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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2026-0143

DIRECT TESTIMONY

OF

KEVIN D. GUNN

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri

February 2026

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DIRECT TESTIMONY

OF

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Case No. ER-2026-0143

1 **I. INTRODUCTION**

2 **Q: Please state your name and business address.**

3 A: My name is Kevin D. Gunn. My business address is 1200 Main Street, Kansas City,
4 Missouri 64105.

5 **Q: By whom and in what capacity are you employed?**

6 A: I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory and
7 Government Affairs for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy
8 Missouri Metro,” “EMM,” or the “Company”), Evergy Missouri West, Inc. d/b/a Evergy
9 Missouri West (“EMW”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“EKM”), and
10 Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a as Evergy
11 Kansas Central (“EKC”). These are the operating utilities of Evergy, Inc. (“Evergy”).

12 **Q: On behalf of who are you testifying?**

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

14 **Q: What are your responsibilities?**

15 A: My responsibilities include developing and implementing Evergy’s regulatory policy at the
16 state and federal level, including managing regional transmission organization (“RTO”) policy.
17 Currently, my state duties are limited to Government Affairs and Missouri
18 regulatory policy.

1 **Q: Please describe your education, experience, and employment history.**

2 A: I received a Bachelor of Arts from American University in 1992 and a Juris Doctor from
3 St. Louis University School of Law in 1996. I was a Commissioner on the Missouri Public
4 Service Commission from 2008 to 2013 and served as Chair from 2011-2013. Prior to
5 being on the Commission, I served as a lawyer in private practice and as a Congressional
6 Chief of Staff. Subsequent to serving on the Commission, I was a regulatory affairs
7 consultant and Executive Director of Regulatory and Political Affairs, Central Region for
8 NextEra Energy Resources.

9 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
10 **Commission (“PSC” or “Commission”) or before any other utility regulatory agency?**

11 A: Yes. I have provided testimony before the PSC, most recently in EMM and EMW’s large
12 load tariff filing No. EO-2025-0154 and EMW’s rate case No. ER-2024-0189.

13 **Q: What is the purpose of your direct testimony?**

14 A: The purpose of my testimony is to introduce Evergy Missouri Metro’s requests in this rate
15 proceeding. I will describe how EMM operates and summarize the key drivers of our
16 proposed rate increase which are investments to improve reliability and to enhance
17 customer service. My testimony outlines EMM’s efforts to manage costs, maintain regional
18 rate competitiveness, and prepare for growing customer demand, including large load
19 customers. I will also highlight other proposals the Company is making, including several
20 mechanisms to align cost recovery with the investments EMM is making to operate its
21 system such as plant-in-service accounting (“PISA”) treatment, a cyber security tracker,
22 the injuries and damages reserve, the storm reserve, and the use of construction work in
23 progress (“CWIP”) to ensure timely cost recovery, reduce rate volatility, and support

1 prudent long-term planning for the benefit of all customers. Finally, I will identify the other
2 witnesses providing testimony on behalf of EMM who address the Company’s individual
3 requests in more detail.

4 Evergy’s commitment to provide customers with exceptional, safe, reliable and
5 affordable utility service requires that we continue to invest in programs that maintain
6 reliability and enhance our customer service. To do this, the Company and its shareholders
7 must have a reasonable opportunity to earn Commission-authorized returns on equity so
8 we can attract the capital necessary to support our prudent investments. The plans
9 described in the sections that follow and throughout this rate case filing are designed to
10 achieve these important objectives.

11 **Q: Who are the other witnesses who support the Company’s rate request?**

12 **A:** Table 1 below introduces the Company’s other witnesses and the topics they address.

<u>Witness Name:</u>	<u>Topics:</u>
Geoffrey Ley	Capital Structure, Cost of Debt, Proposed Return on Equity (“ROE”)
Ann Bulkley	Cost of Capital, Capital Structure, and ROE
Ronald Klote	Revenue Requirement, Accounting Adjustments, Test Year, Test Year Allocations, Cyber Tracker, Injuries and Damages & Storm Reserve, Construction Work in Progress (“CWIP”), and Other Accounting Adjustments
Darcie Kramer	Accounting Adjustments
Patrick Branson	Accounting Adjustments
Linda Nunn	Fuel and Transmission Accounting Adjustments and Fuel Adjustment Clause (“FAC”)
Bradley Lutz	Rate Design Strategy, Tariff Modifications, Class Cost of Service (“CCOS”) enhancements, and Large Load treatments.

Graham Jaynes	Annualized/Normalized Revenues, CCOS and Rate Design
John Wolfram	Jurisdictional Allocations
Buck Reuter	Federal Energy Regulatory Commission (“FERC”) Adjustments
Melissa Hardesty	Taxes and Nuclear Production Tax Credit (“PTC”)
Hsin Foo	Price Forecasting FAC
John Spanos	Depreciation
Jeff Kopp	Decommissioning Study
Ryan Mulvaney	Operations, Distribution, and Transmission Costs and Storm Reserve
Al Bass	Weather Normalization, 365-Day Year Adjustment, Rate Switchers and Customer Growth, Energy Efficiency Annualization
Jessica Tucker	Fuel Runs, Fuel Inventories, Fuel Prices
Gary Johnson	Cyber Tracker
Katie McDonald	Customer Service, Low Income and Energy Burden, Customer Affordability
Darrin Ives	Customer Affordability & National Trends
Zac Gladhill	Large Load Customers

1

2 **Q: How is the remainder of your testimony organized?**

3 A: Section II is an overview of EMM’s operations.

4 Section III is an overview of the proposed rate increase and rate design.

5 Section IV discusses EMM’s regional rate competitiveness.

6 Section V is an overview of large load customers and the requirements of Section
7 393.170.7¹, an important component of Senate Bill 4 enacted in 2025

8 Section VI summarizes other requests related to jurisdictional allocations, plant-in-service
9 accounting, a cyber-security tracker, and other matters.

