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Issue:	Accounting Adjustments
Witness:	Darcie G. Kramer
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Case No.:	ER-2026-0143
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2026-0143

DIRECT TESTIMONY

OF

DARCIE G. KRAMER

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
February 2026

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DIRECT TESTIMONY

OF

DARCIE G. KRAMER

Case No. ER-2026-0143

I. INTRODUCTION

Q. Please state your name and business address.

A. Darcie G. Kramer. My business address is 1200 Main St., Kansas City, Missouri 64105.

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

A. I am employed by Evergy Metro, Inc. and serve as Senior Manager - Regulatory Affairs for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("EKM"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("EKC") the operating utilities of Evergy, Inc.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of EMM ("Evergy" or the "Company").

Q. What are your responsibilities?

A. My responsibilities include the coordination, preparation, and review of financial information and schedules associated with rate case and other regulatory filings for EMM as well as for other operating utilities of Evergy, Inc.

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

A. I received a Bachelor of Business Administration with a major in Accounting from Washburn University. I am a Certified Public Accountant. I joined Evergy, Inc. as Manager – Regulatory Affairs in June of 2024. In July 2025, I was promoted to Senior Manager –

Regulatory Affairs. Prior to joining Evergy, Inc. I was employed by Kansas Gas Service, A Division of ONE Gas ("KGS") for thirteen years. From 2016 to the time I joined Evergy, Inc., I was the manager of the Financial Accounting Department for KGS where I was responsible for the monthly closing process, internal / external reporting, the monthly COGR (Cost of Gas Rider) filing, and several other annual riders such as the Ad Valorem Surcharge Rider and the Weather Normalization Annualization ("WNA") rider that are filed with the Commission.

Q. Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MPSC") or before any other utility regulatory agency?

A. Yes, I filed written testimony with the State Corporation Commission for the State of Kansas ("KCC").

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to outline and explain certain accounting adjustments made to the test year for EMM, including:

Accounting Category	**Adjustments**
Rate Base Adjustments (and associated adjustments)	RB-26 / CS-112 Iatan 2 Regulatory Asset RB-55 / CS-22 Emission Allowances RB-85 / CS-93 PISA Deferral RB-86 / CS-135 PAYS Regulatory Asset and R-40 PAYS 4% Revenue Offset Normalization RB-100 / CS-100 Pre-MEEIA DSM Programs RB-101 / CS-101 Income Eligible Weatherization Liability Balance
Revenue Adjustments	R-21Forfeited Discounts R-88 Miscellaneous Revenue R-99 Low Income Solar Revenue
Cost of Service Adjustments	CS-4 / CS-20 Bad Debt Expense CS-27 Wolf Creek Water Contract

	CS-36 Wolf Creek Refueling Outage CS-39 IT Software Maintenance CS-40 Transmission Maintenance CS-41 Distribution Maintenance CS-42 Generation Maintenance CS-43 Wolf Creek Maintenance CS-44 ERPP (Economic Relief Pilot Program) CS-46 Critical Needs CS-47 Rehousing Pilot CS-60 Other Benefits (Medical/Dental/Vision/401k) CS-70 Insurance CS-80 Rate Case Expense CS-89 Meter Replacement – O&M CS-90 Advertising CS-91 TOU Ongoing Expenses CS-92 Dues & Donations CS-95 Amortization of Merger Transition Costs CS-98 MEEIA CS-113 Prospective Tracking Amortization CS-116 Renewable Energy Standards CS-117 Common Use Billings – Common Plant Adds CS-131 Amortization of Electrification Deferred Asset CS-133 Amortization of Regulatory Asset – Customer Education Regarding Rate Design CS-134 Amortization of Regulatory Asset - TOU Program costs CS-136 Covid AAO Annualization Amortization CS-137 Amortization of Environmental Insurance Settlements Regulatory Liability CS-138 Amortization of Regulatory Asset - Mandatory TOU Program costs CS-141 Hedging Gains and Losses

II. RATE BASE ADJUSTMENTS (AND ASSOCIATED COST OF SERVICE)

RB-26/CS-112 Iatan 2 Regulatory Asset

Q. Please explain Adjustment RB-26.

A. As continued from the 2022 Case, EMM has included in a regulatory asset construction accounting impacts which included depreciation, carrying costs, operations and maintenance expenses and fuel and revenue impacts for the Iatan Unit 2 construction project. Adjustment RB-26 establishes the anticipated rate base value as of June 30, 2026, by rolling forward the regulatory asset balance, which is recorded on a Missouri jurisdictional basis, from the true-up date of the 2022 Case to the anticipated true-up date of June 30, 2026, for the current case.

