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Rebuttal
Case No. ET-2025-0184

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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ET-2025-0184

REBUTTAL TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST

Kansas City, Missouri
September 2025

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REBUTTAL TESTIMONY

OF

KEVIN D. GUNN

CASE NO. ET-2025-0184

I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Kevin D. Gunn, and my business address is 1200 Main Street, Kansas City, Missouri 64105.

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

A. I am employed by Evergy Metro, Inc. and serve as Vice President – State and Federal Regulatory Policy for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro" or "EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West" or "EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central") the operating utilities of Evergy, Inc. ("Evergy").

Q. Who are you testifying for?

A. I am testifying on behalf of EMM and EMW (collectively "Evergy Missouri" or the "Companies").

Q. Please summarize your responsibilities.

A. My responsibilities include developing and implementing Evergy's regulatory policy at the state and federal level, including managing regional transmission organization ("RTO") policy. Currently, my state duties are limited to Missouri regulatory policy.

Q. Please describe your education, experience, and employment history.

A. I received a Bachelor of Arts degree from American University in 1992 and a Juris Doctor degree from St. Louis University School of Law in 1996. I was a Commissioner on the Missouri Public Service Commission ("Commission" or "MPSC") from 2008 to 2013 and served as Chair from 2011-2013. Prior to being on the Commission, I served as a lawyer in private practice and as a chief of staff to a member of Congress from Missouri. After serving on the Commission, I was a regulatory affairs consultant and was Executive Director of Regulatory and Political Affairs, Central Region for NextEra Energy Resources.

Q. Have you previously testified in a proceeding at the MPSC or before any other utility regulatory agency?

A. Yes, I have offered testimony before this Commission in File No. EO-2023-0369/0370, 12 ER-2024-0189, EA-2024-0292, and EA-2025-0075, and EO-2025-0154.

Q. What is the purpose of your Rebuttal testimony?

A. The purpose of my Rebuttal is to provide Evergy's overall reaction to Union Electric Company d/b/a Ameren Missouri's ("Ameren") proposed Large Load Customer ("LLC") Rate Plan. In doing so, I identify areas of alignment and differences between Ameren and Evergy Missouri's approaches. At a high level, I identify some of the broad areas of alignment between Evergy and Ameren's proposals and explain how the overall structure of both the LLC Rate Plan and Evergy's pending Large Load Power Service ("LLPS") Rate Plan are consistent with national trends and Missouri policy to encourage economic growth in the state. In doing so, I raise concerns about the prospect of injecting new, unconventional commercial and regulatory principles into this proceeding that are not aligned with national trends in large load tariff design and how adopting such principles here and in other MPSC proceedings could jeopardize the state's ability to be competitive nationally in attracting large loads to Missouri.

Second, I identify several limited areas where the structure or terms and conditions contemplated in the LLC Rate Plan do diverge from Evergy's LLPS Rate Plan. Notably, I highlight these differences in the spirit of collaboration and promoting intra-state fairness in aligning tariffs in response to the legislature's expressed intent in its passage of SB 4 to ensure that: (1) Missouri is in the best position to attract new large loads, and (2) non-large load customers are reasonably protected from undue harm from new large load customers.

Q. Are any other witnesses testifying on behalf of Evergy in this proceeding?

A. Yes, in addition to my testimony, Ryan Hledik from The Brattle Group is also providing testimony on behalf of the Companies. Mr. Hledik's testimony provides an independent, third-party analysis of large load tariff trends nationally. Mr. Hledik discusses where Ameren's LLC Rate Plan and Evergy's LLPS Rate Plan sit within the national landscape and identifies key features of each that are similar and different from national trends. In doing so, Mr. Hledik provides a comparison of how Ameren and Evergy's proposed rate plans may apply in practice to a hypothetical customer. Mr. Hledik also provides more detailed technical support related to Evergy's concern with the Commission imposing terms and conditions that are significantly divergent from national trends and norms, and how this may significantly stifle large load development within Missouri.

