Exhibit No.:	
Issue:	Overview; Governmental and Regulatory Policy
Witness:	Kevin D. Gunn
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	ER-2026-0143
Date Testimony Prepared:	August 11, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2026-0143

REBUTTAL TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
August 2026

TABLE OF CONTENTS

REBUTTAL TESTIMONY

OF

KEVIN D. GUNN

Case No. ER-2026-0143

I. INTRODUCTION

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: By whom and in what capacity are you employed?

A: I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory and Government Affairs for Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro," "EMM," or the "Company"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("EKM"), and Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a Evergy Kansas Central ("EKC"). These are the operating utilities of Evergy, Inc. ("Evergy").

Q: Are you the same Kevin D. Gunn who previously filed direct testimony in this case?

A: Yes.

Q: Who are you testifying for?

A: I am testifying on behalf of Evergy Missouri Metro.

Q: What is the purpose of your testimony?

A: The purpose of my rebuttal testimony is to respond to the direct testimony of certain members of the Staff of the Commission ("Staff") and to other intervenor witnesses on the following issues: (1) the treatment of projected Large Load Power Service ("LLPS") revenues in the Company's revenue requirement; (2) the fuel adjustment clause ("FAC") as it relates to large load customers and the 95/5% sharing mechanism; (3) the inclusion of construction work in progress ("CWIP") in rate base for Mullin Creek #2; and (4) income-eligible ratepayer programs. Specifically, I respond to Office of the Public Counsel ("OPC") witnesses Geoff Marke and Ron Nelson, Missouri Energy Consumer Group ("MECG") witness Greg Meyer, Google LLC witness Carolyn Berry, Renew Missouri witness Philip Fracica, and Staff witness Matthew Young.

Q: Please summarize the conclusions of your rebuttal testimony.

A: First, on large load customers, the safeguards Dr. Marke urges the Commission to impose on Schedule LLPS are the same proposals the Commission considered and rejected in No. EO-2025-0154, and nothing has changed to warrant a different result. Regarding LLPS revenues, the Company has already reduced its revenue requirement by approximately $25 million to provide immediate benefit to existing customers, assuming the risk if the revenues fall short. The mechanisms proposed by witness Meyer would inappropriately return only above-forecast revenues to customers while leaving below-forecast revenues with the Company. The approved LLPS framework already provides for reporting, stakeholder review, and a full cost allocation and rate design review in the first-rate case with a qualifying LLPS customer in the test year.

Second, in regard to the Company's FAC, I recommend that it is appropriate that all customer classes, including large load customers, continue to be reflected in a single FAC mechanism, and that the FAC adopt full reconciliation of eligible costs without the sharing mechanism in light of the realities of the centrally dispatched SPP market and impact of large load customers.

Third, Staff's objection to CWIP for Mullin Creek #2 in rate base is procedural, not substantive. Denying CWIP does not eliminate costs, it only defers the costs through Allowance for Funds Used During Construction ("AFUDC"), which increases the plant balance customers ultimately pay. The pending Certificate of Convenience and Necessity ("CCN") proceeding No. EA-2026-0154 does not prevent the Commission from granting CWIP in this proceeding. Furthermore, direct assignment of CWIP in rate base costs to large load customers is inconsistent with cost causation and Southwest Power Pool's ("SPP") market design.

Finally, on customer programs, the Company's targeted affordability programs deliver more benefit per dollar than across-the-board rate reductions and complement, rather than duplicate, existing federal and state assistance.

II. LARGE LOAD CUSTOMERS & TREATMENT OF PROJECTED LLPS REVENUES

Q: What issues do you address in this section of your testimony?

A: I address two recommendations. The first concerns the terms of Schedule LLPS, where Dr. Marke requests the Commission to impose conditions it declined to adopt when it approved the Non-Unanimous Global Stipulation and Agreement in No. EO-2025-0154. The second concerns the approximately $25 million of projected LLPS revenues the Company reflected in its revenue requirement, where witnesses Meyer and Dr. Berry each propose a mechanism to adjust for results that differ from that forecast. I also describe the benefits large load customers provide to the system and to existing customers.

Q: OPC witness Dr. Marke expresses concern with Evergy's "speculative" LLPS customers and the need to provide safeguards for non-LLPS customers. How do you respond?

A: Dr. Marke states that there is "liability inherent in bringing on speculative large load customers," and that the Commission needs to adopt "hold harmless safeguards for its ratepayers/citizens."[1] When arguing for these safeguards, Dr. Marke is recycling arguments he proposed and that were rejected by the Commission in Evergy's and Ameren Missouri's respective large load proceedings, No. EO-2025-0154 and No. ET-2025-0184. He again proposes that the megawatt threshold should be 25 MWs, the tariff term limit be 20 years, and the minimum demand charge of 90%.[2] However, the Commission rejected these provisions when it approved Evergy's Non-Unanimous Global Stipulation and Agreement.

