Exhibit No.:
FAC Requirements; Fuel & Transmission Related Accounting Adjustments;
Witness: Linda J. Nunn
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2026-0143
Date Testimony Prepared: September 23, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2026-0143

TRUE-UP REBUTTAL TESTIMONY

OF

LINDA J. NUNN

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
September 2026

TRUE-UP REBUTTAL TESTIMONY

OF

LINDA J. NUNN

Case No. ER-2026-0143

Q: Please state your name and business address.

A: Linda J. Nunn. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: Are you the same Linda J. Nunn who previously filed direct, rebuttal, surrebuttal and true-up direct testimony in this case?

A: Yes.

Q: On whose behalf are you testifying?

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

Q: What is the purpose of your true-up rebuttal testimony?

A: The purpose of my true-up rebuttal testimony is to respond to testimony filed by Staff and OPC concerning the treatment of Large Load Power Service ("LLPS") customers within the Fuel Adjustment Clause ("FAC") and certain proposed modifications to the FAC tariff. Specifically, I address Staff's proposed treatment of Customer A in the determination of FAC costs and revenues, the impact of that proposal on the FAC base factor established through the true-up process, and the resulting effect on the revenue requirement included in this case. I also explain why revenues and the associated fuel and purchased power costs should be evaluated on a consistent basis when determining FAC-related adjustments.

In addition, I respond to testimony regarding the proposed treatment of future long-term capacity transactions under the FAC tariff. While no long-term capacity costs or revenues are currently reflected in the true-up revenue requirement, Staff and OPC have proposed restrictions on the future eligibility of such transactions for FAC treatment. My testimony addresses those proposed tariff modifications and explains why future long-term capacity costs and revenues should remain eligible for FAC treatment when incurred, subject to the terms of the FAC and excluding costs otherwise recovered through customer-specific mechanisms.

Treatment of Large Load Power Service Revenues and Costs in the FAC

Q: What does Evergy propose for customer A in the True-Up?

A: The Company supports retaining LLPS customers within the FAC and reflecting their annualized impacts through a consistent and integrated treatment of load, revenues, and related fuel and purchased power costs. The Company opposes proposals that would remove LLPS customers from the FAC that otherwise treat revenues and costs inconsistently as well as attempting to isolate LLPS customers in a separate FAC.

Q: What FAC treatment alternatives for Customer A have been proposed in this case by Staff and OPC?

A: The proposals generally fall into three categories: (1) retain Customer A in the existing FAC and adjust the FAC base factor accordingly; (2) remove Customer A and other LLPS customers from the FAC altogether; or (3) establish a separate mechanism or FAC treatment that isolates Customer A from the integrated FAC framework used for other Missouri customers.

Q: How has Staff approached the inclusion of Customer A in the true-up revenue requirement?

A: Staff annualizes Customer A's non-energy revenues to reduce the revenue requirement collected from other customers. For its revenue-requirement calculation, Staff assumes Customer A's energy revenues and energy expenses effectively offset. Staff did not include Customer A's load in the hourly net system input used for its true-up fuel run. If the Commission adopts FAC Option 1, Staff proposes to add estimated day-ahead energy expense and Customer A usage to the FAC base but not the corresponding costs in the revenue requirement. Under Option 2, Staff proposes to separate a portion of actual energy expense in future FAC periods using hourly market values and LLPS and non-LLPS consumption. As indicated above, the third option that Staff added based on OPC testimony is the establishment of a separate FAC for LLPS customers.

Q: If the first option were to be utilized, do you agree with how Staff has valued the impact?

A: No. The fact that a customer's revenues may appear similar to a market-value estimate during a limited period does not establish a causal relationship between those revenues and the Company's actual fuel and purchased power costs. There is no direct correlation between day-ahead market LMPs and the total cost of serving Customer A. Evergy does not serve customers through day-ahead energy purchases alone. Service to Customer A creates numerous obligations and costs, including ancillary service requirements, transmission obligations, reserve requirements, accreditation requirements, capacity obligations, and real-time market deviations.

Those costs are not reflected simply by comparing customer revenues to day-ahead market prices.

Q: Does Customer A's energy charge directly track SPP market prices?

A: No. Customer A's tariffed energy charge is a fixed rate established through the rate-making process as part of an overall rate design for this class of customer. In contrast, the Company's actual costs change continuously based on factors such as day-ahead energy prices, real-time deviations, ancillary services, congestion costs, transmission expenses, capacity obligations, accreditation requirements, and reserve margin requirements. There is no provision in the tariff that directly links the customer's energy charge to SPP market prices.

Q: Why is it inappropriate to assume that the customer's energy charge offsets fuel costs dollar-for-dollar?

A: Because the customer's energy charge is not designed to reimburse fuel costs alone. Energy charges contribute toward the recovery of multiple utility costs contained within base rates. Fuel represents only one component of the overall cost of providing service. Assuming that energy revenues are merely a reimbursement of fuel costs oversimplifies the rate structure and ignores the broader cost components recovered through retail rates.

Q: Should fuel and purchased power costs associated with the imputed LLPS revenues be reflected in the FAC analysis?

A: Yes. If revenues associated with Customer A are annualized and included in the revenue requirement, then the associated fuel and purchased power costs necessary to serve that load should also be reflected in the analysis. Revenue and cost impacts should be treated consistently. Including only revenues while excluding associated costs creates an incomplete and potentially distorted view of the customer's net impact on the Company.

Q: Does removing LLPS load from the FAC resolve a cost-causation concern?

A: No. Removing LLPS load from the FAC does not solve a cost-causation issue. Instead, it replaces the FAC's integrated cost recovery structure with a proxy methodology largely based on market-value assumptions. It assumes the LLPS energy charge is a dedicated reimbursement of fuel expense and creates mismatches between the customers included in FAC costs, FAC revenues, FAC load determinants, and FAC base factors.

