

Public Version

Exhibit No.:

Issue: Stipulation and Agreement; Construction Work
in Progress; Cost
Allocation

Witness: Ronald A. Klotz

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: Evergy Missouri Metro

Case No.: EA-2026-0154

Date Testimony Prepared: October 5, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EA-2026-0154

SURREBUTTAL TESTIMONY

OF

RONALD A. KLOTE

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri

October 2026

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SURREBUTTAL TESTIMONY

OF

RONALD A. KLOTE

Case No. EA-2026-0154

1 **I. INTRODUCTION AND PURPOSE**

2 **Q: Are you the same Ronald A. Klotz who filed direct testimony in this case on May 14,**
3 **2026?**

4 **A:** Yes. I previously submitted direct testimony on behalf of Evergy Metro, Inc. (“Evergy Metro”) d/b/a Evergy Missouri Metro (“Evergy Missouri Metro,” “EMM,” or the “Company”).

6 **Q: What is the purpose of your surrebuttal testimony?**

7 **A:** I discuss the Non-Unanimous Stipulation and Agreement (“Agreement”) filed by the
8 Company, Staff of the Commission (“Staff”), Renew Missouri Advocates d/b/a Renew
9 Missouri (“Renew Missouri”), and Midwest Energy Consumers Group (“MECG”) (collectively the “Signatories”), and I respond to Office of the Public Counsel (“OPC”) witnesses Jordan Seaver and Geoff Marke, on two issues. The first is the amount of
12 construction work in progress (“CWIP”) the Commission should determine for the Mullin
13 Creek #2 Energy Center (“Mullin Creek #2” or the “Project”). The second is the
14 recommendation that the Commission decide in this case how the Project’s costs are allocated
15 among customer classes.

16 **Q: Please summarize your surrebuttal testimony.**

17 **A:** The Commission should determine the amount of CWIP eligible for rate base inclusion in this
18 case, because the statute places that determination in this proceeding, and the Company’s
19 request to include Mullin Creek #2 CWIP in rate base is pending in its general rate case, No.

ER-2026-0143.¹ That figure is an estimate, and the statute already protects customers by making CWIP recoveries subject to refund, with interest, if construction costs are imprudently incurred or the Project is not placed in service within a reasonable time.²

Class cost of service and rate design are decided in the rate case in which the Project's costs are recovered, and OPC's own recommendation on CWIP recovery is framed as a provision for the pending rate case.³

II. THE STIPULATION AND AGREEMENT

Q: Does the Agreement address the jurisdictional assignment of the Project?

A: Yes. As discussed in paragraph 20 of the Agreement, Mullin Creek #2 will be direct assigned to Evergy Metro's Missouri jurisdiction, and EMM will "work with Staff and other stakeholders to determine appropriate FAC treatment associated" with such. See Agreement ¶ 20.⁴ This is consistent with my direct testimony where I discussed that 100% of the Project's costs will be assigned to Evergy Missouri Metro.

III. CONSTRUCTION WORK IN PROGRESS

Q: Has the Company requested that Mullin Creek #2 CWIP be included in rate base in a pending rate case?

A: Yes. EMM filed its general rate case, No. ER-2026-0143, on February 6, 2026, and in my direct testimony in that case I requested an estimated adjustment of \$66,593,424, the same amount requested in my direct in this case, to include CWIP for the Project in rate base.⁵ The actual CWIP balance at the June 30, 2026 true-up date was \$64,389,129, as reflected on Line RB-22 (CWIP – New Gas Generation) in Schedule RAK-7 which is attached to my true-up direct testimony that was filed on September 10, 2026 in Evergy Missouri Metro's rate case,

¹ See Section 393.135.2(1); R. Klote Direct at 6. All citations are to the Revised Statutes of Missouri (2016), as amended.

² See Section 393.135.2(1).

³ See Marke Rebuttal at 1-2.

⁴ Non-Unanimous Stipulation and Agreement ¶ 20, No. EA-2026-0154 (EFIS No. 56; filed Oct. 2, 2026) ("Agreement").

⁵ See R. Klote Direct at 6.

No. ER-2026-0143. This amount will be included in the Company's true-up revenue requirement in that case.⁶

Q: What does the CWIP balance at issue in the rate case consist of?

A: As I explained in the rate case, the CWIP balance at issue consists mostly of turbine reservation fees incurred to secure manufacturing and delivery capacity for the new natural gas-fired generating facility. It also includes initial project capital expenditures and AFUDC. Reservation fees preserve manufacturing capacity, equipment availability, and pricing, and are part of the cost path necessary to develop and construct the resource given manufacturing lead times, supplier constraints, and delivery-slot availability.

Q: Why must the Commission determine the amount of CWIP in this case?

A: Because the statute places the determination in Certificate of Convenience and Necessity ("CCN") cases, and the pending rate case depends on it. Section 393.135.2(1) provides that "[t]he commission shall determine, in a proceeding under section 393.170, the amount of construction work in progress that may be included in rate base."⁷ The rate case is where CWIP enters rates. The total amount that may subsequently enter rates through rate cases is determined in this proceeding.

The Company's request to include a portion of this CWIP amount in rates is pending now, in No. ER-2026-0143, and the determination made in this case should apply to that request. The minimum time between a rate case true-up date and the effective date of new rates has typically been approximately six months, and the true-up date in that case was June 30, 2026.⁸ The Company has asked the Commission to issue its order in this case by December 23, 2026.⁹

⁶ Id.; Seaver Rebuttal at 15.

⁷ See Section 393.135.2(1).

⁸ See R. Klote Direct at 4.

⁹ See Gunn Direct at 26.

