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Witness: Darrin R. Ives
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Case No.: ER-2026-0143
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2026-0143

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri

September 2026

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

Case No. ER-2026-0143

I. <u>INTRODUCTION</u>

Q: Please state your name and business address.

A: My name is Darrin R. Ives. My business address is 1200 Main, 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 Senior 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 South, Inc., collectively d/b/a Evergy Kansas Central ("EKC"). These are the operating utilities of Evergy, Inc. ("Evergy").

Q: Are you the same Darrin R. Ives who previously filed direct and rebuttal 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 surrebuttal testimony?

A: The purpose of my surrebuttal testimony is to respond to the following rebuttal testimonies:

1. Office of the Public Counsel ("OPC") witness Geoff Marke regarding affordability;

2. Staff witnesses Brooke Mastrogiannis and Sarah Lange and OPC witness Schaben regarding the fuel adjustment clause ("FAC"),

3. OPC witness David Murray regarding securitization, and

4. Staff witnesses Keith Majors and Alan Bax regarding the jurisdictional demand allocation factor.

II. RESPONSE TO OPC WITNESS MARKE - AFFORDABILITY

Q: What is your response to OPC witness Marke's assertion that you testified that EMM's rates are affordable without providing sufficient supporting metrics? [1]

A: I disagree. My direct testimony clearly discussed the Company's competitive rate position, customer assistance and energy-efficiency programs, and efforts to control costs over the long term. These are all important metrics in considering the affordability of the Company's service. Surprisingly, Dr. Marke either overlooked or ignored the portion of my direct testimony where I referred to Company witnesses Kevin Gunn and Katie McDonald for additional testimony on rate affordability and customer programs. In particular, Mr. Gunn provided direct regional rate comparisons, such as those that Dr. Marke indicated were lacking in my direct testimony.

It also bears recognizing that Dr. Marke incorrectly asserts that I provided no rate comparisons, yet simultaneously testifies that such comparisons are irrelevant to assessing the affordability of the Company's rates. Rather, his contention regarding affordability is

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[1] See G. Marke Rebuttal at 1-2.

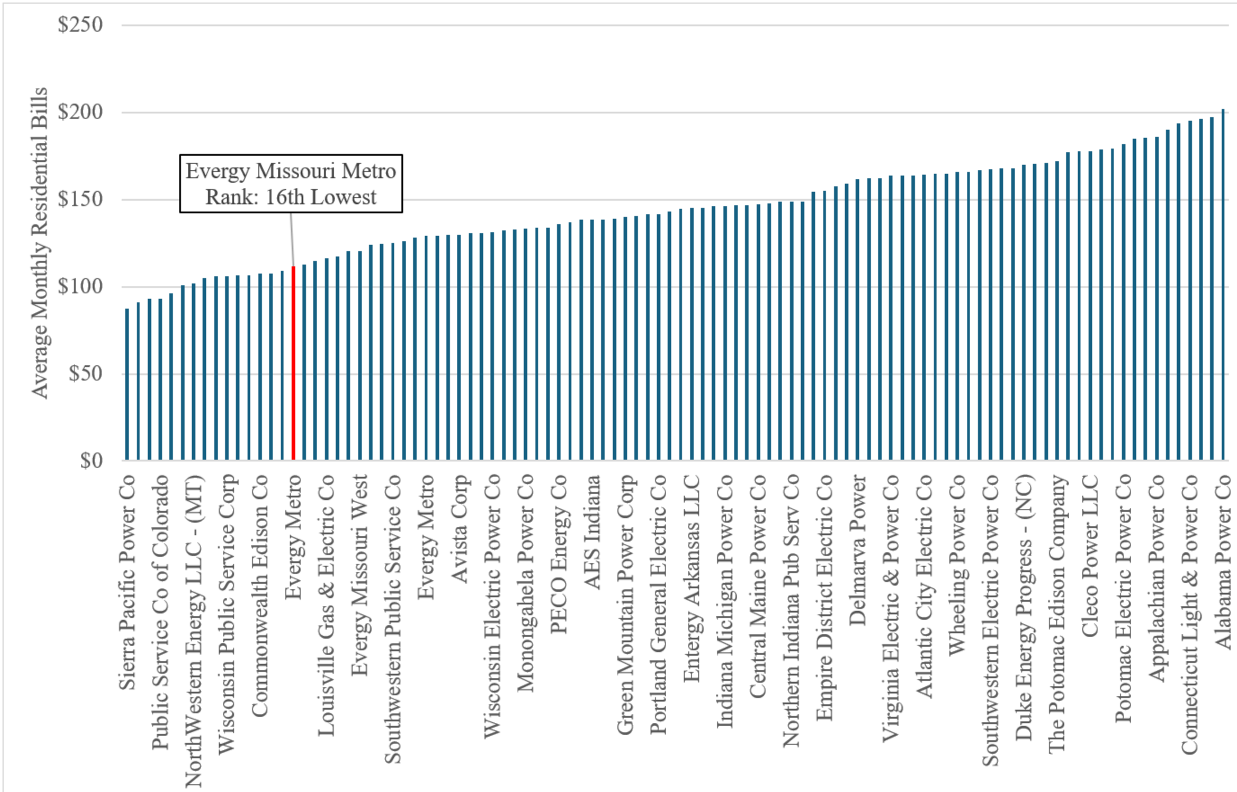
centered on whether a customer is able to pay for the electric service.[2] The affordability of Evergy Missouri Metro's rates cannot be assessed in a vacuum, as Dr. Marke implicitly suggests. Arguing that customers' ability to pay their electric bill is the only way to measure the Company's service ignores the fact that our customers, and customers nationally, face rising costs for many daily necessities. It also overlooks that they make individual choices on how they spend their resources. As I discussed in my direct testimony, the Company recognizes these facts and works hard to manage costs to keep bills as low as possible while making the necessary investments to provide safe and reliable service to its customers. Rate comparisons of peer utilities, the efforts to manage costs while making the necessary investments to provide safe and reliable service, as well as the programs the Company offers to support customers who have difficulty paying their bills are important and appropriate considerations when discussing affordability.