Q. Are you sponsoring any Schedule(s)?

A. No.

Q. Please summarize Evergy's interest in this proceeding.

A. As Ameren appropriately recognizes in its Direct testimony in this docket, the electric industry is experiencing a period of unprecedented change in demand trends, driven largely by the extreme energy needs of data centers and other large manufacturing customers and the electrification of industry. Ameren also correctly points out that Missouri is well-positioned to benefit from serving these large loads, and that attracting such customers to the state has the potential to drive substantial economic benefits. However, the nature and magnitude of these new large loads presents potential risks to existing customers and the utilities that serve them. Traditional approaches to serving industrial customers do not adequately mitigate these risks. As such, it is critical that programs developed to support large load customers are carefully calibrated as to regulatory policy, ratemaking and rate design, and the commercial terms and conditions that govern these unique arrangements, so the citizens of Missouri experience the benefits these customers bring while properly mitigating the potential risks they present.

The Commission granted Evergy's motion to intervene to promote transparency, utility competitiveness, and economic development in Missouri to ensure that serving large load customers is in the public interest of all Missouri customers.[1] Evergy's primary objective in this proceeding, as in its own LLPS Rate Plan proceeding, is to advance economic development while safeguarding customers from undue harm and ensuring competitive fairness across all of Missouri's rate-regulated utilities. This means promoting competitiveness across rate-regulated utilities in Missouri. When evaluating Ameren's large load tariff proposals, the Commission must determine whether Ameren's approach

[1] *See* Order Granting Evergy Application to Intervene, *In re App. Ameren Mo. Approval Tariffs Service Large Loads*, No. ET-2025-0184 (Jul. 9, 2025).

adequately protects customers and serves Missouri's public interest. In doing so, two central policy issues before the Commission are: (1) whether large load tariffs proposed by Missouri's rate-regulated utilities should be competitive to address the key features of large load tariffs that are emerging nationally, and (2) whether Missouri's large load tariffs should be competitive across regulated utilities within the state. The overarching goal should be to create the opportunity for economic development wins for Missouri without tipping the scale toward one utility or another within Missouri.

While some variation between state approaches and individual utility programs is inevitable, Evergy maintains that promoting national competitiveness and a level playing field within Missouri is beneficial and in the public interest. The Commission should also avoid creating incentives for utilities to design tariffs with terms that might attract large load customers at the expense of exposing non-participants to undue risk. Ultimately, the Commission's decisions in both Evergy's pending LLPS Rate Plan case and the instant case stand to have significant implications for the balance between fostering economic growth in Missouri as a whole and ensuring equitable treatment and protection for all utility customers within Missouri.

While approaches to regulating large load customers do not need to be identical, they should be consistent, born out of collaboration with consideration given to a range of viewpoints, and designed to mitigate the risk of unintended consequences.

II. LARGE LOAD POLICY AND THE IMPORTANCE OF MISSOURI ESTABLISHING ITSELF AS A NATIONALLY COMPETITIVE MARKETPLACE

Q. Are there ongoing developments in the electric industry that necessitate the development of large load tariffs?

A. Yes. As Ameren stated in its Direct testimony, there is significant growth in electric demand nationwide driven by the emergence of large-scale, energy-intensive customers – particularly those in the data center services and advanced manufacturing sectors. Much of this demand is due to increased demand for cloud data services, the growing digitization of business and daily life, and the rapid evolution of generative artificial intelligence ("AI") technologies, which has led to a surge in demand for high performance computing infrastructure that require large amounts of electricity to support intensive computational workloads.[2] Evergy agrees that these facts are the core drivers of large loads, as Ameren's testimony is broadly consistent with testimony filed by Evergy in its LLPS Rate Plan.[3]

Q. Are there benefits to serving large loads for the state of Missouri?

A. Yes, absolutely. Similar to Evergy, Ameren has a significant interest in large load customers constructing facilities in Missouri, noting that it has already signed agreements for 2.3 GW of load associated with large load customers in its service area, in addition to a significant pipeline of customer additions.[4] These customers are expected to provide "myriad economic development benefits," including thousands of jobs (both construction and permanent), incremental tax revenues, and economic growth in communities near data centers.[5] There are also important national and economic security reasons for bringing data

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[2] Arora Direct at 5-6.
[3] *See*, *e.g.*, Gunn Direct, File No. EO-2025-0154, at 4-6.
[4] Arora Direct at 6-7; Dixon Direct at 16-17.
[5] Arora Direct at 9; Dixon Direct at 19-21.

centers to Missouri.[6] Recognizing these benefits, the state has engaged in efforts to attract large loads to Missouri.[7] For these reasons, Ameren correctly argues that large load tariffs should be encouraged and designed to attract prospective customers. Ameren also correctly asserts that for Missouri to be a competitive place for new business to locate, the terms of a large load tariff must be competitive with tariffs in other states where customers could locate.[8] Evergy broadly agrees with these views.

