See Tr. 263:19:264:12 (J. Busch), No. EO-2025-0154; Tr. 44:17-45:18 (Ameren Opening Statement), No. EO-2025-0154.

and do not promote Missouri's economic development. Staff's proposals would also unreasonably allocate incremental costs to customers. I explain some of these points in more detail below.

1. <u>Staff's Proposed Tariffs Do Not Reasonably Align with Conventional Ratemaking Practices</u>

Q: Staff's Recommendation repeatedly expresses concern with Ameren's "positive regulatory lag." Please explain what this "lag" refers to.

A: Staff expresses concern that, under Ameren's LLC Rate Plan, revenues from new large load customers would accrue to shareholders between rate cases, while incremental costs large load customers would be passed to existing customers through the Fuel Adjustment Clause ("FAC"). <u>See</u> Staff Rec. at 3. According to Staff, there is an "inherent lag between an when LLCS customer begins paying its bills, and when that revenue is recognized in a rate case[.]" <u>See</u> Staff Rec. at 15. Staff claims that the lag associated with large load customers is unique because of the load size and revenue generated, such that Ameren will maximize benefits to shareholders and over-recover (or, double recover) revenue at the expense of non-LLC customers by choosing to not file a rate case. <u>See</u> Staff Rec. at 20.

Q: Does Evergy agree?

A: No. Staff's position is inconsistent with long-standing ratemaking precedent and law. Notably, regulatory lag is a longstanding concept that is a product of the regulatory compact, and virtually all recognized ratemaking principles and structures. Specific to Missouri, base rates are typically set based on a historical or forecasted "test year" that reflects the utility's cost of service during a specific period. Any changes in costs or revenues after the test year are not immediately reflected in base rates because ratemaking generally allows utilities to recover costs that have already been incurred and proven to be prudent, rather than providing for immediate or forward-looking cost recovery, thus creating lag until the next rate case.

Staff's claim that large load customers' size and revenues will be mischievously used by a utility to "manipulate" rate cases to maximize shareholder value through double-recovery revenue is not only misguided, but non-sensical. See Staff Rec. at 20. Large load customers will impact utilities no differently than when any other customer begins to receive service between rate cases, particularly when a dedicated customer class is created for these customers, such as in Ameren's LLC Rate Plan or Evergy's LLPS Rate Plan. By developing rates based on a cost of service model, the utilities will, by definition, recover reasonable, cost-of-service based rates from these customers consistent with rates that are reviewed and approved by the Commission. Given the fact that these customers will pay their own cost-of-service based rate, which is subject to Commission oversight through surveillance reports, and rate/prudence reviews, it is unclear how a utility can possibly manipulate rates to over-recover as Staff alleges. More fundamentally, Staff's suggestion that large customers will somehow drive too much revenue is nonsense. Quite the contrary, revenues from new large loads will benefit all customers by enabling utilities to spread fixed costs across a larger rate base. In turn, large load revenues will drive rate benefits for all customers.

Staff's proposal also illogically disregards the potential for *negative* regulatory lag. As Staff witness Mr. Majors discussed in a recent rate case for Evergy's EMW entity, "regulatory lag is a critical ingredient in cost of service rate regulation" but only if the utility incurs positive and negative regulatory lag."[7] See K. Majors (Staff) Rebuttal at 52,

[7] See Tr. 251:5-256:2 (J. Busch (Staff)), No. EO-2025-0154.

No. ER-2024-0189. Staff's one-sided proposal would confiscate all "positive regulatory lag" from customers taking service under Ameren's LLC Rate Plan while leaving negative regulatory lag intact—a result that is unfair and discriminatory towards Ameren and its LLC customers.