¹ All statutory references are to the Missouri Revised Statutes (2016), as amended.

1 **II. OVERVIEW OF EVERGY MISSOURI METRO’S OPERATIONS**

2 **Q: Please describe the corporate history that resulted in the creation of Evergy Missouri**
3 **Metro.**

4 A: Prior to the 2018 merger of Westar Energy, Inc. with Great Plains Energy Incorporated
5 (“GPE”), Evergy Missouri Metro was a subsidiary of GPE known as Kansas City Power
6 & Light Company (“KCP&L”). Evergy Missouri Metro has a corporate history that dates
7 back to 1881.

8 **1881:** Joseph S. Chick, Lysander R. Moore and Judge William Holmes helped
9 create what is now known as Evergy Missouri Metro by buying an exclusive contract to
10 provide power to Jackson County, Missouri and Wyandotte County, Kansas.

11 **1882:** The group incorporated as the Kawsmouth Electric Light Company, serving
12 13 commercial customers in downtown Kansas City. By end of year, 48 local businesses
13 were customers.

14 **1922:** Following several reorganizations, name changes, and reincorporation, and
15 the acquisition of the Carroll County Electric Company, the company underwent a name
16 change to KCP&L

17 **1948:** KCP&L had 199,603 customers.

18 **1950:** KCP&L became an independent company after its holding company
19 dissolved.

20 **1966:** The KCP&L customer base had grown to over 280,000.

21 **2001:** KCP&L reorganized into a holding company structure with GPE as the
22 holding company and KCP&L as its regulated operating utility.

1 **2008:** GPE acquired Aquila, Inc., the company started by the Green family in 1902,
2 which was renamed KCP&L Greater Missouri Operations Co. (“GMO”). When this
3 transaction closed, both KCP&L and GMO were regulated public utility subsidiaries of
4 GPE.

5 **2018:** GPE and Westar Energy, Inc. (“Westar”) merged into a new holding which
6 became Evergy, Inc., bringing more savings and sustainable energy along with solutions
7 and choices to meet customers’ needs.

8 **2019:** KCP&L was renamed “Evergy Missouri Metro.”

9 **Q: Is this the first-rate case since the merger?**

10 A: No. EMM filed a rate case in 2022 in No. ER-2022-0129.

11 **Q: Please describe Evergy’s utility operations generally and EMM’s operations**
12 **specifically.**

13 A: Through its regulated utility subsidiaries, Evergy serves approximately 1.7 million
14 customers in Missouri and Kansas. Evergy retail revenues, reflecting service provided to
15 residences and businesses, averaged approximately 82 percent of its total operating
16 revenues over the last three years. Wholesale firm power, bulk power sales, and
17 miscellaneous electric revenues accounted for the remainder of Evergy’s revenues. Like
18 most electric utilities, Evergy is significantly impacted by seasonality with approximately
19 one-third of its retail revenues recorded in the third quarter. Evergy is one of the largest
20 companies in the region, with approximately 4,731 employees. These employees are active
21 in the communities we serve, fulfilling our guiding corporate principle of “Improving Life
22 in the Communities We Serve.”

1 EMM serves approximately 313,000 customers, including approximately 276,000
2 residences, 33,000 commercial firms, and 900 industrials, municipalities and other
3 municipally-owned electric utilities. EMM operates and maintains approximately 5,730
4 circuit miles of distribution lines.

5 On a combined basis, EMM and EMW own approximately 5,936² megawatts
6 (“MW”) of generating capacity. This capacity is diversified with the Company’s outright
7 or joint ownership in four large coal-fired generating stations with a capacity share of
8 almost 2,722 MW, in the Wolf Creek nuclear power generating station with capacity of
9 approximately 553 MW, approximately 2,497 MW of natural gas and oil-fired capacity,
10 and approximately 150 MW of nameplate wind generating capacity located in Spearville,
11 Kansas. EMM and EMW have approximately 1,965 MW of nameplate wind generating
12 capacity under contract that is located in Missouri and Kansas. These companies own or
13 have contracted for other renewable capacity including 14.6 MW.

14 **Q: What changes are occurring in Evergy Missouri Metro’s customer base, including**
15 **developments with large load customers?**

16 A. Evergy is presently engaged with many prospective large load customers who are
17 evaluating Missouri locations, including those in EMM’s service territory. These
18 customers are at various stages of working with Evergy to assess the feasibility of meeting
19 such customers’ requirements as they aim for project announcements in 2026. I will
20 discuss this further later in my testimony, as will Company witness Zac Gladhill (Vice
21 President of Strategy and Long-Term Planning) in his testimony.

² This figure includes the Kansas portion of Evergy Metro as well.

1 **III. PROPOSED RATE INCREASE**

2 **Q: What are Evergy Missouri Metro’s requests in this case?**

3 A: The Company requests authority to implement a revenue increase of \$137.9 million or a
4 14.92% increase, excluding fuel, in its general rates for electric service. Evergy Missouri
5 Metro is asking for a 0.27% increase associated with the rebasing of its FAC. As I and
6 other Company witnesses describe in more detail in our direct testimonies, this increase is
7 necessary to recover its investments and operational costs, including investments that
8 improve reliability, modernize the grid, and enhance customer service and experience
9 necessary to provide EMM’s customers with safe and adequate service. Additionally, per
10 20 CSR 4240-20.090 (13)(B),³ EMM must file this rate case to continue the Company’s
11 Fuel Adjustment Clause. The FAC request is discussed in the direct testimony of EMM
12 witness Linda Nunn.