Q: Is there any additional information you can provide regarding Evergy Missouri Metro's residential bills that is relevant to this discussion?

A: Yes. Based on 2025 data reported to the U.S. Energy Information Administration on Form EIA-861, Evergy Missouri Metro had the 16th lowest average residential bill among the 100 largest investor-owned electric utilities with bundled sales.[3]

Figure 1 – 2025 Average Residential Bill Comparison
100 Largest IOU Bundled Sales

[2] See G. Marke Rebuttal at 2-3.
[3] See Energy Information Administration Form 861-Monthly 2025.



Q: What does this comparison demonstrate?

A: It provides an objective benchmark of the bills paid by Evergy Missouri Metro's residential customers. While no single metric can fully measure affordability for every household, the comparison demonstrates that the Company's average residential bills are comparatively favorably low compared with those of other large investor-owned utilities.

Q: What is your response to Dr. Marke's testimony that he "has reason to doubt"[4] that EMM's rates are affordable because disconnections for residential non-payment have increased?

A: While Dr. Marke is correct that disconnections for residential non-payment have increased substantially over the past year, he once again would have the Commission consider

[4] See G. Marke Rebuttal at 2.

disconnections in a vacuum. Dr. Marke ignores the fact that service agreements in arrears and disconnect letters sent have remained consistent. What has changed, are operational practices that increased the Company's ability to complete disconnections in a more cost-effective and safe manner—changes that do not reflect an increase in the number of customers for whom disconnection was necessary or because of EMM's rate affordability.

Q: What changes have been made to the Company's disconnection process?

A: Beginning in March 2026, after Commission approval, the Company was permitted to remotely disconnect certain customers for nonpayment rather than requiring an employee to physically visit the customer's premises. This materially increased the Company's ability to complete disconnections while reducing the costs, time and resources to do so. This is reflected in the increase in customer disconnections.

Prior to this change, the Company's ability to complete disconnections was constrained in part by the personnel and logistics which required a field trip to notify the customer. Therefore, comparing completed disconnections before and after that operational change does not provide an apples-to-apples measure of changes in customers' ability to pay, as suggested by Dr. Marke.

Q: Does the increase in disconnections completed establish that the Company's rates are not affordable as Dr. Marke suggests?

A: No. The data shows that more disconnections were completed. It does not establish why. In particular, Dr. Marke has not demonstrated that the increase resulted from higher electric bills or a corresponding deterioration in customers' ability to pay. The data also shows that service agreements in arrears and disconnection letters sent have remained consistent. The significant improvement in the Company's ability to perform disconnections is clearly a primary contributor to the increase in disconnections. As I explained in direct testimony, in a typical month approximately 10 to 11 percent of the Company's customers are in arrears. In response, the Company offers bill assistance, flexible payment options, weatherization, energy-efficiency programs, and other programs intended to help customers manage their bills and remain connected.

Q: Did the change in the disconnection process result in cost savings for customers?

A: Yes, the change in the disconnection process for Evergy Missouri Metro and Evergy Missouri West resulted in annual reductions in the amount of $2.4 million and a one-time credit in the amount of $124 thousand.

Q: In your direct testimony, you explain that data centers have not increased the Company's cost of service, which Dr. Marke contends is "out of touch with reality."[5] What is your response?

A: Once again Dr. Marke makes an inflammatory statement with no support. Dr. Marke cites a news article regarding the impact of artificial intelligence ("AI") on inflation. I realize that data centers and AI are increasingly divisive nationwide. The facts pertaining to the Company's cost of service, however, are simply that there is no evidence to support the idea that the demand increase, particularly from data centers, is causing rates to increase, especially in Missouri.