1 **Q: How does the statute protect customers if construction costs are imprudently incurred or**
2 **the Project is delayed?**

3 A: Any CWIP included in rates in No. ER-2026-0143 is recovered subject to a refund in the next
4 general rate case. Section 393.135.2(1) provides that “[b]ase rate recoveries arising from
5 inclusion of construction work in progress in rate base are subject to refund, with interest on
6 the refunded amount . . . if, and to the extent the commission determines, in a subsequent
7 complaint or general rate proceeding, that construction costs giving rise to the construction
8 work in progress included in rate base were imprudently incurred or if the project for which
9 construction costs have been included in the rate base is not placed in service within a
10 reasonable amount of time, as determined by the commission.”¹⁰

11 **Q: What amount of CWIP should the Commission determine?**

12 A: The Commission should determine that the CWIP eligible for rate base inclusion is the cost of
13 the Project’s actual construction, as trued up in each rate case in which CWIP is included,
14 subject to the limits and the refund provision of Section 393.135.2(1). The Commission should
15 not convert the estimate in my direct testimony into a fixed ceiling.¹¹

16 The \$64,389,129 figure cited in my rate case true-up direct testimony is an early-stage
17 amount incurred through the June 30, 2026, true-up date in a multi-year construction project,
18 not the full cost of the Project. The rate case CWIP balance is below the anticipated project
19 budget. Once the cost estimate of ** [REDACTED] ** for Mullin Creek #2 is approved, the
20 Company will compare the trued-up balance to that budget.

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¹⁰ See Section 393.135.2(1).

¹¹ See R. Klote Direct at 3, 6.

1 **Q: Do you agree with OPC witness Geoff Marke, who listed a limitation of CWIP recovery**
2 **to data center customers among the provisions OPC recommends in EMM’s concurrent**
3 **rate case?**

4 A: No. That is a rate design question, and OPC places it in the rate case. Dr. Marke lists the
5 limitation among the provisions OPC recommends “in Evergy Metro’s concurrent rate case,
6 Case No. ER-2026-0143.”¹² Section 393.135.2(1) directs the Commission to determine in this
7 proceeding an amount of CWIP that may be included in rate base. How a revenue requirement
8 that includes CWIP is spread among customer classes is decided in the rate case, which is
9 where OPC has raised it.

10 **IV. COST ALLOCATION AMONG CUSTOMER CLASSES**

11 **Q: Do you agree with OPC witness Jordan Seaver, who recommended that the Company**
12 **declare the Project’s costs will be allocated entirely to the large load customers, and Dr.**
13 **Marke, who supports approval predicated on the data center customers fronting the full**
14 **capital expenditures?**

15 A: No. OPC recommends that the Commission should decide cost allocation here. Mr. Seaver
16 testifies that the Company should “declare that the costs of the project, including the requested
17 Construction Work In Progress costs in the Evergy Missouri Metro rate case (Case No. ER-
18 2026-0143), will be allocated entirely to the large load customers causing said costs, unless or
19 until Evergy Missouri Metro demonstrates otherwise.”¹³ Dr. Marke supports approval
20 “predicated on the three data center customers identified by Evergy Metro fronting the full
21 capital expenditures necessary for the investment in its entirety,” and states that there is an
22 argument that legacy ratepayers should not be charged anything related to this application.¹⁴

¹² See Marke Rebuttal at 1-2.

¹³ See Seaver Rebuttal at 15.

¹⁴ See Marke Rebuttal at 1, 19.

1 Those recommendations would decide a class cost of service question in a CCN
2 proceeding, with Mr. Seaver recommending decisions be made on the treatment of costs now
3 pending in a separate rate case.¹⁵

4 **IV. CONCLUSION**

5 **Q: Should the Commission approve the Agreement?**

6 A: Yes. In doing so, the Commission should determine the amount of CWIP eligible for rate base
7 per Section 393.135.2(1), because EMM's rate case (No. ER-2026-0143) is pending.
8 Additionally, the Commission should reject OPC's positions and recommendations. OPC's
9 recommendations to decide class cost of service and cost allocation issues in this CCN
10 proceeding are misplaced and should also only be addressed in EMM's pending rate case.
11 Accordingly, the Commission should approve the Agreement and grant EMM the CCN
12 application.

13 **Q: Does this conclude your testimony?**

14 A: Yes, it does.

¹⁵ See Seaver Rebuttal at 15.

In the Matter of the Application of Evergy)
Metro, Inc., d/b/a Evergy Missouri Metro for)
Permission and Approval of a Certificate of) Case No. EA-2026-0154
Convenience and Necessity Authorizing it to)
Construct, Install, Own, Operate, Manage,)
Maintain, and Control a Natural Gas Electrical)
Production Facility)

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Ronald A. Klote. I work in Kansas City, Missouri and I am employed by Evergy Metro, Inc. as Senior Director, Regulatory Affairs.

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.


Ronald A. Klotz

of October 2026.



Notary Public

ANTHONY R WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2029
PLATTE COUNTY
COMMISSION #17279952

Evergy Metro West, Inc. d/b/a Evergy Missouri West

Docket No.: EA-2026-0154

Date: October 5, 2026

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	Reason for Confidentiality from List Below
Klote Direct, p. 4, ln. 19	3, 4, and 6

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3. Marketing analysis or other market-specific information relating to services offered in competition with others;
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5. Reports, work papers, or other documentation related to work produced by internal or external auditors, consultants, or attorneys, except that total amounts billed by each external auditor, consultant, or attorney for services related to general rate proceedings shall always be public;
6. Strategies employed, to be employed, or under consideration in contract negotiations;
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