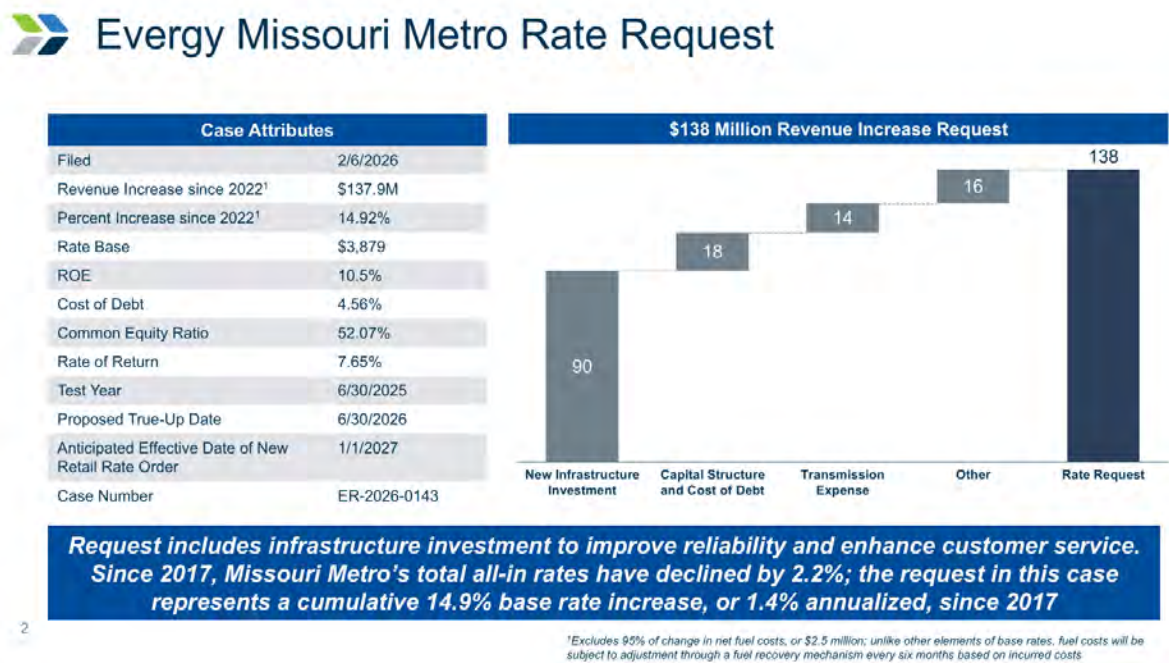
13 **Q: What are the key drivers of this rate request?**

14 A: Figure 1, below, summarizes the necessary updates to EMM’s revenue requirement to
15 reflect current costs to serve its customers and to continue the Company’s FAC. More than
16 sixty-five percent of the increase relates to recovering the cost of new infrastructure
17 investments in the system to enhance reliability and customer service. Additionally, rate of
18 return levels, which comprise about a third of the remainder of the requested increase,
19 reflect EMM’s actual debt costs, proposed return on equity (“ROE”) and the capital
20 structure needed to fund investments. These rate of return levels are supported by the

³ Section (13)(B) of the Commission’s Rule on Fuel and Purchased Power Rate Adjustment Mechanisms states: “When the electric utility seeks to continue or modify its RAM [rate adjustment mechanism], the end of the twelve-(12-) month period of actual data collected that is used in its Missouri jurisdictional system loss study must be no earlier than four (4) years before the date the utility files the general rate proceeding seeking to continue or modify its RAM.”

1 testimony and analysis of the Company's expert witness Ann Bulkley (a Principal at The
2 Brattle Group), and the Company's Senior Vice President and Treasurer Geoffrey Ley.
3 Updates to transmission expense and other operating expenses and revenues support the
4 remaining revenue requirement requests. The sum of these rate adjustments represents a
5 fair and reasonable amount necessary to maintain a financially healthy utility that will be
6 well-positioned to continue the investments necessary to maintain reliability for its
7 customers.

8 **FIGURE 1**



9

10 **Q: What ROE is Evergy Missouri Metro requesting in this case?**

11 **A:** Evergy Missouri Metro requests an ROE of 10.5%. Company witness Ann Bulkley
12 presents in her direct testimony the results of her analysis of equity costs and
13 recommendations in support of an ROE range of 10.25% to 11.25% for Evergy Missouri
14 Metro. 10.5% is at the lower end of this range. With the Company's proposed capital
15 structure of 52.0749% equity and 47.9251% long-term debt, and its embedded cost of debt

1 of 4.5628%, this results in a requested rate of return of 7.6546%. The requested ROE,
2 capital structure, and cost of debt are also supported by the testimony of Company
3 Treasurer Geoffrey Ley.

4 **Q: What is the impact of this rate increase on residential customers?**

5 A: If the Commission grants this request, including the FAC rebase, the increase would be
6 \$17.70 per month for the typical residential customer consuming 868/kWh per month, or a
7 daily increase of \$0.60.

8 **Q: What cost savings have been achieved by Evergy to mitigate this rate request?**

9 A: Evergy Missouri Metro's request includes about \$110 million in savings and credits that
10 offset investment and increased costs. These reductions were made across several areas,
11 including tax credits from the Company's Wolf Creek Generation Station and from solar
12 energy, lower benefit and pension costs, revenue from transmission, and projected revenue
13 increases based on growing demand, including an expected \$25 million reduction in its
14 proposed rate request based on expected revenue from new large data center operations in
15 2026.