To the contrary, a June 2026 study by the Electric Power Research Institute ("EPRI") provides causal evidence that data center growth in the United States from 2015

[5] See G. Marke Rebuttal at 3.

to 2024 modestly lowered retail electricity rates.￼ Specifically, "a doubling of data center capacity caused residential electricity prices to fall by 3.5% for a fixed level of demand."[6]

The study determined that states with substantial data center growth experienced lower than average rate increases. The mechanism is straightforward: retail electricity rates must recover the large, fixed costs of building and maintaining generation, transmission, and distribution infrastructure, and when durable new demand from data centers is added, those fixed costs are spread across more kilowatt-hours, pushing average costs down.[7]

Q: Does Dr. Marke's testimony change your conclusions regarding affordability?

A: No. Affordability is an important issue and one the Company takes seriously. And Evergy Missouri Metro's average residential bills remain comparatively low. Additionally, year-over-year comparison of completed disconnections that does not account for a material, cost-saving change in the disconnection process does not demonstrate that the Company's electric service has become less affordable.

III. RESPONSE TO STAFF AND OPC - FAC

Q: Are there any issues addressed by Company witness Linda Nunn that you wish to address from a broader policy perspective?

A: Yes. I support Ms. Nunn's recommendations regarding the Company's FAC. Ms. Nunn addresses the specific FAC calculations, tariff provisions, and technical issues raised by Staff and OPC. I will not repeat that testimony. I do, however, want to address the broader policy considerations underlying several of those recommendations.

Q: How does that consideration relate to the Company's FAC proposal?

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[6] See Asa Watten, et al. at 3, "Have Data Centers Raised Your Electric Bill?," Electric Power Research Institute (June 2026).
[7] Id. at 2-3; Report & Order at 10, In re Evergy Large Load Customer Tariffs, No. EO-2025-0154 (Nov. 13, 2025).

A: The FAC exists because certain costs and revenues can change materially between rate cases. As Ms. Nunn explains, the Company is proposing changes intended to better align the treatment of capacity purchases and sales as those needs evolve. From a policy perspective, I believe it is important that the regulatory framework recognize that the Company's resource needs are not static between rate cases. Staff itself recognizes that the Company's capacity requirements are expected to increase as customer demand grows.[8] The Company's proposal appropriately recognizes the changes in the electricity and capacity markets and should be adopted by the Commission.

Q: Do you also have concerns with proposals to remove Large Load Power Service ("LLPS") customers from the Company's existing FAC?

A: Yes. I do not believe the emergence of large load customers, by itself, provides a sufficient reason to abandon the existing FAC framework for those customers. Staff's preferred Option 2 would remove LLPS customers from the FAC,[9] while OPC has proposed either removing those customers from the FAC or establishing a separate FAC for them.[10] Those proposals would create a materially different fuel-cost recovery mechanism based on customer classification.

Q: Why does that concern you?

A: Large load customers are part of the integrated electric system. The Company dispatches its generation and participates in the Southwest Power Pool ("SPP") market to reliably and economically serve its total system load. The costs of doing so will vary over time for many reasons, including fuel prices, market prices, generation availability, weather, and changes

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[8] See B. Mastrogiannis Rebuttal at 6; S. Lange Rebuttal at 26.
[9] See B. Mastrogiannis Rebuttal at 9.
[10] See A. Schaben Direct at 17-18.

in customer demand. Attempting to isolate one class of customers from the existing FAC introduces additional complexity and raises questions regarding how costs should be identified, assigned, forecasted, and reconciled over time.

Q: **Does retaining LLPS customers in the FAC mean that other customers could subsidize the cost of serving large load customers?**

A: No. The Company supports appropriate protections to ensure that large load customers bear the costs associated with serving them. The Commission recently approved significant protections through Evergy's LLPS tariff ("Schedule LLPS") for that purpose.[11] But that is a separate question from whether LLPS customers should participate in the FAC. The FAC addresses changes in eligible energy-related costs and revenues between rate cases. In my view, concerns regarding the allocation or recovery of costs attributable specifically to large load customers should be addressed directly rather than by creating a separate fuel-cost recovery framework. Additionally, as explained in the EPRI study discussed above, when customer classes grow, electricity "prices tend to fall with no sign of systematic cost-shifting between sectors."[12]

Q: **What do you recommend?**

A: I recommend that the Commission adopt the FAC recommendations presented by Ms. Nunn. In particular, I support maintaining a common FAC framework for all customers, including LLPS customers, rather than creating a separate mechanism that adds complexity without demonstrating that the existing FAC, appropriately updated, cannot reasonably address these costs. As discussed in my rebuttal, rather than attempting to separate large

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[11] See Report & Order at 46, No. EO-2025-0154.
[12] See Asa Watten, et al. at 3, "Have Data Centers Raised Your Electric Bill?," Electric Power Research Institute ESCA Back Pocket Insights (2026).

load customers from the FAC, the Commission should consider moving away from the base factor and true-up construct toward an approach in which all eligible fuel and purchased power costs and revenues flow through the rider.[13] This would allow the rider to reflect the actual cost of energy, thus providing customers a price that tracks the market rather than a residual measured against an embedded assumption they cannot observe.