Notwithstanding, even if the Commission were to become alarmed in the future about this regulatory lag, it has many tools at its disposal given the regulated nature of utilities. Aside from utility-filed general rate cases, the Commission itself has the right to file a utility rate case "upon its own motion or upon complaint" if it suspects that the utility's rates or charges are "unjust, unreasonable, unjustly discriminatory or unduly preferential or in any wise in violation of any provision of law."[8] See Mo. Rev. Stat. § 393.140(5). Section 393.140(5) is the Commission's checks and balances to Ameren's supposed "prerogative… to time rate cases to maximize shareholder benefit." See Staff Rec. at 20. Simply put, the Commission has broad ratemaking and prudence review authority to protect against Staff's concern.

[8] Staff witness Mr. Busch cites a Harvard Law School article on page 7 of his rebuttal to support the notion that "utilities have an incentive to overstate the need to their system." The article endorses an "alternative approach – which requires data centers to power themselves outside of the utility system …." The authors contend that this approach "sets up a formidable counterweight to utilities' monopoly power." See Martin, Eliza and Peskoe, Ari, *Extracting Profits from The Public: How Utility Ratepayers Are Paying for Big Tech's Power*, Environmental & Energy Law Program | Harvard Law School at 34 (2025). However, the authors' proposal would violate Missouri law where utilities have an obligation to serve the public within their service territory by providing safe and adequate service at just and reasonable rates. Mo. Rev. Stat § 393.130.1.

Q: Staff proposes on pages 64-65 of its Recommendation that Ameren should track the "excess" revenue from these large loads as a regulatory liability where it will be used to offset rate base in future cases, with a 50-year amortization. Does Evergy support this approach?

A: No. As Evergy witnesses explained in response to a similar proposal from the Staff on Evergy's LLPS Rate Plan, Staff's proposed approach to create regulatory liabilities represents a significant departure from established regulatory policy and Commission precedent, which allows utilities to benefit from positive regulatory lag as an incentive for efficiency and limiting rate case filings.[9] See Lutz Surrebuttal Testimony, Case No. EO-2025-0154, at 33-34 (Sept. 2025). Moreover, this proposal would amount to inequitable treatment of large load customers. The Commission has broad ratemaking authority with the opportunity to fully vet costs and revenues as part of general rate cases and nothing in Ameren's proposal undermines that authority.

2. Staff's Recommendation is Procedurally Improper and Overreaches into Ameren's Managerial Business Discretion

Q: Is Staff's tariff proposal proper per Section 393.130.7?

A: No. Per the explicit language of Section 393.130.7, Staff is not permitted to "file" a utility tariff and then force its "tariff" on the utility. See Section 393.130.7 ("Each electrical corporation … shall develop and submit to the commission" tariffs for large load customers.). Staff are independent technical advisors with "expertise in accounting, economics, finance, engineering/utility operations, law, or public policy." Mo. Rev. Stat.

[9] In Case No. EO-2019-0244, the Commission recognized it is inappropriate to establish a regulatory liability tracker when a large customer is added, as implementation of a tracker would prevent EMW from increasing its net income between rate cases as a result of serving Nucor under the special rate. Such a provision is unnecessary and would be unfair to EMW, as it would incur substantial costs to construct new infrastructure to enable it to serve Nucor. See *Report and Order*, p. 13, issued November 13, 2019.

§ 386.135.1. Under Missouri law, Staff and their personal advisors have the authority to "*render advice and assistance* to the commissioners and the commission's administrative law judges on technical matters within their respective areas of expertise..." Id. at § 386.135.4; In re Matter of Rate Increase Request for Liberty Utilities (Missouri Water), LLC, 592 S.W.3d 82, *85 (Mo. App. W.D. 2019) (emphasis added).