16 **Q: Why is rate structure and design important?**

17 A: There are several reasons why this is important. First, rate structure and design is important
18 to ensure that Evergy Missouri Metro has a reasonable opportunity to recover its necessary
19 costs of doing business. Second, rate design is necessary to ensure fairness among
20 customers. By this I mean that rates must reasonably apportion the Company's overall
21 costs to the various categories of customers that drive those costs, thereby preventing cross-
22 subsidization between customers classes. Third, an appropriate rate design promotes
23 efficient use of resources by seeking alignment of costs to serve with the provision of

1 accurate price signals to customers. In other words, poorly designed rates may encourage
2 the inefficient use of resources. Finally, innovative rate designs can give customers more
3 choices when they purchase electricity which allows them to better manage their bills and
4 can result in a more efficient and robust electric system. Key proposals include reactive
5 demand modifications, lighting and traffic signal modifications, stand-by rate schedule
6 modifications, and parallel generation rate schedule modifications. These topics are
7 discussed in more detail by Company witnesses Brad Lutz (Director of Regulatory Affairs)
8 and Graham Jaynes (Manager of Regulatory Affairs).

9 **IV. REGIONAL RATE COMPETITIVENESS**

10 **Q: Does Evergy consider the competitiveness of its rates?**

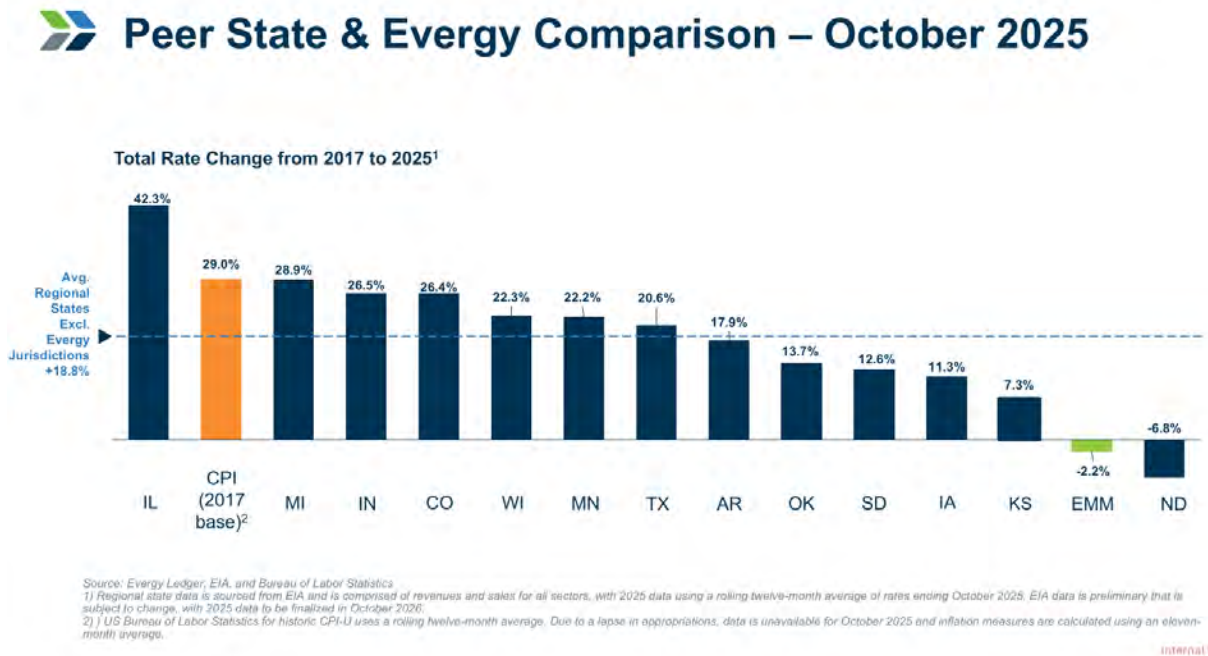
11 A: Regional rate competitiveness continues to be a fundamental objective for Evergy and its
12 utilities and is a goal that Evergy shares with the Commission, our customers, and the state
13 of Missouri. As discussed by Company witnesses Darrin Ives (Senior Vice President of
14 Regulatory Affairs) and Katie McDonald (Vice President of Public Affairs), Evergy has
15 worked hard to advance this objective. The result is that Evergy's regional rate
16 competitiveness has improved since the GPE-Westar merger in 2018.

17 **Q: What progress has Evergy made to address issues of rate competitiveness?**

18 A: As shown in Figure 2 below, Evergy Missouri Metro's total rates decreased by 2.2% over
19 the period 2017 through October 2025, while the rates of electric utilities in peer states
20 have increased by an average of 18.8%.

1

FIGURE 2



2

3 It is notable that while the total rate of electricity prices for EMM customers decreased
 4 2.2% , inflation increased approximately 29%. By carefully managing costs, Evergy was
 5 able to control prices so that EMM customers pay less today for electricity than they did in
 6 2017. Strategic grid improvements have enhanced reliability while keeping costs as low
 7 as possible and making EMM more competitive in the region.

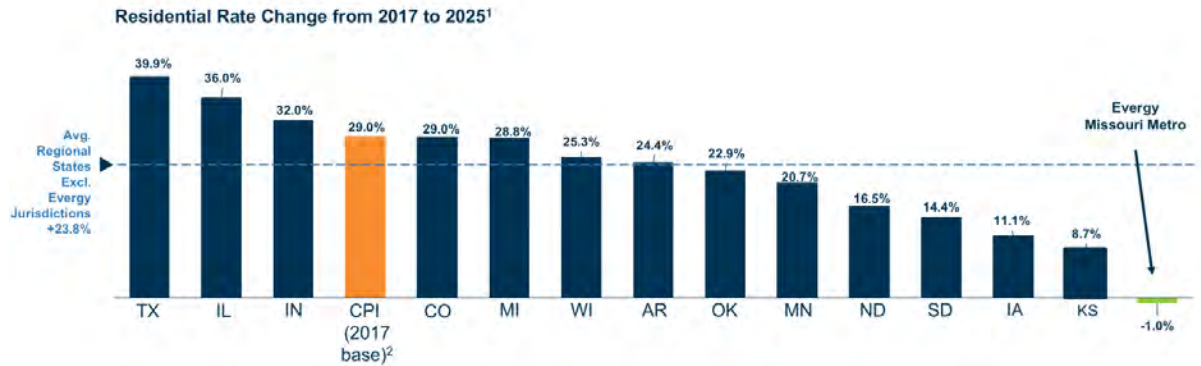
8 **Q: Focusing on Evergy Missouri Metro’s residential rates, how do they compare with**
 9 **residential rates in peer states from 2017 through October 2025?**