The Commission stated the "Agreement establishes reasonable protections and safeguards for Evergy's existing customers, ensures that new large load customers will pay their share of system costs associated with serving new large loads, and provides a competitive rate program that will help drive economic development in Missouri."[3] "The commercial terms and conditions agreed to in the Agreement establish safeguards for non-LLPS customers with a minimum bill requirement, substantial minimum demand requirements, a minimum service term, and the creation of the Schedule LLPS customer class."[4]

---

[1] See G. Marke Direct at 32.
[2] Id. at 33.
[3] See Report & Order at 16 (Nov. 13, 2025), In re Evergy App. Regarding Approval of New & Modified Tariffs for Large Load Customers, No. EO-2025-0154 ("Evergy Large Load Order").
[4] Id.

Q: Is Dr. Marke proposing any other recommendations previously rejected by the Commission in No. EO-2025-0154?

A: Yes. Dr. Marke recommends a pre-construction study and a future post-construction study regarding Power Usage Effectiveness, Water Usage Effectiveness, and total harmonic distortion.[5] However, the Commission rejected "OPC's proposal for the Power Usage Effectiveness, Water Usage Effectiveness, and Total Harmonic Distortion studies" because "the studies would be duplicative of efforts already performed by large load customers and Evergy."[6] Requiring these studies "would make the process unduly onerous for large load customers, thereby creating barriers to entry into the Missouri market,"[7] contrary to the intent of Senate Bill 4 and the policy of Governor Kehoe to attract large load customers to capitalize on their economic value.

Q: How are projected LLPS revenues reflected in the Company's proposed revenue requirement?

A: As discussed in the direct testimonies of Company witnesses Graham Jaynes and Ronald Klote, the Company reduced its proposed revenue requirement by approximately $25 million to reflect projected revenues from customers expected to take service under Schedule LLPS during the true-up period. By recognizing these projected revenues in this case, the Company is providing existing customers with the immediate benefit of anticipated LLPS revenues through a lower revenue requirement, rather than waiting until a future general rate case.

---

[5] See G. Marke Direct at 21-32.
[6] See Evergy Large Load Order at 32-33.
[7] Id.

Q: Does including projected LLPS revenues in the Company's revenue requirement create any risk for the Company?

A: Yes. Including approximately $25 million of projected LLPS revenues in this case requires the Company to forecast the timing and magnitude of customer development in a rapidly evolving market. If fewer customers take service than projected, if projects are delayed, or if actual electricity usage is lower than forecast, the Company will not recover the full amount of the projected revenues reflected in this rate case. In that circumstance the resulting shortfall would be borne by the Company until its next general rate case. Conversely, if actual LLPS revenues exceed the forecast reflected in this case, those results will become part of the Company's actual operating results and will be reflected in the Company's future earnings.

Q: What does Missouri Energy Consumer Group (MECG) witness Greg Meyer recommend regarding projected LLPS revenues?

A: Mr. Meyer recommends in his direct testimony at pages 9-11 that the Commission adopt an annual reporting and reconciliation mechanism for Schedule LLPS. Under his proposal, the Company would compare the actual net revenues associated with Schedule LLPS customers to the amount reflected in this rate case. If actual net revenues exceed the projected amount included in rates, the excess would be deferred as a regulatory liability for the benefit of customers in a future rate case. However, if actual net revenues are lower than projected, the Company would not be permitted to establish a regulatory asset to recover the shortfall. As a result, customers would receive the benefit of revenues above forecast, while the Company would bear the full risk if revenues fall below forecast.

Q: Do you agree with Mr. Meyer's recommendation?

A: No. As noted above, the Company has already reduced its proposed revenue requirement by approximately $25 million of projected revenues from Schedule LLPS customers to provide existing customers with those benefits. In addition, this number is expected to grow to $43 million in true-up. In doing so, the Company has assumed the risk that actual revenues may be lower than forecasted. In addition, the Commission recently approved a framework for the implementation and ongoing review of the LLPS tariff that includes annual reporting requirements and provides for a comprehensive evaluation of LLPS costs and rate design in a future general rate case. I believe those mechanisms provide an appropriate process for evaluating the Company's experience with Schedule LLPS.

Moreover, the Company's overall financial performance cannot be evaluated by separately reconciling the revenues and estimated incremental costs associated with a single customer class. The Company's earned return reflects the combined impact of revenues, operating expenses, depreciation, taxes, capital investment, financing costs, and numerous other factors affecting all customer classes. While Mr. Meyer's proposal attempts to identify the net revenues associated with Schedule LLPS customers, it does not measure the Company's actual earned return or the overall impact of those customers on the Company's financial results.

Finally, the existing ratemaking principles already provide the Commission with the opportunity to review EMM's actual financial results in future general rate cases and adjust rates prospectively if warranted. I do not believe a separate, one-sided reconciliation mechanism for projected LLPS revenues is necessary or consistent with traditional cost-of-service regulation. Moreover, Senate Bill 4 does not require such a mechanism.