Conversely, § 393.130.7 directs utilities to submit schedules that "reasonably ensure" cost allocation and prevent cross-subsidization; it does not require exhaustive detail or eliminate utility judgment. See Mo. Rev. Stat. § 393.130.7. The discretion afforded in statute comports with the spirit and intent of Senate Bill 4 in that it supports economic competitiveness, consumer protections, and energy independence between utilities, thus increasing overall economic development in Missouri. See *Governor Kehoe Signs SB 4 Into Law, Securing Missouri's Energy Future and Economic Growth* (Apr. 9, 2025). If every aspect of a utility's day-to-day management decisions needed to be pre-approved through a lengthy regulatory process, utilities would lose the ability to respond quickly to customer requests or adapt their services and programming to respond to customer needs as they emerge. With respect to large loads in particular, Staff's recommendation to diminish utilities' role in managing their tariffed, Commission-approved large load programs will cause delay and uncertainty. This stands to drive prospective customers to locate in less burdensome states. Fundamentally, utilities must retain flexibility to oversee their own day-to-day business and execute their own management decisions, especially over Commission-vetted and approved programs such as large load tariffs. Notwithstanding the need of utilities to maintain day-to-day management decisions, the Commission will retain significant oversight by virtue of the regulatory construct, which affords the Commission full authority to evaluate the prudence of a utility's management decisions and associated costs *vis-à-vis* rate reviews.

This concern also relates to Evergy's concerns with Ameren's proposal to submit all service agreements with LLC customers to the Commission for approval, as it over-prioritizes and complicates processes where a tariff can easily establish the necessary protocols and processes. See Gunn Rebuttal at 20.[10] The Missouri legislature recognized that flexibility in a utility's tariffs, subject to the Commission's review, is essential to meet the diverse and evolving requirements of large customers while maintaining just and reasonable rates for all customer classes. See Mo. Rev. Stat. § 393.130.7.

Q: Do utilities in other jurisdictions have discretion with regard to how customers are served under large load tariffs?

A: Yes. As an example, Evergy recently reached a unanimous global settlement in its Kansas service territory, which garnered support from a wide range of intervenors. The settlement agreement in Kansas represents a compromise between Evergy, the staff of the Kansas Corporation Commission, the Kansas consumer advocate, industrial customers, Google, and data centers. Our comprehensive settlement in Kansas, which generally aligns Evergy's Missouri LLPS Rate Plan proposals, balances competing interests among diverse parties.

In particular, under Evergy's Kansas settlement, Evergy is provided significant discretion regarding its large load tariffs. Areas that Evergy maintains discretion include Evergy's ability to manage its Path to Power interconnection queue process, the specific terms and conditions of interim capacity agreements, discretion in evaluating customer

[10] See Tr. 150:4-151:6 (K. Gunn), No. EO-2025-0154.

creditworthiness and collateral requirements, implementation of the Clean Energy Choice Rider, and our ability to negotiate customer terms and conditions associated with certain renewable energy riders. See *Joint Motion for Approval of Unanimous Stipulation & Agreement*, In re Evergy Kansas Large Load Tariff, No. 25-EKME-315-TAR (Aug. 18, 2025). While Evergy appreciates that there are differences in the legislative and regulatory frameworks of Kansas and Missouri, we highlight our Kansas settlement as reflecting a constructive outcome (if approved) and roadmap for large load tariffs generally.

Q: How else does Staff's proposal fail to align with conventional ratemaking principles?

A: In its proposal to re-design Ameren's LLC Rate Plan, Staff attempts to quantify "the revenue requirement components that will vary due to LLC customers, and to separately bill for each component."[11] See Staff Rec. at 47. Staff's rate design is at odds with any other large load rate design Evergy is aware of across the country and also represents a level of unbundling that is not customary in Missouri, where small and large customer classes are typically served under bundled or moderately disaggregated rates.[12] Staff's proposal would thus undermine rate stability and predictability, while increasing administrative complexity. Additionally, moving away from the traditional bundled rate construct in favor of highly granular, component-based billing structure for a single customer class would create barriers to economic development by increasing complexity, reducing transparency, and introducing financial risk for large customers. Staff rightly recognizes that, "[r]ate structure is typically a balance between customer understandability,

[11] See Tr. 99:16-103:13 (Sarah Lange), No. EO-2025-0154.
[12] See Tr. 263:19:264:12 (J. Busch), No. EO-2025-0154; Tr. 44:17-45:18 (Ameren Opening Statement), No. EO-2025-0154.

ease of administration, and the alignment of cost/expense recovery with cost/expense causation," Id. at 46. Butut Staff's Recommendation fails to deliver on this balance.