Q. Has the remaining regulatory asset been included in this current case filing?

A. Yes.

Q. Please explain adjustment CS-112.

A. The Company continued the amortization of this regulatory asset based on the amortization levels established in and continued through previous cases. The test year properly reflected the annual level of amortization expense.

RB-55 / CS-22 Emission Allowances

Q. Please explain Adjustment RB-55.

A. The Regulatory Plan Stipulation and Agreement agreed to in Case No. EO-2005-0329, with amendments approved on August 23, 2005 ("Regulatory Plan S&A"), included an SO2 Emission Allowance Management Policy. This policy provided for the Company to sell sulfur dioxide ("SO2") emission allowances in accordance with the initial SO2 Plan submitted to the MPSC, the MPSC Staff and other parties in January 2005, as updated.

The Regulatory Plan S&A required the Company to record all SO2 emission allowance sales proceeds as a regulatory liability in Account 254. The liability was reduced by premiums that resulted from the Company's purchase of lower sulfur coal than specified under contracts, through the December 31, 2010, true-up date in the Rate Case No. ER-2010-0355 ("2010 Case"). Subsequent to December 31, 2010, the liability has been increased by sales of allowances through the Environmental Protection Agency's ("EPA") annual auction and reduced by amortization of the December 31, 2010, regulatory liability beginning in May 2011. In October 2015 with the implementation of the Fuel Adjustment Clause ("FAC"), Missouri jurisdictional revenues received from EPA auctions flow through the FAC directly back to the customer. Adjustment RB-55 reflects a net reduction in the regulatory liability balance through June 30, 2026, resulting from the amortization.

Q. Please explain adjustment CS-22.

A. This adjustment reflects an annualization of the amortization of the June 30, 2026, projected SO_2 proceeds regulatory liability.

Q. Over what period is this regulatory liability to be amortized?

A. The Non-Unanimous Stipulation and Agreement As To Miscellaneous Issues in Case No. ER-2010-0355 ("2010 Case"), approved by the Commission on April 12, 2011, provided that the amortization period for the SO_2 regulatory liability would be 21 years beginning with the May 2011 effective date of rates in the 2010 Case.

<u>RB-85/CS-93 PISA Deferral Regulatory Asset</u>

Q. Please explain the current PISA Deferral Process.

A. The Company has participated in PISA since January 1, 2019. Beginning January 1, 2024, PISA allows for the deferral of depreciation expense to a regulatory asset and a return on investment associated with 85% of qualifying rate base additions between rate cases, including carrying costs at the weighted average cost of capital.

Q. Please explain what is included in qualifying rate base additions?

A. Qualifying electric plant is defined in section 393.1400 RSMo. is as follows:

> All rate base additions, except rate base additions for new coal-fired generating units, new nuclear generating units, or rate base additions that increase revenues by allowing service to new customer premises.

The Company has calculated its PISA deferrals associated with rate base additions that follow these guidelines.

Q. What recovery does section 393.1400 RSMo. prescribe for the PISA regulatory asset that has been established?

A. The statute allows for the regulatory asset that has been accumulated to be included in rate base. The Company has forecasted the amount expected at the time of the true-up in this rate case and included it in rate base in its revenue requirement calculation. In addition, the regulatory asset will be amortized over a 20-year period according to the statute.

Q. Please explain adjustment RB-85.

A. Adjustment RB-85 includes the projected deferral of the PISA regulatory asset balance at June 30, 2026, in rate base. For qualifying electric plant, this regulatory asset deferral includes 85% of the deprecation expense recorded once the asset has been placed in service. In addition, the deferral includes 85% of the return on the plant that has been placed in service between rate cases.

Q. Please explain adjustment CS-93.

A. The PISA regulatory asset deferred at May 31, 2022, the true-up date in the 2022 Case is referred as “Vintage 1”. The Company continued the amortization of Vintage 1 based on the amortization levels established in the 2022 Case. A component of Vintage 1 amortization is recorded to accounts not reflected in test year expense, therefore adjustments are necessary to reflect a full year's amortization in this rate case. The PISA regulatory asset deferred from June 1, 2022, and projected through June 30, 2026, referred as "Vintage 2," will be amortized over 20 years, as set out in the statute. An annual amortization amount for Vintage 2 was also included in Adjustment CS-93.