Q. Does Missouri have any clearly articulated policies at the state level that are supportive of encouraging large loads to locate within the state?

A. Yes. There are a number of parallel economic development initiatives in Missouri that actively encourage large load customers to locate in the state. For example, the Missouri Department of Economic Development ("DED") has in place a sales tax exemption specifically to incentivize the location and expansion of data centers in the state, which exempts sales and use taxes associated with activities necessary to build a new facility or expand an existing one. DED has also partnered with the Hawthorn Foundation, the State of Missouri, and economic development agencies across the state to form the Missouri Partnership, a public-private economic development organization focused on attracting new jobs and investment to the state. Data centers are one of the key industries the Missouri Partnership focuses on attracting.[9] Additionally, the recently adopted Senate Bill 4, which was described by Governor Kehoe as positioning Missouri to "attract new industry, support job growth, and maintain affordable, reliable energy for our citizens,"[10] includes a

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[6] Dixon Direct at 21-22.
[7] Arora Direct at 9-10.
[8] Arora Direct at 12-13; Arora Rebuttal at 5-6, EO-2025-0154.
[9] *Data Centers Safe and Secure*, Missouri Partnership (2025).
[10] *Governor Kehoe Signs SB 4 Into Law, Securing Missouri's Energy Future and Economic Growth*, M. Kehoe Governor of Missouri (Apr. 9, 2025).

provision (now codified in Section 393.130.7) requiring certain electric utilities to develop tariffs specifically for the service of large load customers.

Q. Taking a step back, are there considerations associated with serving large load customers that are distinct from other customers?

A. Yes. Large load customers are substantially different from typical customers in several ways. In particular, the size of their load is often several multiples of the largest customers typically served by utilities. As Ameren stated in its Direct testimony, the "unique nature of [large] loads relative to the entire existing retail customer base is impossible to ignore and demands special consideration."[11] Ameren explains that the size of each customer's load is the primary characteristic that differentiates them, noting that "[n]o other individual customer or customer class has the same potential to impact the Company's resource adequacy position in a way that will drive the scope and scale of accelerated generation investment that will be required to serve large loads."[12]

Ameren also notes that the investments necessary to serve large load customers present a risk of stranded costs if a large load customer leaves Ameren's service area, requiring utilities to consider ways to mitigate the possibility of significant stranded costs.[13] Evergy agrees with these concerns, and, as the Companies explained in their LLPS Rate Plan Direct testimony, the potential for material asymmetries between service terms of large load customers and the lifespan of generation assets drives financial risks that are unprecedented, particularly when considering the magnitude of new load.[14]

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[11] Wills Direct at 6.
[12] Wills Direct at 6.
[13] Arora Direct at 24.
[14] *See* Gunn Direct, File No. EO-2025-0154, at 24.

Additionally, the concerns associated with serving large loads are exacerbated by other broader market and policy dynamics. Capacity nationally is extremely constrained, driven by decades of clean energy transition work, permitting challenges, retirement of generation, and load growth. As a result, this is creating high demand without the necessary supply-side resources available to meet the needs of the Southwest Power Pool ("SPP") and Midcontinent Independent System Operator ("MISO").[15] Additionally, costs of generation are increasing, and supply chain challenges are adding complexity, delay, and cost to deployment of new generation. Additionally, costs of generation are increasing, while supply chain challenges are adding complexity, delay, and cost to deployment of new generation. Tariff and tax policy changes are also driving uncertainty, cost, and delay.

These factors create the risk of a financial shortfall if a large customer withdraws or terminates its service. As such, it is critical that utilities effectively manage and mitigate these risks now, principally through effective rate design and implementation of reasonable commercial principles that are in the public interest. As I discuss later in my testimony, rate design is one of Evergy's core concerns in this proceeding, and across regulated utilities in Missouri generally. Particularly with respect to how utilities collect the incremental costs needed to support the magnitude and pace of generation and infrastructure build-out needed to serve these large loads.