3. Rate Design, Transparency, and Benefits to All Customers

Q: Staff claims that Ameren's proposed LLC Rate Plan is unlawful, illegitimate, and unreasonable because Ameren fails to ensure that large load customers pay their fair share of costs in violation of Section 393.130.7. Does Evergy agree?

A: As I explained in my Rebuttal testimony, Evergy has concerns about whether Ameren's LLC Rate Plan adequately insulates other customers served by Ameren from cost shift due to large load customers and has requested that the Commission take these concerns into account in its decision approving the LLC Rate Plan. See Gunn Rebuttal at 16-17. However, Staff goes well beyond Evergy's targeted recommendations. Staff takes general statutory language and creates radical, unreasonable, and again, extreme positions reading § 393.130.7 in isolation to support its contentions. See Staff Rec. at 3, 6-7. To be clear: Evergy is concerned that Staff's proposal stands to seriously chill, if not stop large load economic development in Missouri if adopted. Based on Staff witness Mr. Busch's hearing testimony in No. EO-2025-0154, Staff admits that it developed its tariffs in a vacuum, and with no feedback from large load customers.[13]

Q: Is the LLC Rate Plan proposed by Ameren compliant with the requirements of Section 393.130.7?

A: As stated in my Rebuttal testimony, Evergy believes that the LLC Rate Plan is a step in the right direction, and with certain *targeted* modifications, it will comply with § 393.130.7.

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[13] See Tr. 215:23-216:14, 263:19-264:12 (J. Busch), No. EO-2025-0154; Tr. 44:17-45:18 (Ameren Opening Statement), No. EO-2025-0154.

Q: If the Commission is to adopt the LLC Rate Plan with Evergy's proposed modifications, will this promote Missouri economic development opportunities in accordance with Section 393.130.7?

A: Yes. With the reasonable modifications the LLC Rate Plan Evergy presented in its rebuttal case, the LLC Rate Plan will balance the important objectives of attracting large load customers to Missouri, while protecting non-participants from cost-shift and other risks. Our proposals will also ensure a level, but competitive playing field across Missouri's regulated utilities.

Q: Does the LLC Rate Plan include protections for non-LLC customers, in accordance with Section 393.130.7?

A: Yes. The LLC Rate Plan includes several protections for existing and non-LLC customers, including a minimum monthly bill, an early termination fee, collateral requirements, minimum contract terms, and transparent provisions for approving reductions of contract capacity. See Gunn Rebuttal at 15. While Evergy has concerns about whether the specific terms proposed in the LLC Rate Plan are sufficient protections under the statute, Evergy maintains that the Commission can evaluate the sufficiency of these provisions prior to reaching any decision on the LLC Rate Plan. Indeed, as other intervenors have noted, serving large load customers can bring benefits to other ratepayers. See, e.g., C. Berry (Google) Rebuttal at 6.

Q: Does Staff's Recommendation promote economic development?

A: No. Staff does not even believe Missouri should pursue the opportunity to attract large load customers because, allegedly, the economic advantages of locating these customers to the state are not worth the risk. See J. Busch (Staff) Rebuttal at 5.[14] The only evidence Staff provides to support this statement is that there are "just a handful of maintenance staff required" at large data centers. Id. This is incorrect and ignores the many benefits that large load customers can bring to Missouri.[15] Staff even recommends restricting the overall quantity of load to be provided by the LLC customers to "33% of Ameren Missouri's annual Missouri jurisdictional load." See Staff Rec. at 62. This would decrease Ameren's potential revenues from LLC customers while being "unjustly discriminatory or unduly preferential" to other customers. See Mo. Rev. Stat. § 393.140(5). Ironically, such a restriction would severely limit other customers from benefitting from the rate mitigation benefits new large customers will bring. Staff's proposal is unjust and unreasonable. And, Staff's position is also directly at odds with state policy. Notably, in announcing the State's recent partnership with Lambda, a superintelligence computing developer, Governor Kehoe said the following:

