Exhibit:	
Issue:	Transource; Retail v. Wholesale ROE
Witness:	Buck Reuter
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro
Case Nos.:	ER-2026-0143
Date Testimony Prepared:	August 11, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2026-0143

REBUTTAL TESTIMONY

OF

BUCK REUTER

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
August 2026

REBUTTAL TESTIMONY

OF

BUCK REUTER

Case No. ER-2026-0143

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Buck Reuter. My business address is 818 S. Kansas Avenue, Topeka, Kansas.

Q: Are you the same Buck Reuter who submitted direct testimony in this case on February 2026?

A: Yes.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Metro ("Evergy Missouri Metro" or "Evergy" or the "Company") .

Q: What is the purpose of your rebuttal testimony?

A: The purpose of my rebuttal testimony is to respond to Staff witness Young's direct testimony on Transource Incentives and Wholesale Transmission Revenue Credits on pages 8-13.

A. Transource Incentives

Q: What issues does Evergy see with how Staff updated the CS-108 template?

A: Staff relied on a template from prior cases but did not update several key inputs to reflect current information. Specifically, the rate of return was not updated to reflect Staff's proposed return of 9.73%, and the debt rates for Evergy Missouri Metro do not reflect the Company's current debt costs.

As a result, Staff's analysis is based on outdated assumptions and does not accurately measure the impact of Transource's incentive return. To ensure the adjustment reflects current and representative conditions, the rate of return and debt rates should be based on the most recent Company data, including the applicable debt rates.

Q: Can you provide a specific example of where Staff did not update the rates in its template?

A: Yes. In the file **Confidential_Transource_Young_ER-2026-0143_Direct.xlsx, on the "I-N Subs (KCPL) HC**" tab beginning at cell EH66 for January 2025, Staff's formula references a borrowing rate of 2.83%, which is an outdated value. The actual debt rate reflected in the 2025 Transmission Formula Rate is 4.58%. Accordingly, the template does not reflect current debt costs.

Q: Is this the only issue with the rates used by Staff?

A: No. In addition to using outdated debt rates, the template uses a rate of return of 9.50%, which is not consistent with Staff's proposed rate of return of 9.73%. Both inputs should be updated to ensure the adjustment is calculated using the assumptions underlying Staff's position.

Q: Can you provide an updated template showing where the rates need to be revised?

A: Yes. I updated the file **Confidential_Transource_Young_ER-2026-0143_Direct.xlsx** using the appropriate rates discussed above. All revisions have been identified in red to clearly show the changes made to the template.

Q: After making these corrections, what is the impact on the adjustment?

A: After updating only the rate-related inputs discussed above, the calculated adjustment changes by approximately $100,000 for 2025. This demonstrates that the adjustment is sensitive to the underlying assumptions and highlights the importance of using current and accurate rates.

Q: What is Evergy's proposal regarding the CS-108 Transource adjustment?

A: Evergy proposes that Adjustment CS-108 be eliminated in this case and not be included in future cases. The adjustment is highly complex, requires numerous assumptions and manual inputs, and produces a relatively immaterial impact on retail rates. Given the limited customer impact and the challenges associated with accurately administering the adjustment, Evergy believes its continued use is not warranted.

B. <u>Transmission Revenue ROE (R-80)</u>

Q: What is Staff's position regarding the Company's proposed return on equity ("ROE") adjustment to transmission revenues received from the Southwest Power Pool ("SPP") for other transmission customers' use of the Company's transmission facilities?

A: Staff recommends that transmission revenues not be adjusted to reflect the difference between the ROE authorized by the Missouri Public Service Commission ("PSC" or the "Commission") and the ROE authorized by the Federal Energy Regulatory Commission ("FERC"), as proposed in Evergy Adjustment R-80 and discussed in my direct testimony.

Q: What is the Company's position regarding Staff's recommendation to exclude Adjustment R-80 from its revenue requirement calculation?

A: The Company disagrees with Staff's recommendation and rationale to exclude Adjustment R-80. Adjustment R-80 was developed to address a mismatch created by the current transmission revenue crediting methodology. Under Staff's approach, transmission revenues derived from a FERC-authorized return are used to offset retail revenue requirements established using a PSC-authorized return. This results in wholesale customers effectively funding a reduction in Missouri retail rates beyond that contemplated by the Commission's authorized return.

