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Direct Testimony of Keith Majors
Case No. ER-2026-0143

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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY
REVENUE REQUIREMENT

OF

KEITH MAJORS

EVERGY METRO, INC. d/b/a Evergy MISSOURI METRO

CASE NO. ER-2026-0143

Jefferson City, Missouri
June 2026

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DIRECT TESTIMONY OF

KEITH MAJORS

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

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DIRECT TESTIMONY

OF

KEITH MAJORS

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

CASE NO. ER-2026-0143

Q. Please state your name and business address.

A. My name is Keith Majors. My business address is 615 E. 13th Street, Room 201, Kansas City, Missouri, 64106.

Q. By whom are you employed and in what capacity?

A. I am a Utility Regulatory Audit Unit Supervisor employed by the Staff ("Staff") of the Missouri Public Service Commission ("Commission").

Q. What is your educational background and work experience?

A. I attended Truman State University in Kirksville, Missouri, where I earned a Bachelor of Science degree in Accounting in 2007. I have been employed by the Commission within the Auditing Department since June 2007.

Q. Have you previously filed testimony before this Commission?

A. Yes. A listing of the cases in which I have previously testified, or authored a Staff recommendation or memorandum, and the issues which I addressed in those filings, is attached as Schedule KM-d1 to this direct testimony.

Q. What knowledge, skills, experience, training and education do you have in the areas of which you are testifying here?

A. I have acquired knowledge of the ratemaking and regulatory process through my employment with the Commission and through my assignments in numerous prior rate cases. I have assisted, conducted, and supervised audits and examinations of the books and records of public utility companies operating within the state of Missouri. I have participated in examinations of electric, industrial steam, natural gas, water, and sewer utilities, and participated in in-house and outside training and seminars on technical and general ratemaking matters while employed by the Commission.

I have been assigned to several Evergy Missouri Metro ("EMM"), formerly known as Kansas City Power & Light Company ("KCPL") and Evergy Missouri West ("EMW"), formerly known as KCP&L Greater Missouri Operations Company ("GMO"), general rate cases during my employment at the Commission:

Utility	**Case No.**
KCPL – Electric	ER-2009-0089
GMO – MPS and L&P[1]	ER-2009-0090
GMO – L&P Steam[2]	HR-2009-0092
KCPL – Electric	ER-2010-0355
GMO – MPS and L&P	ER-2010-0356
KCPL – Electric	ER-2012-0174
GMO – MPS and L&P	ER-2012-0175
KCPL – Electric	ER-2014-0370
GMO – MPS and L&P	ER-2016-0156
KCPL – Electric	ER-2016-0285
KCPL – Electric	ER-2018-0145
GMO – Electric	ER-2018-0146
EMM – Electric	ER-2022-0129
EMW – Electric	ER-2022-0130
EMW – Electric	ER-2024-0189

[1] Prior to the rate consolidation in Case No. ER-2016-0156, Evergy Missouri West consisted of two rate districts, Missouri Public Service ("MPS") and St. Joseph Light and Power ("L&P").
[2] EMW serves separately tariffed steam customers. Rates for steam customers are set in steam-specific rate cases.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. I am sponsoring Staff's Direct Accounting Schedules that are being filed concurrently with this direct testimony. Staff's accounting schedules use the Exhibit Modeling System ("EMS") that was developed by Commission Staff. Staff's recommendation regarding the amount of the revenue requirement increase for EMM is based on actual historical information through the update period ending December 31, 2025, with the exception of some items which have been calculated as of the test year, the twelve months ending June 30, 2025. Staff will revise its recommendation of the amount of the revenue requirement increase for EMM based on actual information through June 30, 2026, as part of its true-up audit.

In this testimony, I will provide an overview of the results of Staff's direct audit and its recommended revenue requirement for EMM. During Staff's examination, several members of Staff participated in the review of EMM's books and records. The components of Staff's review include (1) capital structure and return on equity, (2) rate base investment, (3) revenue, (4) operation & maintenance expenses, (5) depreciation & amortization expense, and (6) income taxes, all of which are represented in the formula below.

I provide testimony concerning the following specific topics:

- Pensions and Other Post-Employment Benefits ("OPEB") Expense and Tracker
- Supplemental Executive Retirement Program ("SERP") Expense
- Affiliate Transactions
- Corporate Allocations
- Jurisdictional Allocations

- CS-11 Miscellaneous Adjustments
- CS-137 Insurance Settlement Proceeds
- Freight Litigation Costs

OVERVIEW OF STAFF'S REVENUE REQUIREMENT DIRECT TESTIMONY

Q. How is the revenue requirement determined for a regulated utility?

A. The revenue requirement is a quantification of the additional revenues needed by the utility to fulfill its cost of service. A utility's cost of service is a quantification of the revenues necessary to provide a utility with the funds to 1) pay its operating costs and 2) provide a reasonable opportunity to earn a return on its investment.