Q: Does Mr. Meyer's proposal provide a balanced approach to tracking LLPS revenues?

A: No. Mr. Meyer’s proposal would operate as a one-way tracking mechanism. Under his proposal, if LLPS net revenues exceed the $25 million revenue imputation, the excess would be recorded as a regulatory liability. However, if LLPS revenues are less than the amount reflected in base rates, Mr. Meyer expressly rejects establishing a corresponding regulatory asset and instead states that the Company should simply file a future rate case to revise or eliminate the revenue imputation.

As a result, Mr. Meyer’s proposal requires the Company to bear all of the downside risk associated with the revenue imputation. The Company does not believe that is a balanced or appropriate approach. In this case, the Company voluntarily proposed a $25 million reduction to its revenue requirement to recognize expected future LLPS revenues, thereby providing an immediate benefit to customers. If the Commission determines that amount is reasonable, the appropriate course is to address any subsequent differences between forecasted and actual results in the Company’s next general rate case, consistent with traditional ratemaking principles, rather than establishing a one-way tracking mechanism.

Q: Has the Commission already taken steps to address some of the issues identified by Mr. Meyer?

A: Yes. As mentioned briefly above, the Commission approved the Stipulation and Agreement in the Company’s LLPS tariff case, No. EO-2025-0154,[8] which included several provisions intended to provide transparency regarding the implementation of

---

[8] See Evergy Large Load Order at 46.

Schedule LLPS and to ensure that the rates applicable to LLPS customers can be refined as operating experience is gained.

For example, the Stipulation and Agreement requires the Company to provide annual reports regarding customer participation under Schedule LLPS and establishes a process for stakeholders to review that information.[9] The report will contain "(i) the number of new or expanded customers that have enrolled in Schedule LLPS and (ii) the total estimated load enrolled under Schedule LLPS. Any other reporting requirements will be determined as a result of the Company and stakeholder discussions."[10] Additionally, the Company has committed to providing its energy usage information on a confidential and anonymized basis, as well as meet with Staff and OPC at least annually to provide updates regarding Schedule LLPS.[11]

The Stipulation and Agreement also provides that in the first general rate case that includes at least one qualifying LLPS customer in the test year, the Company will evaluate the costs and impacts of Schedule LLPS customers. It will also present a cost allocation and rate design proposal to ensure that LLPS customers pay their representative share of the costs incurred to serve them and that other customer classes do not bear unjust or unreasonable costs.[12]

While Mr. Meyer proposes an additional annual reconciliation of net Schedule LLPS revenues between rate cases, I do not believe such an additional mechanism is necessary. The recently approved LLPS framework already provides for ongoing

---

[9] See Non-Unanimous Global Stipulation & Agreement at ¶ 35, No. EO-2025-0154 (Sept. 25, 2025).
[10] Id.
[11] Id.
[12] Id. at ¶ 14.

reporting, as well as a comprehensive review of LLPS costs and pricing in a future general rate case when sufficient operating experience is available.

Q: What does Carolyn Berry, on behalf of Google LLC, recommend regarding the treatment of LLPS revenues?

A: Dr. Berry recommends that the Commission adopt a temporary earnings sharing mechanism to address what she believes will be excess earnings associated with the Company's proposed LLPS rates.[13] She explains that because the Company's projected LLPS revenues exceed the current embedded cost of serving those customers and because additional LLPS customers are expected to begin taking service between rate cases, Evergy may earn above its authorized return before those revenues are reflected in a future general rate case.[14]

To address that concern, Dr. Berry recommends that Evergy Missouri Metro retain 100 percent of earnings up to 25 basis points above its authorized return on equity. Any earnings above that level would then be shared, with 75 percent credited to customers and 25 percent retained by the Company.[15] Dr. Berry recommends that this mechanism remain in place until cost-based LLPS rates are established in a future general rate case.

Q: Do you agree with Dr. Berry's recommendation to adopt an earnings sharing mechanism?

A: Dr. Berry notes that certain Schedule LLPS customers are in the early stages of ramping their operations, and I agree that this creates additional uncertainty regarding the level of revenues and costs that may materialize between the true-up in this case and the Company's

---

[13] See C. Berry Direct at 12-14.
[14] Id.
[15] Id. at 13-14.

next general rate case. Under those circumstances, I understand why Google has suggested that the Commission consider an earnings sharing mechanism.

The Company recognizes that an earnings sharing mechanism is one regulatory tool available to the Commission, and the Commission could determine that such a mechanism is appropriate in this proceeding. In fact, Evergy Kansas Central currently operates under an Earnings Review and Sharing Plan approved by the Kansas Corporation Commission, demonstrating that the Company is not opposed to an earnings-sharing framework.[16]

If the Commission elects to adopt an earnings sharing mechanism in Missouri, however, it should be designed to evaluate the Company's overall financial performance rather than focusing only on revenues or net revenues associated with Schedule LLPS customers. The Company's earned return is determined by the combined effect of revenues, operating expenses, depreciation, taxes, financing costs, capital investment, and numerous other factors affecting the utility's cost of service. Focusing on a single customer class would not provide a complete or balanced assessment of whether the Company has earned more than its authorized return.