RB-86 Pay As You Save ("PAYS") Regulatory Asset, R-40 PAYS Revenue Offset Normalization, And CS-135 PAYS Amortization Annualization

Q. Please describe the PAYS program.

A. Pursuant to the Amended Report and Order in File No. EO-2019-0132, the Company was required to offer a one-year Pay As You Save ("PAYS") pilot program ("Pilot") to move forward with MEEIA Cycle 3. The Pilot program (which had been extended through December 31, 2026) costs are to be recovered from customers in two ways. First, customers directly participating in the Pilot will pay a monthly service charge, as defined in the PAYS tariff. Second, a portion of the Pilot program costs will be recovered through the Company's Missouri Energy Efficiency Investment Act ("MEEIA") Demand Side Investment Mechanism ("DSIM") rider and through the Company's base retail rates. After installation of equipment and customer financing arrangements have been made, the equipment costs are recorded as a regulatory asset. The MEEIA DSIM rider will recover the difference between the 3% equipment financing costs paid by the participant and our standard weighted average cost of capital rate of return, from the point of when the participant initiates the installation of the customer equipment until when program equipment costs are included in the Company's base rates. This amount will cease to be recovered through the MEEIA DSIM rider once the regulatory asset is included in base rates. The program costs accumulated in the regulatory asset are then included in the rate base and the regulatory asset will be amortized over a period not to exceed 12 years. This will allow for recovery of a return on and of the costs recorded in the regulatory asset.

Q. Please explain adjustment RB-86.

A. Adjustment RB-86 includes the PAYS-financed regulatory asset projected at the true-up date June 30, 2026, which is included in rate base in the Company's revenue requirement proposed in this rate case.

Q. Please explain adjustment R-40.

A. Included in the revenue requirement calculation is an annualized level of PAYS revenue which includes principal and interest payments associated with the equipment installed associated with the PAYS program. Adjustment R-40 recognizes expected annualized revenue at June 30, 2026.

Q. Please explain adjustment CS-135.

A. Adjustment CS-135 reflects annualized amortization of the PAYS-financed regulatory asset expected at the true-up date over twelve years.

RB-100/CS-100 Pre-MEEIA DSM Programs

Q. Please explain adjustment RB-100.

A. EMM has implemented demand-side management programs since 2005. A regulatory asset account is in place to allow full recovery of all pre-MEEIA DSM program costs. These programs were terminated on July 6, 2014, when the Company's MEEIA programs became effective as a result of Case No. EO-2014-0095. The regulatory asset was fully amortized in August 2019. The recovery of the DSM program costs continued to be collected from customers and tracked in the prospective tracking regulatory liability account. The unamortized balance from August 2019 to the true-up date May 2022 was consolidated and included in CS-113 to be amortized for four years as a result of the 2022 rate case. The remaining unamortized balance after the true-up date, May 2022, until January 2023 the effective date of new rates of the 2022 Case, is included as a rate base offset in this filing.

Q. Please explain adjustment CS-100.

A. The remaining unamortized balance of the pre-MEEIA DSM program costs from the true-up date, June 2022, until the effective date of new rates in the 2022 Case, December 2022, in the prospectively tracking regulatory liability account is included in the CS-113, prospective tracking amortization adjustment in this filing.

Q. Please discuss the pre-MEEIA opt out component of adjustment CS-100?

A. EMM is making this adjustment to comply with conditions of the MPSC Order Approving Stipulation and Agreement in Case No. EO-2014-0029. The parties agreed that customers who opt out of demand-side management programs would receive a credit on their monthly bills equivalent to the non-MEEIA energy efficiency charges built into base rates. The agreement also allowed EMM to defer the amounts credited to customers in a separate account. EMM was granted deferral treatment of the “opt out” costs for determination of recovery in a future rate case. The deferral includes two components: 1) prospective crediting of opt-out charges, and 2) retroactive crediting of opt-out charges. The pre-MEEIA Opt-Out ended cost deferral in January 2023. The deferred costs after the true-up date May 31, 2022, in the 2022 Case are included in Vintage 5 in this case, which is the final vintage. Amortization for Vintage 1 and Vintage 3 tracked from the true-up date to the effective date of new rates of the 2022 Case is also included in Vintage 5. In the 2022 Case the unamortized balance and deferred costs at the true-up date were combined as Vintage 4 to be amortized over six years. The Company included the expected unamortized balance of Vintage 4 after January 1, 2027, effective date of new rates in current case in Vintage 5. The Company is proposing a six-year amortization period for Vintage 5 to be consistent with previous vintages. There is no rate base treatment of deferred pre-MEEIA opt-out amounts.