[15] *See* Southwest Power Pool, "Our Generational Challenge: A Reliability Future for Electricity" at 10-14.

Q. Are national trends emerging about how utilities can reasonably balance the risks of new large loads with the benefits that a state like Missouri is seeking to capture from these customers?

A. Yes. Although I am not aware of approved or pending tariffs that are exactly the same, certain aspects of large load tariff design are emerging on a national level and are increasingly being recognized as best practices for this issue. Although I am not aware of any approved or pending tariffs that are exactly the same, certain aspects of large load tariff design are emerging on a national level and are increasingly being recognized as best practices for this issue. As Mr. Hledik describes in more detail in his Rebuttal testimony, large load tariffs are frequently designed with three objectives in mind: (i) to attract new large customers to the service territory; (ii) to mitigate the risk of stranded assets if the large customer does not materialize as expected; and, (iii) to protect customers from a cost shift resulting from the addition of the large loads to the system.[16] To address the stranded asset risk and mitigate cost shift risks, many utilities have adopted a variety of similar terms and conditions in their large load tariffs, including:[17]

(1) Minimum service contract terms;

(2) Minimum demand charges and a minimum monthly bill;

(3) Credit and collateral requirements to ensure creditworthiness and ensure payments; and

(4) Fees for early termination of the service agreement.

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[16] Hledik Rebuttal at 4, 6-7.

[17] *See* B. Lutz Direct, File No. EO-2025-0154, at 13-14, 22-23, 28; Hledik Rebuttal at 8-10.

Q. Do Evergy and Ameren's large load tariff proposals comport with the types of trends that are emerging nationally in large load tariffs?

A. Generally speaking, yes. While there are a few notable differences in the details of each utility's proposal that I discuss below, both Evergy and Ameren's proposals are categorically consistent with themes and trends emerging nationally. Mr. Hledik analyzes this topic in more detail and also provides a comparative survey of utility tariffs across the country that supports this conclusion.[18]

Q. Could injecting new terms and conditions into large load tariffs that significantly diverge from national trends harm Missouri's competitiveness and ability to attract new large loads?

A. Yes. Again, while I discuss a few of areas of divergence below, a core concern of Evergy in this proceeding is making sure that Missouri remains competitive nationally for attracting and serving large load customers. This requires a careful balance of establishing commercial principles, terms, and conditions that protect customers from undue harm but in a manner that does not disenfranchise large load customers to the point they choose to locate in other states due to competitive disadvantages introduced in Missouri tariffs. Broad alignment with national trends will enable Missouri to benefit from the experience of other state regulators that have already reviewed and approved large load tariffs and also provide prospective large load customers with certainty that they will be served fairly and competitively in Missouri.

[18] *See* Hledik Rebuttal at 20; *id.* Schedule RH-2.

Q. Can you provide examples of terms and conditions that stand to stymy economic development in Missouri?

A. Yes. Recently in Evergy's LLPS Rate Plan proceeding, Staff of the MPSC recommended a series of terms and conditions that stray from the categories of terms and conditions that are emerging nationally for serving large loads. Particular examples that Evergy is concerned with include:

- Charges for differences between initial capacity requirements and capacity requirements in annual integrated resource plan ("IRP") updates;
- Charges for differences between monthly projected peak demand and actual demand;
- Charges to recover costs from independent system operator ("ISO") capacity shortfall penalties; and,
- Charges to recover additional real-time energy and ancillary service costs due to customers' differences in day-ahead load forecasts and actual load.

Mr. Hledik delves into a deeper comparative analysis in his Direct testimony, and explains that inclusion of provisions like these would make a large load tariff an outlier among such tariffs at the national level.[19] Further, based on my professional experience interacting with large load customers, were the Commission to adopt any of these or similar terms and conditions here, I am concerned that the costs, uncertainty, and risk that these terms would present to prospective customers could effectively close the Missouri market to large load customers.

[19] Hledik Rebuttal at 20-21; *id.* at Schedule RH-2.

