Exhibit No.:	
Issue:	Overview; Governmental and Regulatory Policy
Witness:	Kevin D. Gunn
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	ER-2026-0143
Date Testimony Prepared:	September 10, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2026-0143

SURREBUTTAL TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri

September 2026

SURREBUTTAL 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 and rebuttal testimony in this case?

A: Yes.

Q: On behalf of who are you testifying?

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

Q: What is the purpose of your surrebuttal testimony?

A: The purpose of my surrebuttal testimony is to address, from a regulatory policy perspective, the earnings sharing discussed in the rebuttal testimony of Staff witness Sarah Lange. Company witness Ronald Klote presents the specific earnings review and sharing mechanism the Company would support if the Commission determines such a mechanism is appropriate. My testimony explains why the design of that mechanism reflects sound regulatory policy.

Q: Has the Company's position on the need for an earnings sharing mechanism changed?

A: No. As I explained in rebuttal, the Company believes that an earnings sharing mechanism is a regulatory tool that the Commission can employ. However, several parties continue to urge some form of sharing, and Ms. Lange's rebuttal testimony addresses how such a mechanism would be structured rather than whether one should be adopted at all. As discussed in my rebuttal and by Evergy witness Mr. Klote, if the Commission determines that an earnings sharing mechanism is warranted, the Company believes it should be similar in concept to the Earnings Review and Sharing Plan the Kansas Corporation Commission approved for Evergy Kansas Central.

Q: In rebuttal testimony, you explained why an earnings sharing mechanism should evaluate overall Company performance rather than a single customer class. Has anything in the rebuttal testimony filed by other parties changed that view?

A: No. Mr. Klote and I each addressed that question in rebuttal, and nothing in Ms. Lange’s rebuttal testimony causes me to revisit my position. If anything, her testimony reinforces the need to evaluate overall Company performance. Ms. Lange notes that the interaction of the FAC and the manner in which new generation construction is accounted for would need to be carefully considered for a mechanism to be meaningful.[1] She is right about that. Earned return reflects total revenues, operating expenses, capital investment, taxes, and

---

[1] See S. Lange Rebuttal at 14.

financing costs, not the results of any one customer class. A mechanism built on earned return on equity accounts for those FAC and construction-accounting interactions on its own because they are already reflected in the Company's actual results. However, a mechanism which isolates a single class cannot capture those dynamics or yield a reliable measure of whether the Company exceeded its authorized return. Such a mechanism would also require the parties to work through those FAC and construction-accounting interactions every year, between rate cases, without the record a general rate case provides.

Q: Is your support for the mechanism Mr. Klote describes consistent with the position you took in the Company's large load tariff proceeding?

A: Yes. What I opposed in that case was a proposal to track the revenues of a single customer class, treat them as excess without regard to the Company's overall financial results, and retain the revenues in a regulatory liability account. My view of that approach has not changed. An earnings review measuring total company performance can be sound policy and Evergy operates under such a mechanism in Kansas today. A mechanism that asks whether the utility as a whole has earnings that are more than the Commission authorized is a fundamentally different regulatory instrument than one that isolates a class and reconciles it on its own. The first measures how the Company actually performed. The second looks at one part of the business and treats it as though it were the whole.

Q: Why is a balanced earnings sharing mechanism percentage important as a matter of policy?

A: Customers support the system through their use of service, and shareholders provide the capital that funds construction and investment. A balanced sharing mechanism recognizes both contributions. It gives customers a substantial share of any genuine overearning while leaving the Company with a meaningful stake in continuing to pursue load growth, economic development, and operating efficiency. That balance matters for the Company's ability to provide safe and adequate service. Revenue from large load customers helps support the infrastructure, generation resources, and grid investments that serve all ratepayers. If the Company cannot retain a reasonable portion of the revenue those customers generate, it becomes more difficult to finance the capital improvements needed to maintain reliability and meet growing demand.