> Missouri is proud to welcome Lambda as they create new, high-quality jobs and strengthen our state's technology and innovation ecosystem … [t]heir decision to grow here demonstrates the confidence that leading companies have in our people, our infrastructure, and our pro-business environment. It's been said that AI is the space race of our time, and we must win. Data centers are the future and critical to our continued ability to drive technological innovation, strengthen our economy, and safeguard our national security interests. Partnerships like this ensure Missouri remains at the forefront of America's winning strategy.[16]

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[14] See Tr. 215:23-216:14, 263:19-264:12 (J. Busch), No. EO-2025-0154; Tr. 44:17-45:18 (Ameren Opening Statement), No. EO-2025-0154.
[15] See Tr. 39:21-40-17. (Ameren Opening Statement), No. EO-2025-0154; Tr. 64:21-65:7. (DCC Opening Statement), No. EO-2025-0154; Tr. 76:21-77:17., 81:21-82:2. (Velvet Opening Statement), No. EO-2025-0154.
[16] See **Schedule KG-1**, https://ded.mo.gov/press-room/lambda-establish-ai-factory-facility-kansas-city (*last accessed* Nov. 3, 2025).

Q. Can you provide examples of some of the terms and conditions Staff proposes that may hinder economic development in Missouri?

A. Yes. Staff recommends a series of terms and conditions that stray from the categories of terms and conditions that are emerging nationally for serving large loads. Particular examples that Evergy is concerned with include: (1) extensive detailed load requirements where the large load customer defines its anticipated load by month and year for a minimum of 15 years, (2) demand measurement intervals, (3) time-based energy charges, and (4) termination fees. See Staff Rec. at 42-43, 58, 61-63.

Provisions like these would make a large load tariff an outlier among large load tariffs when considered at the national level.[17] Further, based on my professional experience interacting with large load customers, were the Commission to adopt any of these or similar terms and conditions here, I am concerned that the costs, uncertainty, and risk that these terms would present to prospective customers would effectively close the Missouri market to large load customers.

Q: What do you make of Staff's "fear" that Ameren might "overstate the potential number of customers and load growth that could locate in its service territory . . . ." (J. Busch (MPSC Staff) Rebuttal, p. 6, lines 17-18)?

A: Staff's distrust of utilities is disappointing.[18] For its part, Evergy has shared its data center information with Staff through public announcements and data request responses. Evergy also has mechanisms in place to "weed out" potential customers that do not have serious plans to build in Evergy's service territory. While I am in no position to assess whether

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[17] See Tr. 215:23-216:14, 263:19-264:12 (J. Busch), No. EO-2025-0154; Tr. 44:17-45:18 (Ameren Opening Statement), No. EO-2025-0154.

[18] See Tr. 148:3-149:18 (K. Gunn), No. EO-2025-0154; Tr. 224:7-19 (J. Busch), No. EO-2025-0154.

Ameren's internal approach for evaluating large load customers is as robust as Evergy's, I see little reason to doubt Ameren's claims given that Evergy is experiencing a similar stream of requests for interconnection from large load customers.

Q: Do Staff's tariffs "reasonably ensure" that customers' rates "prevent other customer… unjust or unreasonable" rates, in accordance with Section 393.130.7?