Q. Would these kinds of outlier tariff provisions be at odds with the Missouri policies you previously mentioned?

A. Yes. As discussed above, Missouri has made it a state policy to attract data centers and other large load customers in order to obtain the economic benefits that these customers can bring. Implementing commercial terms that are out of line with emerging national practices runs the risk that these customers will seek to locate in jurisdictions and service territories with more conventional, and less onerous regulatory requirements. This would create regulatory processes and policies that directly contradict and undermine Missouri state policy to attract data centers and large customers.

Q. Do you have any specific recommendations at this time?

A. While Evergy plans to review intervenor testimony filed in this proceeding and respond at the appropriate time, at this time, I urge the Commission in reviewing and deciding on Ameren's LLC Rate Plan to remain cognizant of the need to approve policies and structures that keep Missouri, and its rate-regulated utilities, competitive nationally. The Commission should scrutinize any tariff proposals that rely on a unique or false sense of cost assignment precision that would make Missouri's regulatory environment a national outlier, which would likely have a chilling effect on Missouri economic development opportunities.

III. LARGE LOAD POLICY AND THE IMPORTANCE OF PROMOTING A LEVEL PLAYING FILED ACROSS RATE-REGULATED UTILITIES WITHIN MISSOURI

Q. Turning now toward the concerns you raise with "local" competitiveness, from Evergy's perspective, is it necessary that every utility in Missouri have identical tariff structure for serving large load customers?

A. No, although Evergy maintains that consistency across material terms and conditions is warranted, particularly in the unique area of large loads. Evergy recognizes that there are material differences between utilities within Missouri. For example, Ameren and Evergy are part of different regional transmission organizations ("RTOs") and have uniquely different rate bases, histories, and business models. Evergy also recognizes that serving large load customers is a novel and rapidly developing area nationally and that there is no singular standard for tariff design for serving large load customers. As such, one would expect variability among large load tariffs within the state.

That said, a base level of consistency within the state will also serve the interests of the state and its citizens. As discussed above, it would be prudent for the Commission to conclude that large load tariffs approved in Missouri should have criteria consistent with national trends, as doing so will ensure that Missouri remains a competitive choice for large load customers and promote the public interest. However, there are public interest benefits associated with maintaining similar tariff provisions for serving large load customers within Missouri. Notably, major differences in tariff design within a state can lead to an unlevel playing field and could place utilities who are taking a more responsible and conservative approach to risk management and rate design at a competitive disadvantage. Evergy is concerned that material inconsistencies between rate design and commercial principles across different utilities in Missouri could have a significant effect on economic development, utility competitiveness, and the public interest among the Missouri utilities.

Q. How does Ameren's approach to serving large loads compare to Evergy's LLPS Rate Plan?

A. Mr. Hledik's Rebuttal testimony includes a detailed summary comparing Ameren's LLC Rate Plan with Evergy's LLPS Rate Plan.[20] As I mentioned above and Mr. Hledik explains in more detail, both Ameren's and Evergy's proposals are broadly aligned and incorporate various features that have emerged nationally as best practices for serving large load customers.[21] Features shared by both Evergy's LLPS Rate Plan and Ameren's LLC Rate Plan include: (i) a substantial minimum threshold load, (ii) minimum demand charges and billing requirements, (iii) a long minimum contract term, (iv) exit fees in the event of early termination by a large load customer, (v) requirements related to financial security and creditworthiness of new large load customers to ensure they pay their representative share of incremental costs necessary to provide service, and (vi) providing flexibility regarding capacity reductions. As discussed above, this consistency with national trends will help ensure that Missouri is competitive nationally for serving large load customers, and that there is a level playing field in the state.

Q. Are there notable differences between Evergy's and Ameren's approach that raise concerns for consistency in Missouri?

A. Yes. There are three key aspects of Ameren's proposal that are of concern. First, as discussed in Mr. Hledik's rebuttal testimony, while Ameren's and Evergy's overall

[20] Hledik Rebuttal Testimony at 10-20.
[21] Hledik Rebuttal Testimony at 20 ("Both Evergy's and Ameren's proposed tariffs are broadly consistent with the approaches being used in large load tariffs across the United States[.]").

approaches are similar, Ameren's approach places less emphasis on protecting existing customers from cost-shift risks and does not incorporate mechanisms to recover the additional costs caused by the new large loads or provide ratemaking benefits to non-participants.[22] Second, Evergy is concerned that the mechanics of Ameren's rate design and commercial principles may overly favor large load customers and, in turn, expose Missourians, to an undue level of risk. Third, Evergy is concerned that Ameren's proposal that all large load service contracts be submitted to the MPSC for approval may create unnecessary delays that would have a chilling effect on large loads seeking to locate in Missouri, and may negatively impact economic development in Missouri, especially if the MPSC adopts similar requirements for all large load tariffs in the state. I explore these concerns and their implications in turn below.