Q. Please explain the components of the cost of service for a regulated, investor-owned public utility.

A. The cost of service for a regulated, investor-owned public utility is comprised of the following formula:

Cost of Service = Cost of Providing Utility Service

Or

COS = O + (V-D)*R where,

COS = Cost of Service

O = Operating Costs (Payroll, Maintenance, etc.), Depreciation, and Taxes

V = Gross Valuation of Property Required for Providing Service (including plant and additions or subtractions of other rate base items)

D = Accumulated Depreciation Representing Recovery of Gross Depreciable Plant Investment

V – D = Rate Base (Gross Property Investment less Accumulated Depreciation = Net Property Investment)

R = Rate of Return

(V-D)*R = Return Allowed on Rate Base

The terms "cost of service" and "revenue requirement" have been used interchangeably in many cases. The "cost of service" relates to the overall revenues, including existing revenues and any rate increase. In this testimony, Staff will refer to the "revenue requirement" in terms of the increase or decrease in revenues based on the current total cost of service as compared to the current revenue level that exists in current rates. Staff has prepared accounting schedules to calculate the cost of service for EMM. EMW rates are separately tariffed and not included in these proceedings.

Q. What is the objective of an audit of a regulated, investor-owned public utility for ratemaking purposes?

A. The objective of the audit is to determine the appropriate amounts of the cost of service components for the regulated entity within its certificated service territory. All relevant factors are examined and a proper relationship of revenues, expenses, and rate base is maintained. The following summarizes the process for making the revenue requirement determination:

(1) Selection of a test year. The test year income statement, based on known and measurable cost components, represents the starting point for determining a utility's existing annual revenues, operating costs, and net operating income. Net operating income (revenues less expenses) represents the return on investment based upon existing rates. The test year utilized by Staff and EMM in Case No. ER-2026-0143 is the

12 months ending June 30, 2025, with known and measurable adjustments through December 31, 2025.[3] Several types of adjustments, such as "annualization," "normalization", and "disallowance" adjustments, are made to the test year results when the unadjusted amounts do not fairly represent the utility's most current, ongoing, and appropriate annual level of revenues and operating costs. These adjustments are described later in this testimony.

(2) Selection of a "test year update period." A proper determination of revenue requirement is dependent upon matching the components of rate base, return on investment, revenues and operating costs at a point in time. This is referred to as the "matching" principle. It has been standard practice in Missouri for ratemaking to utilize a period that is beyond the established test year in which to match the major components of a utility's revenue requirement. By utilizing an update period, information can be reflected beyond the established test year and be based upon more current information as of Staff's direct filing. Staff has used the update period of December 31, 2025, for the majority of the revenue requirement inputs. For the inputs that did not utilize December 31, 2025, data, Staff used the test year information and has so noted in testimony.

(3) Selection of a "true-up date" or "true-up period." A true-up date generally is established when a significant change or changes in a utility's cost of service occurs after the end of the test year update period, but prior to the operation-of-law date, and

[3] Case No. ER-2026-0143, *Joint Proposed Procedural Schedule*. Staff and EMM agreed to a test year ending June 30, 2025, updated through December 31, 2025, and a true-up period ending June 30, 2026. The Commission did not specifically order these dates to be utilized in its *Order Setting Procedural Schedule and Directing the Filing of Dates for Local Public Hearings*.

the significant change in cost of service is one the parties and/or Commission has decided should be considered for establishing the cost of service in the current case. In this case, Staff and EMM intend to use a true-up period of June 30, 2026.

(4) Determination of the Rate of Return, which is represented by the "R" in the formula above. An examination of the cost-of-capital must occur to allow EMM the opportunity to earn a fair rate of return on its net investment ("rate base") that is utilized in providing utility service. Staff witness Dr. Seoung Joun Won of the Commission's Financial Analysis Department has performed a cost-of-capital analysis of which he discusses the results of in his direct testimony.

(5) Determination of Rate Base, which is represented by the (V-D) in the formula above. A utility's rate base represents the net investment that is used in providing utility service, and this net investment is what the rate of return is applied to that permits the utility the opportunity to earn a return. Staff has utilized a rate base as of December 31, 2025, the update period in this case for its direct filing for the majority of items and has noted in testimony when test year information has been used. Rate base includes, for example, plant-in-service, accumulated reserve, cash working capital, materials and supplies, prepayments, fuel inventories, accumulated deferred income tax, and various regulatory assets and liabilities.