A: No. Again, Staff baselessly asserts throughout its Recommendation that Ameren's tariffs will unreasonably harm non-LLC customers, contrary to Section 393.130.7. However, it is Staff's approach that would unreasonably allocate costs to LLC customers. For example, Staff proposes that "any Deficiency Payment incurred after the addition of LLCS customers be borne solely by the LLCS customer class in proportion to the overall peak demand of each customer." See Staff Rec. at 91. Under this proposal, large load customers would bear full responsibility for any Midcontinent Independent System Operator ("MISO") deficiency-related charges associated with their load, including penalties triggered by forecast deviations, even if the capacity deficiency is not caused by their load. This over-allocation of risk and cost would subject large load customers to "undue or unreasonable prejudice or disadvantage," as well as "unjust" and "unreasonable" rates. See Mo. Rev. Stat. § 393.130.3; 393.130.7.

Similarly, Staff recommends that the Commission order all LLC customers to be registered as a separate commercial pricing node in the MISO market, in order to isolate and directly assign MISO-related costs (including congestion, imbalance, and ancillary services) to LLC customers. See Staff Rec. at 23-24, 58. This approach is not only extremely onerous and inconsistent with other utility programs, but may result in LLC customers bearing costs for market volatility, congestion, or ancillary services that, in a pooled system, would be socialized across all customers. The direct assignment could result in higher, less predictable costs for LLC customers, even if their load is not the sole or primary cause of such costs. The Commission would do well to consider the recent action in the adjacent Southwest Power Pool ("SPP") RTO, which rejected separate commercial pricing nodes for certain large customers. See SPP Market Working Group Meeting, "Summary of Motions and Action Items," Agenda Item 7 – RR720 (SIR795) CHILLS (Vote) at 4 (Sep 23-24, 2025).[19]

Q: Does Staff's tariff promote rate transparency and consistency?

A: No. Staff's proposal again misses the mark. Staff would include additional charges, such as the capacity shortfall rate, the capacity cost sufficiency rider, and the economic development discount ("EDR") responsibility charge. See Staff Rec. at 58, 64. These rate components include price levels dependent on volatile endogenous and exogenous variables beyond the LLC customers' control, in turn, increasing cost uncertainty the customer may be exposed to under the schedule. This uncertainty will brand Missouri as unattractive for large load customers, as additional charges and rate complexity does not equate to transparency for large load customers.

Q: Does the evidentiary record demonstrate that any of the additional charges proposed by Staff adhere to trending industry standard?

A: No. As explained in Rebuttal testimony by Mr. Ryan Hledik on behalf of Evergy, Staff's position is an outlier nationally both in terms of complexity and flexibility for serving large load customers. See Hledik Rebuttal at 21.

[19] See Tr. 194:3-22 (D. Brown), No. EO-2025-0154.

III. <u>Proposed Changes to the LLC Rate Plan</u>

Q: Are there any other points you would like to raise with regard to the LLC Rate Plan?

A: Yes. As stated in my Rebuttal testimony, Evergy believes that Ameren has put forward a thoughtful proposal for serving large load customers in its service territory. Like Evergy's LLPS Rate Plan, Ameren's proposal is categorically consistent with themes and trends emerging nationally in serving large load customers. Broad alignment with national trends will enable Missouri to benefit from the experience of other state regulators that have already reviewed and approved large load tariffs and also provide prospective large load customers with certainty that they will be served fairly and competitively in Missouri.

That said, Evergy maintains that certain aspects of the LLC Rate Plan warrant further consideration or revision, including the adequacy of the commercial principles in the LLC Rate Plan, the adequacy of the rate structure for protecting other ratepayers, and Ameren's proposal to submit all LLC service agreements to the Commission for approval, as detailed in my Rebuttal testimony. <u>See</u> Gunn Rebuttal at 15-20. Evergy urges the Commission to address these matters in any decision approving the LLC Rate Plan.

Q: In your Rebuttal testimony, you discuss the importance of consistency among large load tariffs in Missouri. Why is Evergy concerned about promoting consistency?