Moreover, Missouri is actively competing for large load investment, and this Commission has recognized that these customers bring operational and economic advantages to the system and to existing customers. A mechanism that leaves the Company with little of what it produces weakens the incentive to attract that load and undermines the revenue base that supports safe, reliable service for everyone. The customers a sharing mechanism is meant to protect are the same customers who benefit when large load arrives and contributes to system costs.

Q: Ms. Lange recommends that any sharing amounts be held to offset the balance of generation units constructed to serve large loads.[2] How do you respond?

A: The Company agrees with the principle behind Ms. Lange's recommendation. Any customer share of excess earnings should be preserved for customers, and recording it as a regulatory liability accomplishes that goal. Where the Company differs is on the question of deciding now how such a balance should ultimately be returned. The Commission will be in a far better position to make that determination when it can see the actual size of the

[2] See S. Lange Rebuttal at 14.

balance and the rate design issues before it at that time. That is the approach taken in both the Kansas and Ameren Missouri mechanisms, each of which defers the method of returning the balance to customers until the next general rate case. The Company recommends the same approach here.

Q: Why should the mechanism be administered through the Company's existing reporting rather than through a separate annual proceeding?

A: It is administratively efficient to use existing regulatory process when possible. Mr. Klote's proposal builds on reporting the Company already prepares and files, with a defined process for Staff, OPC, and other interested parties to review the filing, conduct discovery, and identify any disagreements that would materially affect the calculation. Staff already receives earnings information from the Company on a quarterly basis. The review will be conducted on information the parties are already familiar with and have received quarterly. Mr. Klote discusses the Company's proposal further in his testimony.

Q: If administrative efficiency is beneficial, then would a mechanism limited to Schedule Large Load Power Service customers be easier to administer?

A: No. Focusing on a single customer class may appear simpler, but that appearance does not last. Calculating the net revenues of a single customer class requires the parties to decide each year how to allocate shared generation, transmission, distribution, and overhead costs to that class. As Ms. Lange describes Mr. Meyer's proposal, it would go further and exclude costs that existing customers already cover,[3] which requires an annual determination of which costs are truly incremental. These are questions the Commission resolves in a rate

[3] See G. Meyer Direct at 10.

case, with a full record and a class cost of service study. Asking the parties to resolve them between rate cases invites a dispute every year. An overall earned-return-on-equity measure based on the Company's actual recorded results avoids that problem. It is a calculation the Company already performs using information the Commission already receives. The overall earnings sharing approach is therefore the simpler of the two approaches, as well as the more accurate one.

Q: Why should the earnings sharing mechanism end when new rates from a subsequent rate case take effect?

A: Because the concern that justifies the mechanism is temporary. The issue is that revenues from large load customers coming onto the system between rate cases may not yet be reflected in the rates the Company is authorized to charge. That concern is resolved when the next general rate case sets rates using a test year that includes those customers and their associated costs. There is also a cost to leaving a mechanism in place beyond that point. Permanent earnings sharing mechanisms tend over time to substitute for rate cases rather than supplement them, which weakens the periodic, comprehensive review that cost-of-service regulation depends on. Ending the mechanism when new rates take effect, while leaving the Commission free to extend it for good cause, keeps it in its proper role as a bridge between rate cases rather than a replacement for them.

Q: What is your recommendation to the Commission?

A: If the Commission determines that an earnings sharing mechanism is appropriate in this proceeding, it should adopt the mechanism Mr. Klote describes. That mechanism measures what the Commission actually authorizes, the opportunity to earn an overall return. It responds to genuine overearning rather than to ordinary variation. It gives customers a substantial and transparent share of results that exceed what the Commission contemplated, while preserving the incentives that make continued growth possible. It relies on reporting that already exists, with a defined role for Staff, OPC, and other interested parties. And it ends when the next rate case makes it unnecessary. Those are the qualities that separate a mechanism the Commission can administer and the parties can live with from one that will potentially be litigated every year it is in place.

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 Surrebuttal 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.

Kevin D. Gunn

Kevin D. Gunn

Subscribed and sworn before me this 10th day of September 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