(6) Net Operating Income from Existing Rates, which is represented by the "O" in the formula above. In order to develop net income from existing rates, the operating revenues, expenses, depreciation, and taxes for the test year is used. The utility's revenue and expense categories are examined to determine whether the unadjusted test

year results require adjustment to fairly represent the utility's most current level of operating revenue and expense. Several changes can occur during any given year that will impact a utility's annual level of operating revenue and expense. The test year has been adjusted to reflect Staff's determination of the appropriate ongoing levels of revenue and expense.

(7) Determination of Net Operating Income Required. The net income required for EMM is calculated by multiplying Staff's recommended rate of return by Staff's recommended rate base. Net income required is then compared to net income available from existing rates in Item (6) above. The difference, after factoring-up[4] for income taxes, represents the incremental change in the utility's rate revenues required to cover its operating costs and to provide a fair return on investment used in providing electric service. If a utility's current rates are insufficient to cover the operating costs and provide a fair return on investment, the comparison of net operating income required (Rate Base x Recommended Rate of Return) to net income available from existing rates (Operating Revenue less Operating Costs, Depreciation, and Income Taxes) will result in a positive amount, which indicates that the utility requires a rate increase. If the comparison results in a negative amount, this indicates that the utility's current rates are excessive.

[4] Income taxes are due on the earnings of the utility. Generally speaking, income taxes are calculated on the return on equity portion of the rate of return, multiplied by the net rate base. An income tax factor up accounts for this tax liability.

Q. Please identify the types of adjustments that are proposed to unadjusted test year results so as to reflect the current annual level of operating revenue and expense for a utility.

A. The following types of adjustments are used to reflect a utility's current annual level of operating revenue and expense:

(1) Normalization Adjustments. A utility's rates are intended to reflect normal ongoing operations. A normalization adjustment is required when the test year contains an abnormal event. An example of this type of adjustment is weather normalization. Actual weather conditions during the test year are compared to "normal" values. The weather normalization adjustment restates the test year sales volumes and revenues to reflect normal weather conditions.

(2) Annualization Adjustments. Annualization adjustments are required when changes have occurred during the test year, update and/or true-up period that have not been fully reflected in the unadjusted test year results. An example of this is payroll. Because EMM's test year is the twelve months ended June 30, 2025, it does not include any interim pay increases that occurred during the test year. Staff used the payroll rates in effect as of December 31, 2025, and applied those rates to the actual employee levels experienced on this date to annualize payroll expense. Staff's adjustment to the test year captures the impact of the payroll increase as if that increase existed for the entire annual period. The same process will be utilized for the true-up period, through June 30, 2026, to recognize any increases and changes in the level of employees that occur through that date.

(3) Disallowance adjustments. Disallowance adjustments are proposed to eliminate costs during the test period that are not considered to be prudent, reasonable, appropriate, non-recurring or not of benefit to Missouri ratepayers and thus not proper for recovery from ratepayers. Examples of these are certain dues and donations and institutional or promotional advertising expenses.

(4) Proforma Adjustments. A proforma adjustment is proposed due to an event that generally occurs beyond the test year, update or true-up cut-off date. These adjustments occur anytime a party proposes to include the effects of an event without considering the revenue requirement associated with the offsetting items. The Commission can allow parties to request the inclusion of the revenue requirement associated with proforma or isolated adjustments in the calculation of the cost of service. These adjustments must be proposed with caution as these adjustments must be known and measurable and must be examined to determine whether inclusion of the adjustment will affect the relationship between revenue, expense and investment. On the other hand, an example of a proforma adjustment that is routinely included is current income tax expense. Current income tax expense is not based on any current paid income taxes, but is instead based upon statutory rates and earnings that will occur in the year following the rate increase, if any, authorized in this case. There are no isolated adjustments proposed as a part of Staff's direct filing in this case.

Q. What amount of revenue requirement increase did EMM request in this case and on what return on equity ("ROE") percentage was this request based?

A. EMM requested an increase in annual revenue of $137.9 million or 14.92% before the rebasing of fuel for the fuel adjustment clause ("FAC"). The requested increase including the rebasing of fuel for the FAC is $140.4 million, or 15.19%. The calculated increase in annual revenue utilizes a 10.5% ROE.

Q. How much was EMM's last prior rate increase and when was it effective?

A. EMM filed its last prior rate case, Case No. ER-2022-0129, on January 7, 2022. Effective January 9, 2023, EMM's rates increased by $25.0 million as agreed upon and ordered by the Commission in the *Order Approving Four Partial Stipulations and Agreements* as ordered in that case.