Q: Why does the transmission revenue crediting mechanism result in Missouri retail customers paying less than the return authorized by the Commission?

A: Under Missouri retail ratemaking, all Company-owned transmission assets and their associated costs are included in the calculation of the gross retail revenue requirement. The return component of that requirement is based on the ROE authorized by the PSC.

The Company also receives transmission revenues from other transmission customers through the SPP Open Access Transmission Tariff ("OATT") for use of those same transmission assets. Because the transmission assets and related costs are already included in the gross retail revenue requirement, those transmission revenues are credited back to customers and used to reduce the net retail revenue requirement.

The issue arises because the transmission revenues being credited are calculated using the Company's Annual Transmission Revenue Requirement ("ATRR") under its FERC-approved Transmission Formula Rate ("TFR"), which incorporates a FERC-authorized ROE. When the FERC-authorized ROE exceeds the PSC-authorized ROE, the transmission revenues credited back to retail customers reflect a higher return than the return included in the retail revenue requirement calculation.

As a result, Missouri retail customers receive a credit based on a higher ROE than the ROE used to determine the revenue requirement they are responsible for paying. In effect, customers receive a greater benefit than what was included in the calculation of the gross retail revenue requirement. This creates a mismatch between the authorized retail return and the revenues used to offset that requirement. Adjustment R-80 is intended to eliminate this mismatch and ensure that retail customers pay rates based on the return authorized by the PSC.

Q: Can you provide an example of this issue?

A: Yes. Under the FERC-approved ROE of 11.1%, the annual point-to-point transmission rate charged to other transmission users is approximately $28,008 per MW. If the same calculation is performed using the lower 9.73% PSC-authorized ROE used in this example, the annual point-to-point transmission rate would be approximately $26,642 per MW.

This represents a difference of $1,366 per MW. The question presented by this adjustment is why Missouri retail customers should receive the benefit of revenues generated from a return of 11.1% when the retail revenue requirement is based on a lower PSC-authorized return of 9.73%.

Q: How does Adjustment R-80 address this issue?

A: Adjustment R-80 recalculates the transmission revenues received from other transmission customers through the SPP OATT using the ROE authorized by the PSC in this rate case rather than the FERC-authorized ROE reflected in the Company's TFR.

The adjusted transmission revenues are then used as the credit against the retail revenue requirement. By aligning both the retail revenue requirement and the transmission revenue credit with the same ROE, the adjustment eliminates the mismatch described above and ensures that Missouri retail customers pay rates based on the return authorized by the PSC.

Q: What is the impact of not including this adjustment, as Staff proposes?

A: By excluding Adjustment R-80, Staff is effectively using transmission revenues generated under a TFR based on an 11.1% FERC-authorized ROE to reduce Missouri retail rates, while simultaneously limiting the Company's recovery from retail customers to the lower ROE authorized by the PSC. This creates an inconsistency in the ratemaking treatment of transmission revenues and results in retail customers receiving the benefit of transmission revenues calculated using a higher return than the return reflected in the retail revenue requirement.

In other words, Staff's approach applies the benefit of the higher FERC-authorized return when crediting transmission revenues but does not recognize that same return in the retail revenue requirement. Adjustment R-80 corrects this asymmetrical treatment and ensures a consistent application of the authorized ROE.

Q: Please summarize your testimony.

A: In conclusion, Staff's Transource adjustment (CS-108) relies on outdated inputs and should be eliminated given its complexity and immaterial impact. Additionally, Adjustment R-80 should be accepted to correct the ROE mismatch that allows wholesale customers to subsidize retail rates beyond the Commission's authorized return.

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 BUCK REUTER

STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Buck Reuter, being first duly sworn on his oath, states:

1. My name is Buck Reuter. I work in Topeka, Kansas and I am employed by Evergy Kansas Central, Inc. as Manager Regulatory.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri Metro consisting of seven (7) 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.

Henry S Reuter

Robert Hollinsworth

Subscribed and sworn before me this 11th day of August 2026.

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