A: Evergy views consistency among large load tariffs, especially those in a given state, as an important element of promoting Missouri as a competitive, fair, and regulatorily stable energy market. Without such a market, Missouri's regulatory construct could create confusion for prospective large load customers, potentially deterring investment in the state and causing customers to locate their facilities in more predictable or "friendly" regulatory environments. Inconsistent approaches could also lead to perceptions of unfairness or favoritism, where some customers or regions receive more favorable terms than others.

This could result in intra-state competition, thus undermining the collective bargaining power of Missouri utilities and the state's ability to present a unified front to attract large load investments.

To be clear: by "consistent" Evergy does not mean "identical," and Evergy recognizes that tariff terms, conditions, riders, and the like must account for the unique circumstances of each utility. In this particular case, the existence of a MISO forward capacity market clearly allows for (and likely requires) differences in the filed tariffs of Ameren and Evergy. What Evergy seeks, rather, is broader harmonization of the regulatory framework within Missouri to promote convergence around several core objectives, including cost causation, fairness, and economic development. Consistency in those approaches will promote economic competitiveness among utilities in Missouri, while avoiding unintended consequences created by regulatory uncertainty.

IV. <u>Conclusion</u>

Q: Please summarize your testimony.

A: Ameren's proposed LLC Rate Plan is a thoughtful proposal for serving large load customers and, with some modifications, will help attract large load customers to Missouri while protecting non-participants. Evergy urges the Commission to take into account the proposals in my Rebuttal and Surrebuttal testimony in approving Ameren's LLC Rate Plan. Specifically, the Commission should:

(1) Approve large load tariffs, terms, and conditions that are nationally competitive and ensure that Missouri establishes itself as a competitive and attractive state in which large load customers seek to locate;

(2) Approve rate design structures that demonstrate benefits to existing and non-large load customers, particularly from a cost-of-service perspective, while also ensuring that incremental costs are borne by large load customers;

(3) Approve similar structures for material commercial principles that mitigate undue risk to non-large load customers (*e.g.*, minimum bill structure, exit fee, financial security);

(4) Expressly not require Commission approval of every large load service agreement that comports with a utility's Commission-approved large load tariff.

By taking these considerations into account and ensuring greater consistency between regulated utility large load tariffs in the state, the Commission will protect existing customers and avoid tipping the scale toward one utility or another within Missouri. At the same time, the Commission will enable economic development, job creation, and increased tax revenues from large load customers in Missouri – all consistent with its own Mission Statement.

By contrast, Staff's Recommendation represents a radical departure from national trends in large load tariff design. Imposing Staff's proposals on the LLC Rate Plan would create regulatory barriers and uncertainty for load customers, while hindering Missouri's ability to compete for large loads—particularly if similar provisions are imposed on other utility large load tariffs in the state. The Commission should therefore reject Staff's recommendations in full.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of New Modified Tariffs for Service to Large Load Customers	))))	Docket No. ET-2025-0184

AFFIDAVIT OF KEVIN D. GUNN

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kevin D. Gunn, being first duly sworn on his oath, states:

1. My name is Kevin D. Gunn. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Vice President – Regulatory and Government Affairs.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of twenty-one (21) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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

Kevin D. Gunn

Kevin D. Gunn

Subscribed and sworn before me this 3rd day of November 2025.

Anthony R. Westenkirchner

Notary Public

My commission expires: April 26, 2029

ANTHONY R WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2029
PLATTE COUNTY
COMMISSION #17279952

Lambda Doubles Down on Midwest Expansion, To Build AI Factory in Kansas City, MO

by Laura Phillips | Oct 28, 2025 Leave a comment

San Francisco, CA – October 28, 2025 – Lambda, the Superintelligence Cloud, today announced it is planning to transform an unoccupied 2009-built facility in Kansas City, Missouri, into a state-of-the-art AI Factory.