Q. Please describe Staff's direct cost of service (revenue requirement) filing in this rate proceeding.

A. The results of Staff's audit of EMM's books and records as part of this proceeding can be found in Staff's filed Accounting Schedules and is summarized on Accounting Schedule 1, Revenue Requirement. Accounting Schedule 1 demonstrates that Staff's recommended revenue requirement in this proceeding is $84.5 million. The recommended revenue requirements are premised on a mid-point recommended rate of return ("ROR") after tax of 7.226%. Staff recommends a midpoint ROE of 9.73%, with a range of 9.48% to 9.98% as calculated by Staff witness Dr. Seoung Joun Won. Staff's revenue requirement at the low and high ROR range of 7.097% to 7.354% is $78.2 million to $90.6 million.

Q. Did Staff include a true-up allowance in its Accounting Schedules?

A. Yes. Staff estimates the true-up will impact the total EMM revenue requirement by approximately $28 million. In this case, Staff's true-up estimate is the revenue requirement impact of expected additions to plant-in-service net of additions to the depreciation reserve, estimates for additional employees through June 30, and transmission expenses. This estimate will be replaced with the actual revenue requirement as of June 30, 2026, when Staff files its true-up case on September 10.

Q. Staff's Accounting Schedules reflect a revenue requirement with true-up allowance of $84.5 million at the mid-point rate of return. What other estimates of the impact of the true-up revenue requirement has Staff calculated?

A. Line 12 of Schedule 1 of Staff's revenue requirement includes a true-up estimate of the impact of Large Load Power Service ("LLPS") customer impacts. Staff witness Sarah L.K. Lange has detailed these calculations in her direct testimony.

Q. Please explain how various Staff members contributed to create a combined work product in this rate proceeding.

A. Staff auditors in this case relied upon the work from several other Staff Departments in order to calculate the revenue requirement for EMM in this case. Weather normalized revenue and the recommended rate of return are some examples of data analysis and inputs that are provided to the Auditing Department for inclusion in the Accounting Schedules. Each Staff member who has contributed a calculation or input for inclusion in the Accounting Schedules has submitted direct testimony in this case providing discussion on each topic they were assigned along with their recommendation

on the issue. Signed affidavits and credentials for all Staff members who contributed to the direct cost of service filing and for which they are responsible are attached to each Staff member's testimony.

Q. What are the largest differences between the revenue requirement for EMM as filed by EMM as compared to the revenue requirement filed by Staff in this case?

A. The differences are based on the direct filed revenue requirement proposed by EMM. The values listed below will change when Staff and EMM update their respective revenue requirements through the true-up cutoff date, June 30, 2026.

- Return on Equity ("ROE") and Capital Structure – Issue Value approximately $22.4 million. EMM's return on equity recommendation is 10.5%. Staff's mid-point recommendation is 9.73%.
- Transmission expense – approximately $6 million
- Depreciation – approximately $17 million
- Payroll – approximately $1.5 million
- Value of Plant in Service Accounting deferrals - $3.5 million

There are other differences that exist between Staff and EMM's direct filings, however these other differences have lesser value than those listed and discussed above.

Q. Is it possible that significant differences exist between Staff's revenue requirement recommendations and those of other parties participating in this proceeding?

A. Yes. Other parties who have different positions than those of EMM and Staff will also file direct testimony concurrently with Staff's filing. Those differences will

be reviewed and addressed in further rounds of testimony. Until Staff has a chance to examine the direct testimony of the other parties, it is impossible for Staff to determine what differences exist and how material they may be.

Q. Please describe the direct testimony Staff has filed for this current rate proceeding.

A. Each Commission Staff member has direct testimony that sponsors specific issues. The testimony provides an explanation of each specific area of concern or adjustment with Staff's recommendation. Schedule KM-d2 attached to this testimony summarizes Staff's witnesses who filed direct testimony and their associated area of responsibility.

Q. On what date will Staff file its direct class cost of service and rate design testimony in this proceeding?

A. Staff's class cost of service and rate design testimony and associated schedules will be filed on July 14.

JURISDICTIONAL ALLOCATIONS

Q. Please explain the need to develop allocation factors for the various FERC accounts in Staff's EMS.

A. Evergy Metro operates within two state jurisdictions, Missouri and Kansas, and in the firm wholesale federal jurisdiction regulated by FERC. Therefore, it is necessary to specifically identify, assign, or allocate the investment and expenses between the jurisdictions. To develop a comprehensive cost of service analysis and identify the correct revenue requirement, all costs incurred by EMM for plant investment

and income statement costs must be specifically assigned or appropriately allocated to all jurisdictions served. The goal of this process is to correctly match the costs and expenses for provision of utility service with the drivers of those costs and expenses.

Q. What are the primary allocation factors used to develop Staff's Missouri-jurisdictional revenue requirement for Evergy Metro?

A. The primary allocators are the demand allocator, energy allocator, and customer allocators.

The secondary allocators are derived from the primary allocators. The secondary allocators include aggregate plant and salaries and wages, for example.