10 A: As shown in Figure 3 below, EMM’s residential rates have continued to be very
 11 competitive, as reflected by a 1.0% *reduction*, while regional residential rates on average
 12 have *increased* by 23.8%.

1

FIGURE 3

Major Gains in Regional Rate Competitiveness



Source: Evergy Ledger, EIA, and Bureau of Labor Statistics

1) Regional state data is sourced from EIA and is comprised of revenues and rates for all sectors, with 2025 data using a rolling twelve-month average of residential average rates ending October 2025. EIA data is preliminary that is subject to change, with 2025 data to be finalized in October 2026.

2) US Bureau of Labor Statistics for historic CPI-U uses a rolling twelve-month average. Due to a lapse in appropriations, data is unavailable for October 2025 and inflation measures are calculated using an eleven-month average.

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3 **Q: What factors have contributed to this comparative rate improvement for Evergy**
 4 **Missouri Metro?**

5 A: The comparative improvement in EMM's residential rates shown above is a reflection of
 6 the Company's prudent management of costs.

7 **Q: Do you expect Evergy Missouri Metro to continue to improve its competitive rate**
 8 **status in the region?**

9 A: Yes. Evergy has made and will continue to make significant investments in technology
 10 and infrastructure. As discussed by EMM witnesses Darrin Ives and by Ryan Mulvany
 11 (Vice President of Distribution), such investments are necessary for Evergy Missouri
 12 Metro to function as an efficient, reliable, and resilient utility service provider, and reflect
 13 a prudent infrastructure investment plan that addresses key issues in our system. However,
 14 EMM's level of investment in distribution infrastructure has not kept pace with aging

1 infrastructure. Mr. Mulvany explains how the average age of the Company's distribution
2 assets is older than that of many peer utilities.

3 **Q: Why must Evergy Missouri Metro continue to make significant capital investments**
4 **in its infrastructure?**

5 A: While the Company's overall reliability metrics remain strong, customers are experiencing
6 more frequent outages. Although EMM's superior restoration times largely mitigate the
7 impact that these interruptions have on overall reliability, these outage metrics highlight
8 the importance of increasing capital investments to replace aging infrastructure. Other
9 significant factors affecting reliability include frequency of severe weather and vegetation
10 management. Mr. Mulvany discusses this topic in greater detail.

11 **Q: How will the rate increase proposed in this case impact Evergy Missouri Metro's**
12 **regional rate competitiveness?**

13 A: Given the current rates and pending regulatory proceedings in neighboring states, EMM
14 expects that its rates will remain competitive regionally, even after its rates are increased.
15 If approved by the Commission, this will be the first base rate increase for Evergy Missouri
16 Metro's customers in over 4 years and EMM's annualized rate increase since 2017 will
17 continue to compare favorably to regional peer utilities and the rate of inflation.

1 **Q: How does EMM's requested rate increase compare to other utilities around the**
2 **country?**

3 A: As of the beginning of 2026, there are thirty-eight (38) active rate cases throughout the
4 country. EMM's requested 14.92% revenue increase ranks as the 9th lowest of the group
5 with a range from 6% to 94%,⁴

6 **V. SECTION 393.130.7 AND LARGE LOAD CUSTOMERS**

7 **Q: What is the importance of Section 393.130.7?**

8 A: Section 393.130.7 directs electrical corporations to develop tariffs for new large load
9 customers, ensuring that they pay their share of incremental costs and protecting other
10 customers from unjust and unreasonable rates. These tariffs offer transparent and
11 predictable terms for customers and signal Missouri's capacity to serve large loads on fair,
12 non-discriminatory terms that reduce financial risks for all parties.

13 **Q: Has Evergy developed tariffs pursuant to Section 393.130.7?**

14 A: Yes. As discussed further by Evergy Missouri Metro witnesses Mr. Gladhill and Mr. Ives,
15 the Commission approved Evergy's Large Load Rate Plan and Schedule Large Load Power
16 Service ("LLPS"), as modified by the Non-Unanimous Stipulation and Agreement, in No.
17 EO-2025-0154. The Commission found that it protects existing customers, ensures new
18 large loads pay their share of costs, and drives economic development. The plan provides
19 a transparent framework with clear eligibility, pricing, and safeguards, allowing large
20 customers to meet sustainability goals without shifting costs to others. This, combined with

⁴ <https://www.capitaliq.spglobal.com/web/client?auth=inherit#industry/pastRateCases?Type=1> Regulatory Research Associates, a group within S&P Global Energy, January 21, 2026.

1 Evergy's obligation to serve all customers in its territory increases Evergy's need for new,
2 efficient resources as more large load customers come on-line in the utility's territory.

3 **Q: What are the benefits of attracting new large load customers?**

4 A: New large load customers provide significant benefits to the state, the electrical grid, and
5 existing customers. For the state, they drive economic development through job creation,
6 increased tax revenue, and a more diverse industrial base. For Evergy's customers and its
7 system as a whole, the consistent and predictable consumption of electricity by large load
8 customers supports more efficient grid operation and planning. This phenomenon helps
9 distribute the Company's fixed costs across a greater number of energy consumers which
10 contributes to a lower average cost for all customers.