<u>RB-101/CS-101 Income-Eligible Weatherization (IEW) Regulatory Liability</u>

Q. Please explain Adjustment RB-101.

A. In the 2022 rate case the Company agreed to include the balance of unspent IEW program funding in a regulatory liability account as a reduction to rate base. Those unspent funds will be fully amortized as of December 2026, before effective date of new rates for this filing, January 2027. This adjustment includes the projected regulatory liability at June 30, 2026, in rate base in this filing. The balance is driven by deferred program costs from May 31, 2022 to June 30, 2026, as the Company continues to monitor overall spend.

Q. Please explain adjustment CS-101.

A. Per the 2022 Stipulation & Agreement, the Company agreed to continue the program funding budget at the level of $573,888 annually and any unspent fund balance at the true-up date of May 31, 2022, were authorized to amortize over four years. The amortization authorized in 2022 ceases in December 2026, before January 1, 2027, the effective date of new rates in this case. Therefore, the annual amortization authorized in the 2022 rate case is set to zero and the test year expense related to that amortization is removed from cost of service. This adjustment proposes to amortize the projected liability balance from RB-101, over four years as well as adjust the test year to the $573,888 expected spend level for program funding.

III. REVENUE ADJUSTMENTS

<u>R-21 Forfeited Discounts</u>

Q. Please explain Adjustment R-21.

A. In R21a, the Company normalized forfeited discounts by computing Evergy Metro Missouri-specific forfeited discount factor based on test year July 2024 through June 2025 forfeited discounts and revenues to develop a ratio of forfeited discount to retail revenues. The ratio is applied to Missouri jurisdictional annualized and normalized revenues, which have MEEIA and FAC revenues added back in, as forfeited discounts can result from late payments including all retail revenue categories. In addition, projected Large Load Power Service ("LLPS") revenue was removed from the retail revenue used in the calculation of forfeited discounts. In R21b, the Company applied the forfeited discount factor to the requested revenue increase in this rate case to obtain the annualized level of forfeited discounts that are applicable to the revenues established in this rate case proceeding.

Q. Please explain why LLPS was removed from retail revenues.

A. In developing this adjustment, the Company excluded revenues associated with customers taking service under the LLPS tariff. LLPS customers are subject to enhanced credit assurance and collateral requirements that are designed to materially reduce the financial impact of late-payment situations and bad debt exposure. Due to the increased oversight for LLPS customers, instances of late payments are highly unlikely. Therefore, their revenues were removed from the normalization analysis to ensure an appropriate and representative level of forfeited discount revenues in this case.

R-88 Miscellaneous Revenue

Q. Please explain Adjustment R-88.

A. Adjustment R-88 reflects the change in projected revenue resulting from replacing the existing reconnect fee and collection fee with a $5.00 disconnect fee for residential customers. This change is consistent with the Stipulation in Case No. EE-2025-0084, which states:

> Evergy will revise its tariffs, attached to this Agreement as Exhibit 1, to eliminate the $25 collection and $30 reconnection fees for its residential customers and replace those fees with a $5 disconnection fee for all residential service meter types.

Q. How were miscellaneous revenues determined for this case?

A. To calculate the revenue impact, the Company used a three-year average of actual disconnect activity and assumed $5.00 disconnect fee to estimate disconnect fee revenue. R-88 represents the difference between these projected revenues and the test year revenues from reconnect and collection fees.