Q. Did you develop the demand and energy allocators?

A. No. These were developed by Staff witness Alan Bax.

Q. What types of costs are allocated on the basis of demand?

A. Capital costs associated with generation and transmission plant and certain operational and maintenance expenses are allocated on this basis. This is appropriate because generation and transmission are planned, designed, and constructed to meet a utility's anticipated demand.

Q. What types of costs were allocated on the basis of energy?

A. Variable expenses, such as fuel and purchased power, along with certain operational and maintenance ("O&M") expenses are allocated to the applicable jurisdiction based on energy consumption.

Q. How are the remaining non-demand non-energy costs allocated?

A. They are allocated using the secondary allocators.

PENSIONS

Q. What are pensions?

A. Pensions are a form of employee retirement plan that offer payments to employees upon meeting the plan criteria for retirement. Pensions are largely funded by the employer with little or no employee contribution required. Pension retirement plans were historically offered by companies to their employees as part of an overall employee benefit package to attract and retain employees. Over the last several years traditional pension plans have been largely replaced by 401(k) plans that are largely funded by the employee and oftentimes partially funded with an employer contribution to the plan as well.

Q. What pension plans does EMM offer?

A. EMM participates in joint trusteed union plan and a separate non-union plan. EMM is also responsible for paying a portion of the Wolf Creek Pension plan. Evergy's joint trusteed union plan is still open to new hire Union employees. That is the only plan still open to new employees. The other plans are no longer offered to new employees but the costs for those plans and funding requirements for the existing employees covered under those plans remain in rates.

Q. Have EMM's pension costs historically been tracked?

A. Yes, since the 2006 Rate Case, pension costs have been subject to a tracking mechanism to ensure EMM recovery of pension costs incurred and to return any over recovery of pension costs back to ratepayers.

Q. What has been the historical amortization period of any prepaid pension asset or liability that results from the tracking mechanism?

A. It has consistently been a five (5) year amortization recovery period.

Q. What are the Generally Accepted Accounting Principles ("GAAP") that relate to pension and OPEB costs?

A. The GAAP related to pension and OPEB costs are in Accounting Standards Codification ("ASC"), number 715—Compensation—Retirement Benefits.

Q. What standards were used prior to ASC 715?

A. Prior to ASC 715, GAAP for pension and OPEB costs were included in what is known as Statement of Financial Accounting Standards ("FAS"), numbers 87, 88, 106, 112, 132(R) and 158.

Q. Does this testimony and your work product use the current ASC 715 language or the original FAS references?

A. In order to be clear and consistent, I use the original FAS designations.

Q. What is FAS 87?

A. FAS 87 is the accrual accounting method for calculating pension cost for financial reporting purposes.

Q. What is FAS 88?

A. FAS 88 is the accounting treatment for certain costs that result from settlements and curtailments of defined benefit plans. FAS 88 requires immediate recognition of the settlements and curtailments if they trigger a qualifying event.

A qualifying event is met when the dollar amount of settlements and curtailments meet reporting thresholds. They are calculated and determined by EMM's actuary.

Q. What did Staff include for the balance of the regulatory liability and pension tracker in Staff's Direct Accounting Schedules?

A. Staff included EMM's pension tracker balances as of December 31, 2025. Staff will update these balances to actuals during the true-up phase of this case.

OTHER POST-EMPLOYMENT BENEFITS

Q. What are other post-employment benefits ("OPEBs")?

A. OPEBs are costs that EMM incurs to provide certain retirement benefits to retirees. The primary benefit is medical insurance, but also include life, dental and vision insurance benefits.

Q. How are OPEB expenses accounted for by EMM?

A. FAS 106 is the FASB approved accrual accounting method used for financial statement recognition of annual OPEB costs and is also my recommended basis of rate recovery for this item, with the exception of the Wolf Creek OPEB plan. The accounting of the cost of OPEBs under FAS 106 is not based on the actual dollars EMM pays for OPEBs to retirees currently, but is accrual-based in that it attempts to recognize the financial effects of noncash transactions and events as they occur. These noncash transactions and events are primarily an estimate of current benefits earned by employees before retirement, but will not be paid until after retirement, as well as the interest cost arising from the passage of time until those benefits are paid. EMM does not fund its share of Wolf Creek OPEB expense based on FAS 106. EMM funds

Wolf Creek OPEBs based on the actual amount of benefits paid. This is generally referred to as "pay-as-you-go". Accordingly, the Wolf Creek OPEB costs are not included in the FAS 106 tracking mechanism, but are included separately in Staff's Accounting Schedules which represent a normalized level of the Wolf Creek OPEB expense.