11 **Q: Does Evergy Missouri Metro currently provide service to any large load customers?**

12 A: No. However, we are in advanced stages of discussion that will lead to the execution of
13 Service Agreements in the near future.

14 **Q: Please describe how forecasted growth for Large Load customers has been**
15 **incorporated in this case.**

16 A: The Company has taken a proactive approach to reflect known Large Load related activity
17 in its revenue projections. As explained by Company witnesses Graham Jaynes and Brad
18 Lutz, although there are no large load customers in the test year of the case, retail revenues
19 were adjusted to account for customer forecasted growth utilizing the customers' load
20 forecast at a point in time, along with an additional \$9.1 million of anticipated LLPS-
21 related revenue growth. This adjustment or "gross-up" is not tied to any one project but
22 reflects the reality that large load development is an evolving process. As Company
23 witness Mr. Gladhill explains, the large load development process is continual progression

1 as customers refine plans and progress through the development cycle. By incorporating
2 this transitional adjustment, the Company simply captures the ongoing evolution in load
3 expectations that could occur, rather than any specific project.

4 **Q: Is any part of the Company’s rate request caused by large load customers?**

5 A: No. Stated plainly, as a result of the customer protections included in the LLPS rate,
6 Evergy Missouri Metro customers are already seeing benefits from data centers in this
7 region. While no customers are currently served on the LLPS rate, Evergy Missouri Metro
8 reduced its proposed rate request by \$25 million based on expected revenue from new large
9 data center operations in 2026. This is a clear and immediate benefit for Evergy Missouri
10 Metro customers. In addition, the Company expects to update the rate request this summer.
11 In that update, additional revenue may be available at that time to be included from one or
12 more data centers benefiting existing customers by further reducing this rate request.

13 Indeed, as of February 2, 2026, Edison Electric Institute (“EEI”) published a
14 Charles River Associates report that demonstrated data centers are not driving rate
15 increases.⁵ Matthew DeCoursey, Vice President of the Energy Practice at Charles Rivers
16 Associates, stated that: “There is no evidence to support the idea that data centers have
17 made rates go up.”⁶ Specifically, rates have been stable across most of the country
18 including Missouri, where current rates have been unaffected by data centers as compared
19 to the Northeast and California.⁷

⁵ Matthew DeCoursey & Mayank Saraswat, *Retail Rate Trends in the US*, Charles River Associates at 3 (Feb. 2, 2026).

⁶ Drew Maloney & Matthew DeCoursey, *Electric Perspective*, The Edison Institute (Feb. 2, 2026).

⁷ Matthew DeCoursey & Mayank Saraswat, *Retail Rate Trends in the US*, Charles River Associates at 8 (Feb. 2, 2026).

1 This position as supported in the Charles River Associates report as published by EEI is aligned
2 and consistent with the rate design and customer protections as filed by EMM in the LLPS
3 rate plan and approved by the Commission.

4 **Q: Please describe the pipeline of large load customers interested in locating in Evergy**
5 **Missouri Metro’s service territory.**

6 A: As discussed by Mr. Gladhill, EMM is currently working with large load customers with
7 more than 1.5 gigawatts (“GW”) of incremental demand that are interested in locating in
8 its service territory. These customers include both data centers and large manufacturing
9 customers who are in various stages of EMM’s “Path to Power” process.

10 **VI. PROPOSED MECHANISMS AND OTHER REQUESTS OF THE COMMISSION**

11 **A. DEMAND ALLOCATOR**

12 **Q: How does Evergy Metro (Missouri and Kansas) allocate revenues, expenses, and rate**
13 **base to the Company’s jurisdictions?**

14 A: Evergy Metro, Inc. operates a single production and transmission system that provides
15 service to retail customers in Missouri and Kansas. Some revenue, expense and/or rate
16 base items may be directly assigned to a specific jurisdiction, but many cannot be so
17 assigned. The primary allocators are based on weather-normalization demand and energy
18 amounts, as well as customer information. This data is described in the direct testimony
19 of Company witness Albert Bass, Senior Manager of Energy Forecasting and Analytics.

20 **Q: Why is the method of allocation important?**

21 A: The allocation method is critical to ensure that the rates charged to customers in each
22 jurisdiction (Metro Missouri and Metro Kansas) reflect the actual cost of serving those
23 customers without including the cost to serve customers in other jurisdictions. Also, the
24 method of allocation should allow the Company the opportunity to fully recover the

1 prudently incurred costs of serving those customers. This subject is further explained in
2 the direct testimonies of Company witnesses John Wolfram (Principal, Catalyst Consulting
3 LLC) and Ronald Klote (Senior Director, Regulatory Affairs).

4 **Q: What is EMM requesting in this case with respect to demand allocators?**

5 A: EMM is requesting a demand allocation method that is generally consistent with the
6 method approved by the Kansas Corporation Commission ("KCC") to provide a consistent
7 approach between both retail jurisdictions of Evergy Missouri Metro and Evergy Kansas
8 Metro, as further detailed in the direct testimony of EMM witnesses John Wolfram and
9 Ronald Klote.

10 **B. PLANT IN SERVICE ACCOUNTING**

11 **Q: What is Plant-in-Service Accounting or PISA?**

12 A: PISA is a mechanism that helps utilities recover costs on infrastructure investments
13 quickly, usually before the next general rate case. It addresses regulatory lag issues where
14 utilities have to wait for approval to include new investments in their rate base.