R-99 Low-Income Solar Revenue

Q. Please explain Adjustment R-99.

A. In the Stipulation and Agreement Regarding Programs and Electric Vehicle Charging Tariffs in the 2022 Rate Case, the signatories agreed to the following concerning the Low-Income Solar Subscription Pilot:

> As part of the Low-Income Solar Subscription Pilot ("LI SSP"), it is the Company's goal that no subscribing residential customer shall at any time pay more than the average retail rate for power. Any costs incurred through the LI SSP in excess of the revenues generated will be shared between customers and shareholders with shareholders bearing 50 percent of the cost and customers bearing the remaining 50 percent.

The Company started to monitor revenues and costs of the LI SSP following its cutover on February 1, 2025. Based on the analysis, revenues collected from subscribed customers have not been sufficient to cover the costs, resulting in a revenue shortfall. This adjustment includes 50 percent of the revenue shortfall responsible by shareholders from the period of February to August 2025. The adjustment will be trued-up at June 30, 2026 to include 12 months of annualized revenues.

IV. <u>COST OF SERVICE ADJUSTMENTS</u>

<u>CS-4 /CS-20 Bad Debt Expense</u>

Q. Please explain Adjustment CS-4.

A. This adjustment is necessary to reflect in the revenue requirement model the test year provision for bad debt expense recorded on the books of Evergy Metro Receivables Company ("EMRC").

Q. Please explain Adjustment CS-20

A. In adjustment CS-20a the Company adjusted bad debt expense by first computing a bad debt write-off factor. This ratio is applied to Missouri jurisdictional annualized and normalized revenues which have MEEIA and FAC revenues added back in, as these retail revenue categories can result in bad debts. In addition, projected LLPS revenue was removed from the retail revenue used in the calculation of bad debts. In adjustment CS-20b, the Company applied the same bad debt write-off factor to the requested revenue increase in this rate case to obtain the annualized level of bad debt expense that are applicable to the revenues in this rate case proceeding.

Q. How was the bad debt write-off factor determined?

A. The Company examined net bad debt write-offs on a Missouri-specific basis as compared to the applicable revenues that resulted in the bad debts.

Q. Over what period was this experience analyzed?

A. Data included in the analysis included bad debt net of write-offs for the test year, July 2024 through June 2025, while the related retail revenue was for the 12-month period January 2024 through December 2024.

Q. Why were different periods used for the calculation?

A. There is a significant time lag between the date that revenue is recorded and the date that any resulting bad debt write-off is recorded due to time spent on various collection efforts. While the time expended can vary depending on circumstances, the Company assumed a six-month lag, representing the standard time span between when a customer is first billed and the time when an account is disconnected, and the receivable subsequently written off.

Q. What does “net write-offs" mean?

A. This term refers to accounts written off less recoveries received on accounts previously written off.

Q. Why was the LLPS customer class excluded from the normalization of bad debt expense?

A. In developing this adjustment, the Company excluded revenues associated with customers taking service under the LLPS tariff. LLPS customers are subject to enhanced credit assurance and collateral requirements that are designed to materially reduce the financial impact of late-payment situations and bad debt exposure. Due to the increased oversight for LLPS customers, instances of bad debt are highly unlikely. Therefore, their revenues were removed from the normalization analysis to ensure an appropriate and representative level of bad debt expense in this case.

<u>CS-27 Wolf Creek Water Contract</u>

Q. Please explain adjustment CS-27.

A. The Company annualized costs for a water purchase contract at the Wolf Creek nuclear power plant. The plant has an agreement for rights to use water from the lake adjacent to the plant to ensure proper lake levels for cooling purposes. The agreement includes a minimum of 4,684,000,000 gallons of water billed annually. Beginning in January 2026, the rate per 1,000 gallons will increase from $0.514 to $0.536. The adjustment includes the new contract amount that will be in place at the true-up date.

<u>CS-36 Wolf Creek Refueling Outage</u>

Q. Please explain adjustment CS-36.

A. The Wolf Creek nuclear generating station refueling cycle is normally about 18 months. The Company defers the O&M outage costs and amortizes the costs over the 18 months leading up to the next refueling. This adjustment annualizes the Wolf Creek refueling expense.

Q. Why is a refueling annualization adjustment necessary in this case?

A. The test period amortization includes the amortization period for refueling outage number 26. Annualized expense that is included in this case should reflect the level of amortization expense associated with the most recently completed refueling outage prior to the true-up date. As such, estimated costs associated with refueling outage number 27 were used to determine the monthly amortization expense. This annualization adjustment results in a full year's estimated amortization expense for refueling number 27.