Accordingly, if the Commission determines that an earnings sharing mechanism is warranted, the Company believes it should be based on the Company's overall earnings and overall cost of service, similar to the broader framework adopted in Kansas.

---

[16] See Order Approving Unanimous Settlement Agreement at 5-6, In re App. Evergy Kansas Central & Evergy Kansas South Approval to Make Changes in Charges for Electric Service, Docket No. 25-EKCE-294-RTS (Sep. 25, 2025).

Q: Dr. Berry cites Ameren Missouri's Large Load Customer Service ("LLCS") tariff sharing mechanism in No. ET-2025-0184 in support of her recommendation. Does Ameren Missouri's sharing mechanism support her proposal in this case?

A: No. The earnings sharing provision cited by Dr. Berry was only one element of a comprehensive negotiated settlement that addressed numerous issues associated with Ameren Missouri's LLCS tariff.[17] It reflected the specific compromises reached by the settling parties in that proceeding and was approved by the Commission in the context of the settlement as a whole.

Moreover, Dr. Berry does not recommend that the Commission adopt the same mechanism approved in the Ameren case. The proposal she recommends here differs in several important respects, including the sharing percentages, the addition of a 25-basis-point deadband, and the overall design of the mechanism. Accordingly, the Ameren settlement provides no support for adopting the earnings sharing mechanism proposed by Dr. Berry.

Q: Do LLPS customers provide benefits to Evergy's system and to existing customers that are being ignored?

A: Yes. Large load customers are "economic and operational partners that provide important advantages to electric utilities and their customers."[18] As this Commission observed, there are several operational advantages data centers provide: "(a) Data centers are consistent and predictable consumers of energy, which supports more efficient operation and planning of the electric utility grid; (b) Data centers enable utility system planners and grid operators

---

[17] See Order Approving Ameren Mo.'s Large Load Rate Plan at 4 (Nov. 24, 2025), In re Ameren Mo. App. Approval of New Modified Tariffs for Large Load Customers, No. ET-2025-0184; Amended Non-Unanimous Global Stipulation & Agreement at ¶ 46, id.
[18] See Evergy Large Load Order at 9, No. EO-2025-0154.

to optimize existing generation and transmission infrastructure, which can delay new infrastructure investments and improve overall system efficiency; and (c) Many large load customers engage in demand management, which further enhances grid stability and reliability."[19] Moreover, these large load customers provide economic advantages to all EMM customers because "their consistent energy usage helps distribute fixed costs across a larger energy volume, which contributes to a lower average cost per kilowatt-hour for all customers."[20]

The Commission also noted that the Evergy Schedule LLPS, as modified by the Non-Unanimous Global Stipulation and Agreement, assesses large load customers "rates that will recover the costs to serve large load customers, while providing ratemaking benefits to non-large load customers with opportunities for additional revenues and contributions from large load customers' participation in a suite of riders."[21]

Q: What is the practical effect of the proposals you have discussed?

A: Both proposals would reopen a framework the Commission approved less than a year ago—before any LLPS customer has taken service and been reflected in a test year evaluation in a general rate proceeding. The Non-Unanimous Global Stipulation and Agreement already establishes the appropriate time to revisit these issues: the first general rate case with a qualifying LLPS customer in the test year, when costs and revenues can be measured.

---

[19] Id. at 9-10.
[20] Id. at 10.
[21] Id. at 16.

III. FUEL ADJUSTMENT CLAUSE

Q: What do you address in this section?

A: I address two policy questions arising from the arrival of large load customers: whether those customers should be removed from the fuel adjustment clause, and whether the 95/5% sharing mechanism remains appropriate given the magnitude and character of what now flows through the FAC. Company witness Nunn addresses Staff's specific proposals and the mechanics of the base factor while I address the regulatory policy.

Q: What is the policy purpose of the FAC?

A: The FAC exists to true-up actual energy costs against the level reflected in base rates. Fuel and purchased power costs are volatile and largely beyond the utility's control, and the General Assembly enacted Section 386.266[22] so that recovery of those costs would not depend on the timing of the next rate case.

Q: Should LLPS customers be removed from the FAC?

A: No. Removing a customer class does not change what drives the costs. The Company still procures the same energy, meets the same reserve obligations, and faces the same market.

Q: Staff and OPC suggest that excluding large loads from the FAC protects non-LLPS customers. Is that accurate?

A: No, it is an incomplete perspective. The full LLPS tariff structure applies an umbrella of cost allocation approaches to the LLPS customer group. The FAC is one cost allocation and recovery element, which is part of the broader balance of cost assignment designed to ensure all-in LLPS rates reasonably represent the costs to serve LLPS customers.

[22] All statutory citations are to the Missouri Revised Statutes (2016), as amended.