IV. RESPONSE TO OPC WITNESS MURRAY- SECURITIZATION

Q: OPC witness Murray testifies that securitization could be employed to address the impact of capital expenditure on the Company's credit metrics.[14] What is your reaction?

A: As Mr. Murray recognizes, Missouri law does not allow the use of securitization for a period of heightened capital expenditures. The securitization statute is not a general-purpose financing mechanism for new utility construction. The law is very specific and allows securitization for the recovery of "energy transition costs" related to the retirement or abandonment of an electric generating facility, as well as "qualified extraordinary costs" related to costs of an extraordinary nature incurred during anomalous weather events.[15]

Mr. Murray also mentions the ratemaking plan that was used to build Iatan 2 and other projects in 2005 where the Company agreed to rate base offsets in exchange for additional cash flows during the construction period. While there are advantages and disadvantages to ratemaking plans, the Iatan 2 ratemaking plan was the result of years of negotiations between interested parties, and therefore does not work as a Commission imposed solution at the rebuttal stage of this rate case.

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[13] See D. Ives Rebuttal at 8-10.
[14] See D. Murray Rebuttal at 33-34.
[15] See Mo. Rev. Stat. § 393.1700.

In addition, Mr. Murray's discussion does not align with Missouri's expressed policy of supporting investment in the state and economic development. It also does not recognize the requirement for electric utilities to develop and submit tariffs to reasonably ensure that large load customers' rates reflect their "representative share of the costs incurred to serve" them, including the impacts of heightened capital expenditures, and prevent existing customers' "rates from reflecting any unjust or unreasonable costs arising from service to" large load customers.[16]

The Commission approved such tariffs advanced by EMM and EMW to do just that in No. EO-2025-0154.[17] In its Report and Order, the Commission determined that the tariffs established "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," as well as "provides competitive rate program that will help drive economic development in Missouri."[18]

V. RESPONSE TO STAFF – JURISDICTIONAL DEMAND ALLOCATION FACTOR

Q: How do you respond to Staff's position on jurisdictional cost allocation?

A: As discussed further by Company witness John Wolfram, Staff's adherence to the 4 CP method for allocating demand costs between the Company's Missouri and Kansas jurisdictions is too narrow. Staff limits itself to what the Missouri Commission has adopted historically, but fails to recognize the practical problem it faces in regulating a multi-jurisdictional energy provider and does nothing to support any potential solutions.

Q: Why is the status quo regarding jurisdictional cost allocation unworkable?

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[16] See Mo. Rev. Stat. § 393.130.7.
[17] Id. at 46.
[18] Id. at 16-17.

A: The Company plans and operates its system in many respects on a comprehensive, integrated system basis for the benefit of both its Missouri and Kansas jurisdictions. It should follow that the allocation of costs between the two jurisdictions should also be comprehensive because anything short of a consistent approach between the two states will deny the Company the opportunity to recover all of its costs. But Staff's position does nothing to address this and instead simply looks back in time and clings to what was done in rate cases over the last forty years.

Q: Why does this matter now?

A: As discussed in the testimony of EMM witnesses Ms. Bulkley, Mr. Ley, Mr. Gunn, Mr. Meitner and others in this case, the Company, and the electric utility industry at large, is in a very dynamic and uncertain position right now. Hyperscalers and other large load customers are driving demand forecasts higher at an unprecedented rate. The resource mix is still in transition and uncertainty is high. Evergy Metro, Inc. is working to navigate these dynamic conditions in both Missouri and Kansas. The Company is working to remain efficient and competitive in both states and considers harmonization an important element for providing equitable, cost-effective service, as well as providing growth opportunities for all of its customers. Operating in two states with acknowledged unlikelihood of full cost recovery for the integrated utility erects a barrier to these objectives. Now more than ever, the Company must be flexible and proactive to respond quickly to customer requirements in a safe, reliable, and economic manner. This is not the time for rigid adherence to historical precedent when novel and reasonable alternatives exist that address the Company's jurisdictional harmony challenge.

Q: Does this conclude your testimony?

A: Yes.

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 DARRIN R. IVES

STATE OF MISSOURI)) ss COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:

1. My name is Darrin R. Ives. I work in Kansas City, Missouri and I am employed by Evergy Metro, Inc. as Sr. 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 thirteen (13) 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.

Darrin R. Ives

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