CS-39 IT Software Maintenance

Q. Please explain adjustment CS-39.

A. Adjustment CS-39 was made to include an annualized level of contracted software and hardware maintenance costs in this rate case. EMM included an annualized June 2026 budgeted amount in accounts 935000, and new FERC 898 accounts 935010 and 935020 with resources 15xx to reflect an annual level of expense. The types of maintenance contracts that were annualized include: PowerPlan system, Nokia, Box Enterprise, Microsoft Enterprise Agreement, Cisco Enterprise Agreement and SmartNet, Oracle support, Oracle PULA (Perpetual Unlimited License Agreement), Telvent, and various hardware and software maintenance contracts.

CS-40 Transmission Maintenance / CS-41 Distribution Maintenance / CS-42 Generation Maintenance / CS-43 Wolf Creek Nuclear Maintenance

Q. Please explain Adjustment CS-40, CS-41, CS-42, and CS-43.

A. These adjustments are for the purpose of including an appropriate level of maintenance expense in this case. Since maintenance levels fluctuate year over year, EMM included a 3-year average of 2022, 2023, and Test Year ending June 30, 2025, of maintenance expenses, in its direct case as being the most representative level for ongoing expense. EMM will re-evaluate maintenance levels at the true-up date June 30, 2026, to determine what adjustment to the test year should be made at that point.

<u>CS-44 ERPP (Economic Relief Pilot Program)</u>

Q. Please explain Adjustment CS-44.

A. As ordered by the Commission in the 2016 rate case, EMM's ERPP will be funded at $1,260,000, 50% from shareholders, with $630,000 included in the final revenue requirement. This issue was settled in both the 2018 and 2022 cases without change to the process. This adjustment reflects the $630,000 ratepayer funded annualized level compared to the actual expenses for the test year.

<u>CS-46 Critical Needs</u>

Q. Please explain Adjustment CS-46.

A. In case No. ER-2022-0129, the Company agreed to establish the Critical Needs Program. It was agreed upon to be funded through 50/50 sharing of costs between customers and shareholders for a minimum of three years at a total of $300,000 per year for EMM. Adjustment CS-46 establishes in revenue requirement the customer funded portion of the program with no proposed changes to the program. The program is discussed in further detail in the testimony of Company Witness Katie McDonald.

<u>CS-47 Rehousing Pilot</u>

Q. Please explain Adjustment CS-47.

A. In Case No. ER-2022-0129, the Company agreed to establish the Rehousing Pilot Program. It was agreed upon to be funded by a 50/50 sharing of costs between customers and shareholders for a minimum of three years for a total cost of $250,000 per year for EMM. Adjustment CS-47 establishes in revenue requirement the customer funded portion of the program with no proposed changes to the program. The program is discussed in further detail in the testimony of Company Witness Katie McDonald.

CS-60 Other Benefits

Q. Please explain adjustment CS-60.

A. EMM annualized other benefit costs based on the projected costs included in the 2026 budget.

Q. What types of benefits are included in this category?

A. The most significant benefit is medical expense. In addition, dental, Company 401k match, various insurance and other miscellaneous benefits are included with the other benefits adjustment.

Q. Does this adjustment take into consideration benefits expense billed to joint venture partners, billed to affiliated companies, and charged to capital?

A. Yes, it is based on data from the payroll adjustment discussed in (adjustment CS-50).

Q. Was other benefit expense associated with the Company's interest in Wolf Creek generating station annualized in a similar manner?

A. Yes, it was.

CS-70 Insurance

Q. Please explain adjustment CS-70.

A. EMM annualized insurance costs based on premiums projected to be in effect on June 30, 2026. These premiums include the following types of coverage: property, directors and officers, workers' compensation, bonds, fiduciary liability, excess liability, crime, cyber liability, auto liability, and various others.

Q. How were the premium amounts determined for each line of insurance coverage?

A. Evergy's Risk Management department provided estimated premium amounts expected to be in place at the true-up date.

Q. How are these premium amounts allocated to the appropriate business units throughout Evergy?

A. All of the insurance types are allocated using the General Allocator, except for property which will be discussed further below and LaCygne lake liability which is allocated 100% to Evergy Metro.

Q. Please describe how the property insurance premium is allocated.

A. Property insurance is allocated to the various business units based on its 2025 replacement value provided by the Risk Management department.