Q: Is there a broader concern with class-specific recovery mechanisms?

A: Yes, and it is the concern I would emphasize. Missouri ratemaking rests on the premise that an integrated utility serves an integrated body of customers, with costs allocated among classes through cost-of-service study and rate design — not by segregating classes into separate mechanisms.

Q: What is the current FAC sharing mechanism in Missouri?

A: The FAC accumulates total energy costs and compares them to the amounts in base rates. Ninety-five percent (95%) of the difference is collected from or returned to customers in the following period; the Company absorbs or retains the remaining five percent (5%).

Q: What was the policy rationale for that structure?

A: The Commission first adopted Evergy Missouri Metro's 95/5% sharing mechanism in its rate case (No. ER-2014-0370)[23], reasoning that a "95%/5% sharing mechanism, where customers would be responsible for, or receive the benefit of, 95% of any deviation in fuel and purchased power costs would provide KCPL a sufficient opportunity to earn a fair return on equity while protecting KCPL's customers by providing the company an incentive to control costs."[24]

Q: Evergy has previously testified in support of the 95/5% mechanism. Are you now taking a different position?

A: No. As to the percentage, I continue to recommend that eligible costs be reconciled in full without sharing, but that if the Commission determines a sharing mechanism is appropriate, the 95/5% ratio should be maintained. As to the reasoning, in Evergy Missouri West's 2024

[23] See Report & Order at 30-31, In re Kansas City Power & Light Co. Rate Case, No. ER-2014-0370 (Sep. 2, 2015).
[24] Id. at 31.

rate case (No. ER-2024-0189),[25] an operating utility of Evergy, Inc., I opposed OPC's proposal to increase sharing to 75/25% as punitive, inconsistent with legislative intent, and far outside mainstream regulatory practice.[26] In that same testimony I included two observations that bear directly on the question now before the Commission: that most states have no sharing provision at all and pass through 100 percent of eligible costs, and that in an organized market with central dispatch, efficiencies are already reflected in the prevailing market price, which makes a sharing mechanism less useful as an incentive.[27] Those observations were true then. What has changed since is the magnitude of the amounts to which the mechanism now applies.

Q: What specifically has changed?

A: When the Commission set the 95/5% sharing mechanism, and each time it declined to revisit the percentage in the years that followed, FAC variances arose principally from commodity price movements and dispatch decisions. The load now arriving under Schedule LLPS is different in kind of impact to net fuel costs. These customers represent changes in demand rather than incremental growth. Their energization dates, ramp schedules, and ultimate consumption are uncertain, and serving them requires interim and contract capacity commitments driven by SPP's resource adequacy requirements.

Q: Why does controllability of load matter to the FAC?

A: The FAC sharing mechanism only functions where the party bearing the risk can change the outcome. Specifically, the FAC sharing mechanism requires the Company to take all reasonable actions to keep costs low. That reasoning holds where the variance stems from

[25] See Report & Order at 9-10, In re Evergy Missouri West General Rate Case, No. ER-2024-0189 (Dec. 4, 2024).
[26] See Ex. 120 at 4, K. Gunn Surrebuttal, No. ER-2024-0189.
[27] Id. at 2-4.

procurement and dispatch. It does not hold when a data center energizes, how quickly it ramps, or what SPP requires in reserve margin. Where the utility cannot influence the outcome, sharing stops functioning as an incentive and operates instead as a risk transfer. Moreover, because these large load customers will pay a proportionately larger share of fuel costs — since they will be receiving a large amount of energy, thereby requiring increasing fuel expense accordingly — retaining the 95/5% split prevents a greater benefit from flowing through to remaining customers.

Q: What do you recommend?

A: That the Commission adopt full reconciliation of eligible costs, without sharing.

Q: Would eliminating sharing leave customers without protection?

A: No. Customers' protection has always been the Commission's prudence review, and it is undiminished. A utility that procures or dispatches imprudently faces disallowance, a consequence considerably more significant than a share of variance. Sharing operates regardless of whether costs were prudently incurred, which is why it is a poor instrument for the circumstances now presented. Sharing turns on outcomes rather than decisions and is inconsistent with how this Commission evaluates prudence.

Q: Does the relevance of sharing differ in an organized market?

A: Yes. In a centrally dispatched market, efficiency is already enforced by the market itself; that is, SPP dispatches on economics, and the prevailing market price reflects that. A utility operating in SPP has limited ability to outperform the market through its own dispatch decisions, which is partially what the original sharing mechanism was designed to encourage. A larger share of the Company's energy costs is driven by market outcomes and resource adequacy requirements rather than by Company decisions about procurement.

Given this, in a load growth environment where the underlying rationale for sharing no longer applies, the 5% retention becomes punitive to the Company rather than incentivizing. For these reasons, the Company requests that the Commission adopt full reconciliation of eligible costs without sharing.

IV. <u>CONSTRUCTION WORK IN PROGRESS</u>

Q: What issues do you address in this section of your testimony?