Q. Regarding the first issue, does the LLC Rate Plan adequately address the risk of cost shift to other non-LLC Rate Plan customers?

A. In our view, it does not. Importantly, Ameren identifies cost shift to other customers as an important concern, and describes one example of cost shift—namely acceleration costs—as "the elephant in the room" with respect to serving large load customers.[23] Ameren states that "[i]t's important to consider the impact of these incremental costs that will necessarily be advanced in order to accelerate the generation needed to integrate these loads onto the system reliably."[24] Ameren also recognizes its obligations under Section 393.130.7, under which a large load tariff must include rates that "reflect the customers' representative share of the costs incurred to serve the customers and prevent other customer classes' rates from

[22] Hledik Rebuttal at 19.
[23] Wills Rebuttal at 5, EO-2025-0154.
[24] Wills Direct at 15-16.

reflecting any unjust or unreasonable costs arising from service to such customers."[25] Ameren has also commented favorably on Evergy's LLPS Rate Plan and its inclusion of a rider designed to recover such costs, along with Evergy's proposal to require large load customers to pay upfront for any transmission upgrades needed to interconnect large loads.[26] Yet, despite acknowledging the importance of mitigating cost shift, Ameren's tariff proposal does not incorporate similar protections.

While Evergy agrees that finding ways to serve one set of customers while protecting the interests of other customers can be challenging, this is a fundamental type of challenge that utility rate design can readily handle. In its LLPS Rate Plan, Evergy has proposed to ensure that affirmative benefits flow to non-participants through its proposed System Support Rider, but there are a variety of ways this could be accomplished – whether through a dedicated rider or increased demand charge as Evergy recently agreed to as part of its LLPS Rate Plan Settlement in Kansas. The key feature is that the rate design structure ensures that large load customers provide benefits to non-participants through a rate structure that charges large load customers appropriately to address system costs above the current embedded cost to serve. Such a rate structure is a material and important policy feature that should be broadly embraced across all large load tariffs in Missouri in the interest of both providing a level playing field and providing non-participants similar rate-making benefits across the state. Despite these proposals being similar in many ways, as Mr. Hledik succinctly explains, the key decision facing the Commission is whether it is comfortable with a rate design that is strictly based on embedded costs (as proposed by

[25] *See* Senate Bill 4, Mo. Rev. Stat. § 393.130.7. All statutory references are to the Missouri Revised Statutes (2016), as amended, unless otherwise noted.
[26] Wills Rebuttal at 5.

Ameren) or if it prefers a rate design that has a foundation in embedded costs but also includes a provision to recover additional costs caused by the new large load customers (as proposed by Evergy).[27]

Q. What is Evergy's second concern?

A. Several of the commercial terms in Ameren's LLC Rate Plan—namely the minimum bill structure, financial security and credit requirements, and exit fee—are potentially problematic because they could expose customers to undue financial risk. While provisions such as these are common among large load tariffs nationally and should be included in any large load tariff approved in Missouri, the specific terms of these provisions must be designed in conjunction with the remainder of the tariff to ensure that risks associated with serving large load customers are adequately mitigated.

For example, exit fees, in conjunction with a minimum term and demand charge, help safeguard a utility's financial stability by ensuring a reliable, predictable revenue stream that supports investment planning and cost recovery. However, capping the exit fee at five years of minimum payments stands to subject non-participants to greater risk than if an exit fee that is calibrated to a longer minimum term. The exit fee must also be considered in light of Ameren's proposed 70 percent minimum demand requirement for billing (which is lower than proposed in Evergy's LLPS Rate Plan and among the lowest proposed nationally).[28] If a large load customer terminates its service, there is greater risk that the unrecovered costs will be shifted to non-LLC Rate Plan customers.