15 **Q: What are some of the distribution system investments that are part of the Company's
16 capital plan and will be supported by PISA?**

17 A: As discussed further by Evergy Missouri Metro witness Ryan Mulvany, the distribution
18 investments include:

- 19 ▪ The Lateral Improvement Program
- 20 ▪ Wood Pole Life Extension Program
- 21 ▪ The Proactive Cable Replacement/Rehabilitation Program
- 22 ▪ Automation Strategy, including installation of communicating fault current
23 indicators and communicating reclosers

1 **Q: How does Plant-in-Service Accounting affect rates and influence investment planning**
2 **for grid modernization?**

3 A: The negative lag inherent in traditional ratemaking, where cost recovery for capital
4 investments is delayed until the next rate case, has made it difficult for EMM and other
5 Missouri electric utilities to invest at the level needed to accelerate grid modernization for
6 the benefit of customers. Section 393.1400 allows Evergy Missouri Metro to use PISA to
7 offset a portion of this negative lag. This has allowed Evergy to increase investment in its
8 distribution system to improve reliability. By reducing regulatory lag, PISA enables more
9 timely investment in critical infrastructure, enhancing system resilience and providing
10 tangible benefits to customers through improved service reliability. It also helps align the
11 recovery of costs with the delivery of these benefits to reduce rate impacts on customers
12 because Section 393.1656 requires the Company to limit the revenue requirement impact
13 of PISA through an impact cap.

14 **C. CYBER TRACKER**

15 **Q: Why is Evergy Missouri Metro requesting a Critical Infrastructure Protection**
16 **(“CIPS”)/Cyber Security Tracker (“Tracker”)?**

17 A: As discussed further by Company witnesses Ronald Klote and Gary Johnson (Senior
18 Director, Information & Cyber Security), the security threat landscape is accelerating, with
19 adversaries targeting the electric grid at all voltage levels and leveraging sophisticated
20 attack vectors including nation-state campaigns, supply chain compromises, and
21 ransomware. Recent events underscore these risks, including the 2017 Russian infiltration
22 of U.S. nuclear networks and Chinese intrusions into large U.S. carrier networks, as well
23 as Evergy’s own need to engage external security consultants when third-party
24 compromises required rapid network assurance. The requested Tracker would permit

timely recovery of unpredictable and substantial non-labor operation, maintenance and related costs outside of base rates, enabling swift, flexible responses to serious threats, as well as evolving federal reporting and compliance mandates. This flexibility is in the public interest because it supports safe, adequate, and reliable service at just and reasonable rates by allowing Evergy to deploy prudent, layered defenses beyond baseline compliance as threats evolve.

Q: How will customers benefit from the Tracker?

A: Customers will benefit through improved reliability and resiliency, as the Company prepares for and responds to disruptions from both cyber actors and physical threats by using processes, tools, and spare parts designed to shorten restoration times, particularly amid longer supply-chain lead times. Compliance remains the baseline, but Evergy employs a defense-in-depth strategy to mitigate evolving risks, including for widely dispersed unmanned assets (e.g., drones) and supply chain exposures such as embedded malicious components. To prudently manage these expenses, EMM will track the costs through specific accounts for Commission Staff to review in future rate cases. The Company would exclude internal labor for current employees.

D. INJURIES AND DAMAGES RESERVE

Q: What is Evergy Missouri Metro’s request for an Injuries and Damages reserve?

A: The Company proposes to establish an Injuries and Damages (“I&D”) reserve to address the inherent unpredictability and magnitude of costs arising from these claims, rather than attempting to forecast when and in what amounts such expenditures will occur. As discussed by Everygy Missouri Metro witness Ronald Klote, the cost to fund the reserve will be recognized as a consistent monthly expense and reflected in rates. Once established, the reserve will “smooth” annual I&D-related expenses, which can be volatile

1 from year to year. In addition to promoting rate stability, the reserve enhances financial
2 planning and cash flow management by aligning cost recognition with exposure rather than
3 episodic claim events. An I&D reserve would also strengthen the Company's risk
4 management posture by ensuring that funding is available for adverse outcomes, thereby
5 reducing earnings volatility and mitigating the need for abrupt rate adjustments.

6 **E. STORM RESERVE**

7 **Q: Why is Evergy Missouri Metro requesting a storm reserve?**

8 A: The proposed storm reserve will reduce rate volatility for customers by using levelized
9 expenditures associated with significant storms. This will lessen the financial burden
10 impact through smoothing month-to-month storm expenditures associated with
11 unpredictable and significant storm events. The storm reserve allows the Company to
12 focus on service restoration and not on the financial implications because the costs will be
13 spread over time. EMM witnesses Ryan Mulvany and Ronald Klote discuss this request in
14 their direct testimony.

15 **F. CONSTRUCTION WORK IN PROGRESS**

16 **Q: What does newly enacted Section 393.135.2 provide regarding construction work in
17 progress ("CWIP")?**

18 A: As discussed by Company witness Ronald Klote, Senate Bill 4's Section 393.135.2(1)
19 permits electrical corporations "to include construction work in progress for any new
20 natural gas-generating unit in rate base." The inclusion of CWIP "shall be in lieu of
21 any otherwise applicable allowance for funds used during construction that would have
22 accrued from and after the effective date of new base rates." Id. When evaluating CWIP,
23 the Commission "shall determine" in a certificate of convenience and necessity ("CCN")
24 proceeding pursuant to Section 393.170 the amount of CWIP that may be included in rate

1 base “limited by: (a) The estimated cost of such project; and (b) Project expenditures
2 made within the estimated construction period for such project.” Id.