A: I address the recommendations of parties who oppose or condition the inclusion of CWIP for Mullin Creek #2 in rate base. Staff witness Young contends that CWIP treatment is premature while the Company's CCN request in No. EA-2026-0154 remains pending. OPC witnesses Dr. Marke and Mr. Nelson contend that because the need for new generation is driven by large load customers, those customers should bear the facility's costs. However, I explain why Section 393.135[28] permits the Commission to approve CWIP for Mullin Creek #2 in this proceeding, why denying CWIP defers and increases costs rather than eliminating them, and why direct assignment of generation costs to individual customers is inconsistent with cost causation and SPP's market design.

Q: What is the Company's response to Staff witness Matthew Young's assertion that CWIP for the Company's proposed natural gas generation facility, Mullin Creek No. 2, should not be reflected in rate base before the Commission issues its determination in the pending CCN in No. EA-2026-0154?

A: Staff's issue is procedural, not substantive, and ignores both the statutory intent and long-term benefits of including CWIP in rate base. Section 393.135 provides for current recovery of CWIP as the alternative to capitalization through Allowance for Funds Used

[28] All citations are to the Revised Statutes of Missouri (2016), as amended.

During Construction accruals, enhancing the timeliness of cost recovery and reducing financing costs, which benefits customers. The timing of the CCN order in No. EA-2026-0154 should not nullify the statutory authorization for CWIP treatment or deprive customers the benefits of CWIP in rate base. It is well within the Commission's discretion to coordinate the inclusion of CWIP for Mullin Creek #2 in this rate case.

Q: What is your response to Staff witness Young's claim that EMM did not make any investments in Mullin Creek #2 as of December 31, 2025?

A: I agree. Mr. Young is correct that expenditures associated with the construction of Mullin Creek #2 did not begin before December 31, 2025.[29] However, Mr. Young's observation is largely a function of the historical test year and update period selected by Staff to present their case and does not reflect the actual record that will exist when rates are ultimately established. Staff acknowledges throughout its testimony that plant and rate base balances will be updated through the June 30, 2026, true-up date. By that date, Evergy will have incurred construction expenditures associated with Mullin Creek #2 which began in March of 2026.

Q: What is your response to Staff witness Young's testimony that consideration of CWIP would be premature because the Commission will not have issued a final order in No. EA-2026-0154 prior to the conclusion of this rate case?

A: I disagree. As I stated earlier, it is well within the Commission's discretion to coordinate this rate case and the Mullin Creek #2 CCN request in No. EA-2026-0154. In addition, the existence of a pending CCN proceeding does not prevent the Commission from evaluating

[29] See M. Young Direct at 41.

the evidence available in this proceeding and making a reasonable ratemaking determination based upon the facts presented.

Moreover, prior to the Commission's issuance of its Report and Order in this proceeding, No. EA-2026-0154 will have progressed substantially as the procedural schedule includes settlement conferences in August and September, with parties exchanging settlement positions before each. Given the evidence regarding Evergy's need for additional dispatchable generation resources, it is both reasonable and prudent to proceed on the basis that the approval of Mullin Creek #2 will progress through the regulatory process. The Commission recently granted Evergy Missouri West a CCN for Mullin Creek #1 in No. EA-2025-0075. And the same fundamental reliability and capacity considerations that supported the Commission's approval are relevant to Mullin Creek #2. Finally, the construction costs being considered in this rate case are the beginning costs of a multi-year construction project and are not the total construction cost estimates for Mullin Creek #2.

Q: Are there consumer protections that mitigate the concerns raised by witness Young if Mullin Creek #2 is not approved by the Commission?

A: Yes. I believe the General Assembly anticipated this concern when it enacted Section 393.135.2 which contains provisions that mitigate Staff's concerns, specifically "subject to refund" provisions and an offset for CWIP amounts when calculating return deferred under Section 393.1400.3(2). As such, if construction of Mullin Creek #2 is ultimately denied by the Commission, the subject to refund provision will provide the avenue to return any collected funds under CWIP back to customers.

Q: Would including Mullin Creek #2 CWIP costs in rate base provide benefits to customers versus continued capitalization of AFUDC?

A: Denying the Company's CWIP request in this rate case does not eliminate costs, but rather only delays cost recovery. Witness Young's recommendation effectively requires Evergy to continue capitalizing AFUDC until Mullin Creek #2 is either considered in a future EMM rate case or placed into service. AFUDC increases the project's plant balance and results in the accumulation of financing costs that become part of the asset on which customers will subsequently pay depreciation expense and a return over the life of the facility.

In contrast, inclusion of eligible CWIP in rate base reduces the accumulation of AFUDC and the compounding of financing costs during construction. As a result, the total amount added to plant in service is lower, reducing the long-term revenue requirement associated with the project. Stated differently, CWIP treatment allows a portion of financing costs to be recovered as they are incurred rather than capitalized and recovered for decades after the facility enters service. The Legislature recognized these economic realities when it amended Section 393.135 to authorize CWIP treatment for eligible natural gas generation projects. Consequently, inclusion of Mullin Creek #2 can produce meaningful long-term savings for customers by limiting AFUDC accumulation and reducing the overall cost of the resource over its useful life.