[27] Hledik Rebuttal at 4-5.
[28] *See* Smart Electric Power Alliance, "Database of Emerging Large-Load Tariffs", https://sepapower.org/large-load-tariffs-database/.

Financial security requirements are another area where customers could be exposed to undue levels of risk. In its LLC Rate Plan, Ameren appropriately included a security requirement and sets the amount of collateral required at a substantial portion of the expected minimum demand payments for the service term. Ameren also appropriately recognizes that customers with good credit should reasonably be entitled to some relief from the collateral requirement because of their relatively lower risk. Evergy is concerned, however, that by offering a full exemption from the collateral requirement in certain cases, Ameren's proposed LLC tariff may expose non-participants to undue risk should the entity encounter financial challenges, leaving the utility with no funds to draw on and limited recourse to minimize or mitigate stranded costs. Moreover, a full exemption from the collateral requirement means that in the event that a customer terminates its service contract and lacks the financial resources to cover the exit fee, customers could be left with stranded costs.

Obviously, facts and circumstances differ among utilities, even within the same state, and such differences may justify different thresholds in each utility's large load tariff. However, Evergy's proposed LLPS Rate Plan before the MPSC and agreement to a variety of conditions for its Kansas utilities both go well above those proposed by Ameren in this proceeding (*e.g.*, a minimum bill based off an 80 percent minimum demand charge, exit fee provision that require customers to pay the greater of the remaining contract term or the equivalent of one year of minimum charges). As stated, large load tariffs in the state do not need to be identical in order to effectuate the economic development goals of the state, but they should be consistent.

Q. Please summarize Evergy's third concern.

A. Ameren's proposal to submit each large load service contract for Commission approval is inconsistent with the concept of a tariff offering, which typically should provide standard rates to customers, provide greater regulatory certainty, and avoid the need for *ad hoc* reviews of agreements and lengthy regulatory proceedings. If the Commission were to require *ad hoc* proceedings for each large load customer served in the state, there is potential that the process for extending service to large load customers in Missouri will slow down, particularly compared to other jurisdictions. Such proceedings would not only strain Commission resources but the uncertainty regarding the service agreement could also deter potential customers from coming to Missouri, thus hindering economic development in Missouri, contrary to the intent behind Section 393.130.7.[29] In other words, requiring individual approval for all service agreements is impractical, inefficient, and may potentially drive prospective large load customers away from Missouri. By contrast, a properly designed tariff that incorporates features to mitigate risks up front will provide certainty to utilities and customers alike without additional impact on the Commission's resources.

IV. <u>CONCLUSION</u>

Q. How can the Commission address the inconsistencies between Ameren and Evergy's large load tariff proposals in this proceeding?

A. Evergy continues to stand behind the tariff structure and rate design set forth in its LLPS Rate Plan and recommends that the overarching structure is reasonable and prudent. While Evergy does not necessarily advocate here for a tariff structure that aligns perfectly with

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[29] *Governor Kehoe Signs SB 4 Into Law, Securing Missouri's Energy Future and Economic Growth*, M. Kehoe Governor of Missouri (Apr. 9, 2025).

its own proposals, it does recommend that the Commission consider and approve large load rate design structures for rate regulated utilities that accomplish the following objectives in a similar manner:

(1) Approve large load tariffs, terms, and conditions that ensure Missouri establishes itself as a competitive and attractive state for large load customers to locate in, by approving large load programs that are nationally competitive;

(2) Approve rate design structures that demonstrate benefits to existing and non-large load customers, particularly from a cost-of-service perspective, while also ensuring that incremental costs are borne by large load customers;

(3) Approve similar structures for material commercial principles that mitigate undue risk to non-large load customers (*e.g.,* minimum bill structure, exit fee, financial security);

(4) Expressly not require Commission approval of any large load service agreement that comports with a utility's Commission-approved large load tariff.

By taking these considerations into account and ensuring greater consistency between regulated utility large load tariffs, the Commission can promote economic development and a more fair and competitive market in Missouri while protecting all customers in accordance with Section 393.130.7.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of New Modified Tariffs for Service to Large Load Customers	))))	Docket No. ET-2025-0184

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 – State and Federal Regulatory Policy.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of twenty-one (21) 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 5th day of September 2025.

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