Q: How would you characterize Staff's FAC Option 1 approach?

A: Staff's approach combines production cost model outputs with manual, out-of-model adjustments. As a result, modeled revenues, modeled costs, and net system input assumptions are not treated consistently. This effectively creates a hybrid FAC base factor rather than one developed through a fully integrated modeling process. However, the option of including net fuel and purchased power costs in the FAC base (if also reflected in overall revenue requirement) is superior to eliminating Customer A from the FAC completely or setting up a separate FAC for Customer A.

Q: Does the evidence establish a relationship between LLPS energy revenues and market prices?

A: No. The evidence shows only that the two values happened to be relatively similar during the period reviewed. The record does not establish that future market prices, customer load patterns, congestion costs, ancillary service costs, purchased power costs, or transmission-related expenses will continue exhibiting the same relationship over the period these rates will remain in effect.

Q: What is the significance of the difference between fixed customer rates and variable Company costs?

A: The customer pays a fixed tariffed energy charge, a fixed demand charge, and a fixed grid charge. However, the Company's cost of serving that customer varies over time based on changing market and operational conditions. Even Staff acknowledges that these costs cannot be forecast with perfect precision. Because the customers' rates are fixed while associated supply costs fluctuate continuously, there is no basis to conclude that the customer's energy revenues will always mirror the Company's fuel and purchased power costs.

Q: What advantages does an integrated production cost model provide compared to Staff's approach?

A: An integrated production cost model simultaneously captures revenue impacts, cost impacts, and system-wide operational effects. It treats revenues and costs consistently and avoids the need for manual adjustments or selective assumptions. By contrast, Staff's approach stitches together separate calculations and then treats the combined result as more reliable, despite introducing inconsistencies among revenues, costs, and load assumptions.

Q: Is there an inconsistency in Staff's treatment of Customer A revenues and Customer A costs?

A: Yes. Staff expresses sufficient confidence to annualize approximately $52.7 million of Customer A revenues for ratemaking purposes while simultaneously declining to model the customer's full cost impacts because of uncertainty. That is an inconsistent application of judgment. If the customer is sufficiently certain to justify revenue annualization, then the associated cost impacts should be evaluated through the same integrated analytical framework.

Q: Please summarize your disagreement with Staff's treatment of Customer A within the FAC.

A: My disagreement is that Staff's proposal relies on selective assumptions and proxy market-value calculations rather than a consistent, integrated analysis. Staff annualizes Customer A revenues while declining to fully recognize associated costs, assumes a continuing relationship between market prices and tariffed energy revenues without supporting evidence, and creates mismatches within the FAC framework. A more reasonable approach is to use an integrated methodology that evaluates revenues and costs consistently and preserves the established FAC cost recovery structure.

Long-Term Capacity Transactions and FAC Treatment

Q: Why should long-term capacity costs and revenues be eligible for treatment through the FAC?

A: The issue is not whether EMM currently has long-term capacity transactions reflected in the FAC today. Rather, the issue is whether prudently incurred long-term capacity costs and revenues should be eligible for FAC treatment when such transactions occur in the future.

FAC eligibility should focus on the nature of the underlying transaction. Long-term capacity transactions are wholesale power supply transactions entered into to satisfy resource adequacy requirements and maintain reliable service for customers. The resulting costs and revenues are associated with the Company's obligation to procure and maintain sufficient resources to serve load and comply with applicable reliability requirements. Staff and OPC focus primarily on whether such transactions have historically been recovered in base rates or whether future revenues may offset future costs. However, those considerations do not determine whether future capacity-related costs or revenues may change between rate cases and create regulatory lag.

Inclusion of long-term capacity transactions in the FAC would allow both prudently incurred capacity costs and associated capacity revenues to be reflected consistently as they occur, rather than relying on assumptions regarding future market conditions, future load growth, or the timing of future rate cases. Such treatment would also provide symmetry by recognizing both the costs and revenues arising from wholesale capacity transactions.

Further, the Company's proposal would not permit recovery of costs that are separately charged to specific LLPS customers under an Interim Capacity Agreement. Those customer-specific costs and revenues would continue to be excluded to avoid any possibility of double recovery. The proposal instead addresses system-level long-term capacity transactions associated with EMM's ongoing obligation to maintain adequate resources for the benefit of customers generally.

<u>Conclusion</u>

Q: What is your overall conclusion?

A: The more reliable approach is to recognize Customer A's revenues and the related cost impacts on a consistent, integrated basis as the Company has included in its true-up calculations. Staff's selective annualization of revenue, omission of material service costs, and reliance on a market-value proxy do not establish that the LLPS energy charge will continue to match the Company's cost of serving the customer or justify removing LLPS-related fuel and purchased power costs from the FAC.

Separately, long-term capacity purchases are a necessary component of serving customer load and ensuring system reliability. Because these costs are prudently incurred purchased power costs, they should be eligible for recovery through the FAC just as other fuel and purchased power costs are. The issues of LLPS treatment and capacity cost recovery should each be evaluated on their own merits, but both support a consistent FAC framework that includes the actual costs incurred to serve customers.

Q: Does this conclude your true-up rebuttal 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 LINDA J. NUNN

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

Linda J. Nunn, being first duly sworn on his oath, states:

1. My name is Linda J. Nunn. I work in Kansas City, Missouri and I am employed by Evergy Metro, Inc. as Sr. Manager, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Evergy Missouri Metro consisting of nine (9) 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.

Linda J. Nunn

Linda J. Nunn

Subscribed and sworn before me this 23rd day of September 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