3 As stated by Governor Kehoe when he signed Senate Bill 4, CWIP “[i]ncentivizes
4 new power generation facilities and reduces financing costs, saving Missourians money in
5 the long run and expanding Missouri's electrical grid capacity.”⁸ In Senate Bill 4, both the
6 Missouri General Assembly and Governor Kehoe also recognized the need for dispatchable
7 sources of electricity like natural gas generation to support the onset of increased demand
8 for power. In this regard Section 393.401.2 requires utilities to replace current capacity
9 with dispatchable resources before decommissioning existing plants.

10 **Q: What benefit does CWIP provide to Evergy Missouri Metro in this rate case?**

11 A: As discussed by Company witness Ronald Klote, EMM plans to file a CCN application
12 that seeks approval for the construction and operation of a new simple-cycle natural-gas
13 fired generating facility in the first half of 2026. The Company will request that this new
14 generating facility be assigned directly to Evergy Missouri Metro. The inclusion of CWIP
15 in rate base will allow EMM to spread the financing costs of constructing gradually as it
16 incurs these costs. Without CWIP, all of the costs to finance construction would
17 accumulate until the plant is completed and placed in service, and until the Commission
18 allows those costs to be recovered so EMM can earn a return on its investment. The
19 inclusion of CWIP in rate base lowers rates over the long term by reducing the rate increase
20 when the asset goes into service.

⁸ Press Release, “Governor Kehoe signs SB 4 into Law, Securing Missouri’s Energy Future and Economic Growth” (Apr. 9, 2025)

1 **Q: Why is new generation being directly assigned to Evergy Missouri Metro rather than**
2 **to Evergy Metro Inc. (Kansas and Missouri)?**

3 A: Direct assigning the resource to the EMM jurisdiction is supported by and aligned with the
4 development of our load forecasting and resource planning considerations in our IRP.
5 Based on that work as well as the current operating environment, directly assigning this
6 generation was the best option.

7 Directly assigning this new generation to EMM helps advance the goal of a
8 potential consolidation of the jurisdictions of Evergy Missouri Metro and Evergy Missouri
9 West. Jurisdictional consolidation was an issue in the 2024 Evergy Missouri West rate case
10 which resulted in the Commission opening a non-contested working group matter (No.
11 EW-2025-0220) to review potential consolidation.

12 Jurisdictional consolidation is a long process with many facets. The two primary
13 goals are legal entity consolidation and rate jurisdiction consolidation. Regarding legal
14 entity consolidation, it will be important to determine how to separate assets (or a portion
15 of them) that serve Missouri customers from assets that serve Kansas customers in order
16 to reach an end state that would create one Missouri operating utility under Evergy, Inc.
17 Today Evergy Metro, Inc.'s assets are owned by it as a single legal entity. Most of these
18 assets are allocated across both Missouri and Kansas, with allocation issues subject to
19 review in rate cases in both states.

20 In the future, if jurisdictional allocation moves forward, there will be many
21 challenges associated with separating and/or allocating Metro's existing generation assets.
22 This will require discussions and negotiations with various parties in Kansas and Missouri
23 to arrive at an outcome that is fair to both states and to customers who have been served

1 by these assets for many years. However, as the Company adds *new* generation, directly
2 assigning all or a portion of such assets to a specific jurisdiction will make it easier to
3 achieve these consolidation goals in the future. If new generation continues to be allocated
4 to both jurisdictions, it will only compound ownership issues likely to arise as potential
5 consolidation scenarios are studied.

6 **VII. CONCLUSION**

7 **Q: Please summarize your testimony.**

8 A: EMM is committed to providing exceptionally safe, reliable, and affordable utility service
9 to our customers. We have worked hard to manage costs, maintain regional rate
10 competitiveness, and prepare for growing customer demand, including from new large load
11 customers.

12 My testimony has shown that Evergy Missouri Metro's request for updated electric
13 rates reflects the investments that have been made and the costs necessary to continue
14 providing customers with safe, reliable, and affordable service. I have summarized the
15 Company's operations, the drivers of the requested revenue increase, and the importance
16 of continuing prudent investment, advancing grid modernization, strengthening reliability,
17 and supporting customer service improvements.

18 Taking these steps and utilizing prudent cost tracking mechanisms — such as
19 updated demand allocators, PISA treatment, a cyber security tracker, the injuries and
20 damages reserve, the storm reserve, and the inclusion of CWIP in rate base — will ensure
21 timely cost recovery, reduce rate volatility, and support prudent long-term planning for the
22 benefit of all customers. These mechanisms will provide the foundation on which EMM
23 will execute its strategic plans for the future.

1 **Q:** **Does that conclude your testimony?**

2 **A:** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro's Request for Authority to) Case No. ER-2026-0143
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF KEVIN D. GUNN

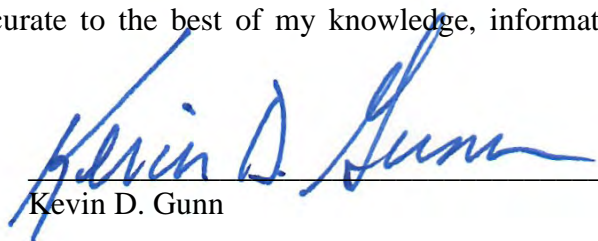
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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 – Regulatory and Government Affairs.

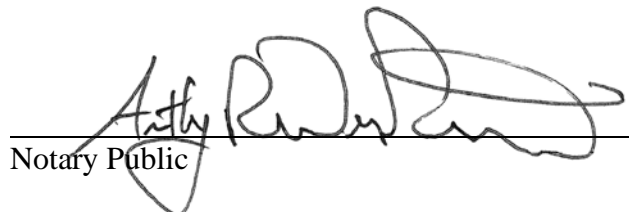
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro consisting of twenty-six (26) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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

Subscribed and sworn before me this 6th day of February 2026.



Notary Public

My commission expires: April 26, 2029