This Kansas City deployment is part of Lambda's mission to build the infrastructure backbone for the Superintelligence era. Under the agreement, Lambda is planning to develop and operate the facility as the sole tenant. The site is expected to launch in early 2026 with 24MW of capacity, and the potential to scale up to more than 100MW in the future.

“Missouri is proud to welcome Lambda as they create new, high-quality jobs and strengthen our state’s technology and innovation ecosystem,” said Governor Mike Kehoe. “Their decision to grow here demonstrates the confidence that leading companies have in our people, our infrastructure, and our pro-business environment. It’s been said that AI is the space race of our time, and we must win. Data centers are the future and critical to our continued ability to drive technological innovation, strengthen our economy, and safeguard our national security interests. Partnerships like this ensure Missouri remains at the forefront of America’s winning strategy.”

"Our Kansas City development perfectly embodies Lambda’s strategy: a prime location for our customers, an accelerated deployment timeline, and an unwavering commitment to on-time delivery," said Ken Patchett, VP of Datacenter Infrastructure at Lambda. "We believe this success stems from completely rethinking how AI factories should be built and operated."

Building big, shipping fast

When the facility launches in early 2026, it will initially feature more than 10,000 NVIDIA Blackwell Ultra GPUs—a footprint expected to double over time. The supercomputer is dedicated to a single Lambda customer for large-scale AI training and inference, under a multi-year agreement.

“Today in Kansas City, we are building the infrastructure to capitalize on AI's boom,” said Mayor Quinton Lucas. “An investment of this scale in the Northland highlights our city’s strength in technology, innovation, and job creation, and brings an empty asset back to life through creative reuse.”

The project enables Lambda to repurpose unused power and transform a formerly advanced data center into an AI-ready, future-proofed facility.

“Choosing Kansas City, Missouri, for a next-generation AI data center sends a clear message: Missouri is the tech leader in the center of the country,” said Subash Alias, CEO of Missouri Partnership. “We applaud Lambda for building an AI factory in the heart of the U.S. This is a generational investment that will expand opportunity for Missourians and accelerate the digital economy.”

“This investment from Lambda showcases the Kansas City region’s ability to creatively reimagine assets and attract transformative investment,” said Tim Cowden, President and CEO, Kansas City Area Development Council. “Data centers are critical to powering the innovation economy, and Kansas City wields the strength of infrastructure, reliable power, and a deep IT talent pool that continues to draw leading technology companies to the region.”

“Lambda’s investment in the Kansas City area emphasizes our state’s growing strength in technology and innovation,” said Michelle Hataway, Director of the Department of Economic Development. “DED is proud to support future-focused projects like this that enhance our workforce, drive sustainable growth across the region, and create opportunities for Missourians to prosper.”

This project was made through many local partners in Kansas City including the State of Missouri, Missouri Dept. of Economic Development, Missouri Partnership, Kansas City Area Development Council (KCADC), Platte County EDC, City of Kansas City, Mo., Economic Development Corporation of Kansas City, Mo., Port KC, Evergy, Spire, Inc., KC Tech Council, Russell Construction, Henderson Engineers, U.S. Engineering, and Capital Electric.

About Lambda
Lambda, The Superintelligence Cloud, builds gigawatt-scale AI factories for training and inference. From prototyping to serving billions of users in production, we build the underlying infrastructure that powers AI. Lambda was founded in 2012 by published AI engineers.

Lambda’s mission is to make compute as ubiquitous as electricity and give everyone in America the power of superintelligence. One person, One GPU.

Forward Looking Statements
This press release contains forward-looking statements about the company and its business, including its expectations regarding data center capacity, based on management's beliefs, assumptions, and expectations. Words such as "anticipate," "believe," "continue," "estimate," "expect," "future," "intend," "plan," and "will," or similar expressions, are intended to identify forward-looking statements. These statements are

based on management's current expectations, are not guarantees of future performance, and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied.

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Lambda Doubles Down on Midwest Expansion, To Build AI Factory in Kansas City, MO