Q: Did OPC question the amount of CWIP the Company seeks to recover?

A: No. OPC witnesses Marke and Nelson did not call into question Evergy Missouri Metro's requested amount for CWIP.[30]

[30] See R. Nelson Direct at 20-21; G. Marke Direct at 34-42.

Q: Do other OPC witnesses discuss CWIP?

A: Yes. OPC witness Dr. Marke opposes CWIP for Mullin Creek #2 "unless customers taking service under the LLPS tariff explicitly agree that they will bear all associated costs … for an overpriced, unneeded (but for the data centers) natural gas plant."[31] Similarly, OPC witness Ron Nelson states that the need to build new generation facilities is driven by large load customers, however, non-LLPS customers will carry the burden of paying for Mullin Creek #2 because there is no cost allocation to Schedule LLPS customers.[32]

Q: Does Evergy Missouri Metro agree with Dr. Marke and Mr. Nelson?

A: No. First, EMM should not be denied a right that is provided by law to electrical corporations to recover their reasonable costs to construct a new natural gas plant that it is being built for the benefit of its customers. As discussed at length in the Company's CCN Application and its supporting testimony in No. EA-2026-0154, the need for the capacity and energy to be provided by Mullin Creek #2 is based not solely on load growth. This need is also premised on recent and future increases in reserve planning margins and other resource adequacy requirements by SPP that are designed to address extreme and volatile weather conditions which challenge electric utility infrastructure and operations.[33] Mullin Creek #2 will help EMM provide safe and adequate service at just and reasonable rates for all customers.

Finally, contrary to Dr. Marke who claims without offering any analysis that the facility is "overpriced," Mullin Creek #2 will provide the Company with an economically

[31] See G. Marke Direct at 42.
[32] See R. Nelson Direct at 20-21.
[33] See App. at 10-14, In re Evergy Mo. Metro CCN App. for Natural Gas Facility, No. EA-2026-0154 (May 14, 2026).

feasible and dispatchable resource necessary to help satisfy its customers' need for capacity.[34]

Q: Do you agree that the costs of Mullin Creek #2 should be borne by and assigned to large load customers?

A: No. The direct assignment of the costs of generation facilities to large load customers is not appropriate and contrary to Missouri regulatory policies because it would undermine least-cost planning, distort cost-of-service and cost-causation principles, and impair optimized system operations. Implementing direct assignment would necessitate registering the customer at a separate pricing node. However, on September 23-24, 2025, the SPP Market Working Group rejected a proposal designated as "RR720 (SIR795) CHILLS" which included a provision pertaining to separate commercial pricing nodes for non-firm transmission service known as Conditional High Impact Large Load Service ("CHILLS").[35] Registering LLPS customers with separate nodes would be inconsistent with the views of SPP stakeholders and FERC's recent CHILLS order,[36] as well as with SPP's existing wholesale market design structure. Such a proposal would impose unjustified and complex operational and settlement requirements and would likely result in significant rate instability and inequitable treatment for affected customers.

---

[34] See App. at 14-15, No. EA-2026-0154; Report & Order at 14-15, In re KCP&L Greater Mo. Operations Co. Application for a CCN regarding Solar Generating Facilities in Western Mo., No. EA-2015-0256 (Mar. 2, 2016), aff'd United for Missouri v. PSC, 515 S.W.3d 754, 764-65 (Mo. App. W.D. 2016) (CCN issued for Greenwood solar facility); Report & Order at 81-85, 98-99, In re KCP&L Greater Mo. Operations Co. Rate Case, No. ER-2010-0356 (May 4, 2011), aff'd State ex rel. KCP&L Greater Mo. Operations Co. v. PSC, 408 S.W.3d 153, 161-62 (Mo. App. W.D. 2013) (Crossroads Energy Center included in rate base). See also Office of the Public Counsel Initial Brief at 5-6, 22-26, 39-40, In re Eleventh Prudence Review of Evergy Mo. West Fuel Adjustment Costs, No. EO-2023-0277 (filed June 24, 2024); Report & Order at 34-35, In re EMW & EMM App. CCN Natural Gas Facilities, No. EA-2025-0075 (July 31, 2025).

[35] See SPP Market Working Group Meeting, Summary of Motions and Action Items, "Agenda Item 7 - RR720 (SIR795) CHILLS (Vote)" at p. 4 (Sept. 23-24, 2025). The Commission recognized the rejection of this proposal in ¶ 93 of its Evergy Large Load Order at p. 39.

[36] See Order Accepting Tariff Revisions, Subject to Condition, Southwest Power Pool, Inc., 195 FERC ¶ 61,196, No. ER26-1323 (June 5, 2026). This Order is attached to Ms. Eubank's direct testimony as Schedule CME-d2.