Q. What did Staff include for the balance of the regulatory liability and OPEB tracker in Staff's Direct Accounting Schedules?

A. Staff included EMM's pension tracker balances as of December 31, 2025. Staff will update these balances to actuals during the true-up phase of this case.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Q. What is a supplemental executive retirement plan ("SERP")?

A. SERP is a non-qualified retirement plan for executive officers and other highly-compensated former employees that provides additional pension benefits that these individuals would have received under other company retirement plans, but for compensation and benefit limits imposed by the Internal Revenue Service ("IRS"). Non-qualified means the benefits exceed the limits imposed by the IRS. These supplemental pension benefits paid to retired former executive officers and other highly-compensated individuals are in addition to the cost of pension benefits Evergy Metro and Evergy West pay under their FAS 87 pension plan.

Q. Are SERP benefits externally funded to a trust?

A. SERP benefits are not externally funded to a trust by EMM and the amounts Staff included in its cost of service are based on actual cash SERP payouts to covered employees.

Q. Are SERP payments monthly annuities or lump-sum payouts?

A. SERP payments consist of either monthly annuity payments or lump-sum distributions. Lump-sum payments can be significant and the timing of them is difficult to predict. Therefore, I converted the lump-sum payouts using a conversion factor of 14.3 to approximate equivalent annuity payments as if the lump-sum payout was not elected. The conversion factor has been used by EMM to approximate the value of lump sums based on the historical annuity payout duration. This allows for a normalized level of converted lump-sum payments.

Q. What is your recommendation for the amount of SERP expense to include in Staff's Accounting Schedules?

A. I reviewed actual SERP payouts from 2021 through 2025 for the legacy Great Plains Energy ("GPE"), now known as Evergy, Inc., SERP plan. I used a five-year average of monthly annuity payments and added the converted lump-sum payments based on the 14.3 ratio discussed above. For the Wolf Creek SERP plan, I also used a five-year average of SERP payments.

Q. Are SERP payments capitalized?

A. They are. Therefore, I reduced my recommended amount of SERP commensurate with the O&M rate that was used for Staff's payroll adjustment.

MISCELLANEOUS EXPENSE

Q. What miscellaneous adjustments do you address?

A. Staff recommends adjustments to these items:

1. Remove equity compensation from the test year

2. Remove non-recoverable items from the test year (bonuses, non-regulatory lease expense, officer expense reports)

3. Remove PISA deferrals from the test year

These adjustments were included in EMM's direct filing as adjustment CS-11. Staff reviewed the adjustments and agrees they are appropriate. Staff reflected the adjustments in Staff's Accounting Schedules

Q. Does Staff recommend any recovery of equity compensation?

A. No. Staff removed all equity compensation in the form of time-based vested shares and performance based shares from the test year.

INSURANCE SETTLEMENT PROCEEDS

Q. Please describe the insurance settlement proceeds adjustment.

A. EMM negotiated agreements with some legacy insurance carriers to resolve potential liability claims. EMM received one-time payments in exchange for a release of coverage obligations for environmental liabilities. EMM recommends, and Staff concurs, that these payments should be returned to customers as customers were responsible for the insurance expenses and has included adjustment CS-137 to that end. Staff has included a four-year amortization of the proceeds.

RAIL LITIGATION EXPENSES

Q. Please describe the rail litigation expense adjustment.

A. EMM, EMW, and Evergy Kansas Central ("EKC") filed a complaint against the Burlington Northern Santa Fe Railway Company ("BNSF") "seeking redress for

BNSF's failure to provide reasonable and adequate rail transportation service to Complainants in violation of BNSF's legal and statutory obligations as a common carrier by railroad, and BNSF's unreasonable practice in establishing and implementing the terms for such service."[5] The complaint alleges that BNSF failed to adequately provide for the transportation of coal to EMM and EMW's Iatan Generating Station and EKC's Lawrence Energy Center. The complaint was filed January 31, 2024, and is pending.

Staff recommends deferral of litigation expenses in the test year and prior to the test year, and amortization of the costs over four years.

Q. Does Staff recommend disallowance of these costs?

A. No. Staff's adjustments to defer and amortize the costs are intended to match the costs with the potential benefits of the complaint. Should EMM and EMW prevail, the benefits would flow through the FAC. Staff recommends recovery of these expenses regardless of the outcome of the complaint as EMM's efforts to pursue this complaint case and keep fuel costs as low as possible are in the best interests of EMM's customers.

Staff has identified the costs in the test year and will include an amortization of the updated costs through the true-up date and any residual costs prior to the test year.

[5] Surface Transportation Board, Docket No. NOR 42180.

Q. Has Staff recommended deferral of similar costs prior to this case?

A. Yes. In Case No. ER-2006-0314, Staff recommended deferral and amortization of EMM's[6] STB rate complaint against Union Pacific alleging unreasonable coal transportation rates.

Q. Does this conclude your direct testimony?

A. Yes it does.

[6] At that time, EMM was doing business as Kansas City Power & Light.

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 KEITH MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF Jackson)

COMES NOW KEITH MAJORS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony-Revenue Requirement*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

KEITH MAJORS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City Mo, on this 29 day of June 2026.

TINA PETERSON
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 4, 2030
JACKSON COUNTY
COMMISSION #26812480

Notary Public

Keith Majors
Case Participation

Cases to which I have been assigned and have filed testimony, Staff report, or memorandum are shown in the following table:

Utility	Case Number	Issues	Exhibits
Evergy Metro	ER-2026-0143	Allocations, Pensions, OPEB	Direct Testimony
Spire Missouri	GR-2026-0133	ISRS	Staff Memorandum
Spire Missouri	GA-2026-0121 & GO-2026-0122	CCN	Staff Memorandum
Spire Missouri	GR-2025-0206	ISRS	Staff Memorandum
Spire Missouri	GR-2025-0107	Revenue Requirement, Plant Investment	Direct Testimony
Spire Missouri	GR-2025-0026	ISRS	Staff Memorandum
Ameren Missouri Gas	GR-2024-0369	Policy	Rebuttal
Ameren Missouri Electric	ER-2024-0319	Rush Island, Storm Costs	Direct Testimony
Evergy West	ER-2024-0189	Transmission Expense, Plant Investment	Direct, Rebuttal, Surrebuttal Testimony
Spire Missouri	GA-2024-0257	CCN	Staff Memorandum
Ameren Missouri Electric	EF-2024-0021	Policy, Retired Plant Securitization	Rebuttal, Surrebuttal Testimony
Confluence Rivers	WR-2023-0006 & SR-2023-0007	Policy, Revenue Requirement	Direct, Rebuttal, and Surrebuttal Testimony
Ameren Missouri Electric	ER-2022-0337	Revenues, Allocations, Bad Debt, Rush Island	Direct, Rebuttal, and Surrebuttal Testimony
Spire Missouri	GO-2022-0171	ISRS	Staff Memorandum
Evergy Metro and Evergy West	ER-2022-0129 & ER-2022-0130	Revenues, Jurisdictional Allocations, Bad Debt, Sibley Retirement	Direct, Rebuttal, Surrebuttal Testimony
Ameren Missouri Gas and Electric	ER-2021-0240 & GR-2021-0241	Facilities Transactions	Surrebuttal Testimony
Spire Missouri	GR-2021-0108	Corporate Allocations, Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
MAWC	SA-2021-0074	CCN	Staff Memorandum
Evergy Metro and Evergy West	EO-2021-0032	Various	Staff Report
Spire Missouri	GO-2021-0030 & GO-2021-0031	ISRS	Staff Memorandum
Raytown Water	WR-2020-0264	Various	Staff Memorandum
Summit Natural Gas	GA-2020-0251	CCN	Staff Memorandum
Liberty Utilities	WM-2020-0174	CCN	Staff Memorandum

Missouri American Water Company (MAWC)	WA-2019-0366	CCN	Staff Memorandum
Ameren Missouri Electric	ER-2019-0335	Allocations, Affiliation Transactions	Staff Report
MAWC CCN	SA-2019-0367	CCN	Staff Memorandum
United Services	SA-2019-0161	CCN	Staff Memorandum
KCP&L & KCP&L GMO	ER-2018-0145 & ER-2018-0146	Synergy and Transition Costs Analysis, Transmission Revenue and Expense	Staff Report
Laclede Gas and Missouri Gas Energy	GR-2017-0215 & GR-2017-0216	Synergy and Transition Costs Analysis, Corporate Allocations	Staff Report, Rebuttal, Surrebuttal
KCP&L & KCP&L GMO	ER-2016-0156 & ER-2016-0285	Income Taxes, Pension & OPEB	Staff Report, Rebuttal, Surrebuttal
KCP&L & KCP&L GMO	EO-2016-0124	Pensions, Rate Comparison	Staff Report
KCP&L & KCP&L GMO	EC-2015-0309	Affiliate Transactions, Allocations	Surrebuttal Testimony
KCP&L	ER-2014-0370	Income Taxes, Pension & OPEB, Revenues	Staff Report, Rebuttal, Surrebuttal
KCP&L	EU-2015-0094	DOE Nuclear Waste Fund Fees	Direct Testimony
KCP&L	EU-2014-0255	Construction Accounting	Rebuttal Testimony
Veolia Kansas City	HR-2014-0066	Income Taxes, Revenues, Corporate Allocations	Staff Report
Missouri Gas Energy	GR-2014-0007	Corporate Allocations, Pension & OPEB, Incentive Compensation, Income Taxes	Staff Report, Rebuttal, Surrebuttal
Missouri Gas Energy ISRS	GO-2013-0391	ISRS	Staff Memorandum
KCP&L & KCP&L GMO	ER-2012-0174 & ER-2012-0175	Acquisition Transition Costs, Fuel, Legal and Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
Missouri Gas Energy ISRS	GO-2011-0269	ISRS	Staff Memorandum
Noel Water Sale Case	WO-2011-0328	Sale Case Evaluation	Staff Recommendation
KCP&L & KCP&L GMO	ER-2010-0355 & ER-2010-0356	Acquisition Transition Costs, Rate Case Expense	Staff Report, Rebuttal, Surrebuttal
KCP&L Construction Audit & Prudence Review	EO-2010-0259	AFUDC, Property Taxes	Staff Report
KCP&L, KCP&L GMO, & KCP&L GMO – Steam	ER-2009-0089, ER-2009-0090, & HR-2009-0092	Payroll, Employee Benefits, Incentive Compensation	Staff Report, Rebuttal, Surrebuttal
Trigen Kansas City	HR-2008-0300	Fuel Inventories, Rate Base Items, Rate Case Expense, Maintenance	Staff Report