SPP's integrated marketplace is premised on aggregated utility load, not customer-by-customer nodal registration. The SPP market protocols do not provide for registering retail customers as discrete pricing nodes, and there is no known practice in SPP of customer-level pricing node ("PNode") registration.[37]

Moreover, forcing a single customer's load into its own PNode erases the hedging value of netting and amplifies volatility. Netting allows the utility to aggregate multiple customers' loads which smooths out the peaks and valleys in demand across the entire customer base. When high usage by some customers coincides with low usage by others, the aggregated load experiences fewer extreme fluctuations, reducing exposure to volatile real-time market prices and decreasing the risk of significant imbalance charges.

Further, forecasting individual large loads is inherently less accurate than forecasting an aggregated system.[38] Given this, the benefit provided by a utility's diversified portfolio is diminished when a large load customer is registered to its own pricing node.[39] The result is greater imbalance, higher SPP deviation charges, and greater real-time price exposure, decreasing the utility's ability to manage the risks of the integrated market.

In short, direct assignment and the associated nodal separation would conflict with stakeholder decisions, market architecture, and sound ratemaking and operational principles.

[37] See Evergy Large Load Order at 39.
[38] Id. at 42.
[39] Id. at 41.

V. RATEPAYER PROGRAMS

Q: What do Dr. Marke (OPC) and Philip Fracica (Renew Mo.) recommend regarding income-eligible customers?

A: Dr. Marke and Mr. Fracica offer recommendations regarding income eligible customers and support for categorical eligibility options. They recommend improvements to and the integration of Company programs with federal and state funding mechanisms, such as the Low-Income Home Energy Assistance Program ("LIHEAP").[40]

Q: Is rate affordability for all customers a primary issue in this case?

A: Yes. Providing safe, adequate, and reliable service at just and reasonable rates is the foundation of EMM's public service obligation. That obligation extends to all customers, including those least able to absorb bill increases. The Company does not view affordability programs as a peripheral concern or as inconsistent with its revenue requirement. To the contrary, ensuring that EMM's most vulnerable customers can maintain electric service and avoid the cascading consequences of disconnection (e.g., housing instability, health risks, and loss of employment) is integral to the Company's mission of improving life in the communities we serve and empowering a better future.

Q: What programs does the Company operate to support income eligible and vulnerable customers?

A: As discussed in detail by Company witness Katie McDonald (Vice President of Public Affairs), EMM administers multiple Commission-approved programs that target assistance to customers who face the greatest barriers to maintaining electric service. Among these programs is the Critical Medical Needs Program ("CMNP") which is a three-year pilot

[40] See G. Marke Direct at 46-56; P. Fracica Direct at 9-12.

program that supports medically and cognitively vulnerable customers. The Rehousing Pilot Program assists customers with arrearages to obtain stable housing, recognizing that energy insecurity and housing instability are inextricably linked. The Economic Relief Pilot Program ("ERPP") provides direct relief to income-qualified customers facing financial hardship. The Income-Eligible Solar Subscription Program is a dedicated component of the Company's broader Solar Subscription Program that provides qualifying low-income customers the opportunity to subscribe to output from an Evergy solar facility.

Q: What benefits does a multi-program, targeted approach provide?

A: A multi-program approach helps to provide valuable assistance to customers who need it the most. These programs direct meaningful, concentrated relief to medically vulnerable customers, customers facing housing instability, and income-qualified households. A dollar of ratepayer or shareholder investment in a targeted program produces significantly more affordability benefits per dollar spent than across-the-board rate reductions that dilute the benefits among customers who do not face affordability challenges. Targeted affordability programs achieve the policy goal of supporting vulnerable customers without distorting the cost-of-service framework that the Commission uses to set just and reasonable rates.

Additionally, these programs complement state and federal assistance infrastructure. For example, the Income-Eligible Solar Subscription Program, which Renew Missouri's Mr. Fracica recommends, can be further integrated with LIHEAP through the Department of Energy's Clean Energy Connector platform. By working within the existing assistance ecosystem rather than constructing a parallel structure, the Company maximizes the reach of each dollar invested while minimizing administrative overhead.

VI. <u>CONCLUSION</u>

Q: What are your recommendations to the Commission?

A: I recommend that the Commission: (1) decline to modify the Schedule LLPS terms approved in No. EO-2025-0154 and accept the Company's treatment of projected LLPS revenues as filed; (2) adopt full reconciliation of eligible costs, without sharing, as it pertains to the FAC; (3) permit the inclusion of CWIP for Mullin Creek #2 in rate base; and (4) allow the Company to continue administering its income-eligible programs as currently designed, without additional program requirements.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement A General Rate Increase for Electric Service	))))	Case No. ER-2026-0143

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 Rebuttal Testimony on behalf of Evergy Missouri Metro consisting of twenty-seven (27) 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 11th day of August 2026.

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