Spokane Highlands Water Company	WR-2008-0314	Plant, CIAC	Staff Recommendation
Missouri Gas Energy ISRS	GO-2008-0113	ISRS	Staff Memorandum

Evergy Missouri Metro General Rate Case
Case No. ER-2026-0143
Direct Testimony - Staff Responsibility

Staff Witness	Issue Responsibility
AMANDA ARANDIA	Depreciation
NATHAN BAILEY	Payroll, benefits, Taxes & 401(K), COVID AAO, Customer Education Costs, DSM Program, DSM Opt-outs, Dues & Donations, EEI, EV Charging Amortization, Incentive Compensation, Lobbying, Meter Replacement O&M, Property Tax Expense and Tracker, Prospective Tracking-Amortizations, Renewable Energy Standard Amortization, Severance Costs, Time of Use
ALAN J. BAX	System Energy Losses, Jurisdictional Allocation Factors for Demand and Energy, Loss Study -FAC, Voltage Adjustment Factors
KIM COX	Retail Rate Revenue
CLAIRE M. EUBANKS	Large Load Policy
SYDNEY FERGUSON	Bad Debt Expense, Cash Working Capital, Critical Needs & Rehousing Program, Economic Relief Pilot Program, Forfeited Discounts, Income Eligible Weatherization Program, Injuries and Damages, Lease Expense, Low Income Solar Subscription Pilot Program, Misc. Revenues, PAYS Program Expense and Revenue, Rate Case Expense, Revenue (Eliminate FAC, RESRAM, MEEIA, Unbilled, GRT), Wolf Creek Decommissioning, Wolf Creek Nuclear
STACY HENDERSON	Fuel Adjustment Clause
RANDALL JENNINGS	Lighting Service Class, Estimated Billing/Missing Intervals
SARAH L.K. LANGE	Large Customer Annualizations, Plug for True-up
J LUEBBERT	Additional SPP expense
KEITH MAJORS	Revenue Requirement Overview, Pensions, OPEBs
BROOKE MASTROGIANNIS	Fuel Adjustment Clause
BRODRICK NIEMEIER	Variable Fuel
ANTONIJA NIETO	Insurance Expense, SO2 Amortization, Depreciation Clearing, Transmission Expense and Revenue, TCR/ARR, RNU, MINT, Ancillary, SPP Admin Fees, Border Customers Fuel and Revenue, Production Related Expenses and Revenues, Fuel Prices, Fuel Inventory, Purchased Power, Hedging Gains and
HARI K. POUDEL, PHD	MEEIA and EDR
AMANDA RUCKER	Large Power Revenue
TREVOR RUCKER	Plant-in-Service
LINDSEY SMITH	Accounts Receivable Bank Fees, Advertising Expense, Customer Advances, Customer Deposits and Interest Expense, Maintenance Expense, IT Software Maintenance, Prepayments, Regulatory Assessments, Iatan II Construction Account Regulatory Asset, Materials and Supplies, CIP and Cybersecurity
MICHAEL L. STAHLMAN	Weather Normalization
JUSTIN TEVIE	Market prices
SEOUNG JOUN WON, PhD	Rate of Return
MATTHEW R. YOUNG	Common-Use Billings, Greenwood Solar, Wholesale Transmission Revenue Credits, Transource, Renewable Energy Credit Revenue, Income Taxes, Plant in Service, Depreciation Reserve, Amortization Expense, CWIP Rate Base