Q. Does this adjustment take into consideration insurance billed to joint venture partners and affiliated companies?

A. Yes, it does. Metro's share of the replacement value was then multiplied by the percentage owned by each joint partner to determine how much is allocated from Metro for property insurance.

Q. Please explain the adjustment amount.

A. The annualized premium amounts calculated above are reduced by the joint partner's share billed out to the other companies and then are compared to the test year amount to determine the adjustment.

CS-80 Rate Case Expense

Q. Please explain Adjustment CS-80.

A. Rate case expense is the incremental cost incurred by the utility to prepare and file a rate case. The Company annualized rate case costs by including projected costs for the current rate proceeding amortized over four years which will be trued-up as part of the true-up process in this rate case. Annualized rate case costs were then compared to rate case expense included in the test year to properly reflect rate case expense in cost of service in this rate case.

Q. How was rate case cost related to the current Missouri rate proceeding estimated?

A. EMM estimated costs based on the consultants and attorneys it anticipates will be used in this case and based on the scope of work anticipated.

Q. In making this estimate did EMM anticipate a full rate case, including hearings, briefs, etc., as opposed to a settled case?

A. Yes, a full rate case was assumed.

CS-89 Meter Replacement – O&M

Q. Please explain Adjustment CS-89.

A. Adjustment CS-89 adjusts the test year for any change in the meter reading contract rate associated with AMI meters. This adjustment annualizes the composite meter reading count based on the number of meters read from January through June 2025 and then applies an estimated per meter price for 2026. This annualization is compared to the test year per books amount.

CS-90 Advertising

Q. Please explain adjustment CS-90.

A. According to MoPSC precedent, any expenses such as event sponsorships and public image advertising are removed with this adjustment. In addition, after reviewing the test year, the Company removed items that are specifically related to jurisdictions other than EMM.

Q. Please describe what types of advertising costs typically are allowed for recovery in a rate proceeding.

A. As per past Commission practice, advertising costs that are allowed for recovery include items that provide customer information such as bill inserts that provide customer service contact information, billing practices, cold weather rule information, "call before you dig" advertisements, etc.

CS-91 TOU Ongoing Expenses

Q. Please explain Adjustment CS-91.

A. Adjustment CS-91 reflects the normalized level of ongoing customer education expenses associated with the Company's Time-of-Use ("TOU") rate offerings projected for 2026. These costs include customer education required to maintain TOU rate options.

Q. How was the normalized level of TOU ongoing expense determined for this case?

A. Per the Stipulation and Agreement in EMW Case No. ER-2024-0189 as part of the continued TOU education campaign, the Company agrees to emphasize messaging designed to explain the fundamental purpose behind TOU rates. This same language also applies to Evergy Missouri Metro. As such, EMM set up a Project ID "TOUTRACK" to track incremental costs since the end of the deferral in 2024. This adjustment reflects ongoing customer education costs based on projected 2026 costs for digital and marketing.

CS-92 Dues & Donations

Q. Please explain adjustment CS-92

A. This adjustment removes certain types of dues and donations from the test year cost of service that relates to sponsorships or rotary memberships. Specific items removed in this adjustment include Chamber of Commerce dues, Missouri Energy Development Association (MEDA) membership dues and rotary club dues.

CS-95 Amortization of Merger Transition Costs

Q. Please explain Adjustment CS-95.

A. As per the Stipulation and Agreement in Case No. EM-2018-0012, merger of Great Plains Energy Incorporated. and Westar Energy, Inc., this adjustment amortizes the total transition costs allowed over a ten-year period. The adjustment amount is zero as the test year already includes a full year amortization.

CS-98 MEEIA

Q. Please explain Adjustment CS-98.

A. In Case No. EO-2015-0240, the Company was granted a Demand Side Investment Mechanism ("DSIM") rider in its MEEIA cycle 2 filing. The Company currently continues to collect these program costs through MEEIA cycle 4. Since these costs are collected outside of base rates, they need to be eliminated from the cost of service to be set in this case. This adjustment removes MEEIA related expenses recorded during the test year from its cost of service.

CS-113 Prospective Tracking Amortization

Q. Please explain adjustment CS-113.

A. Adjustment CS-113 provides for prospective tracking of a regulatory asset or liability that will be amortized over an appropriate period in a future case. As explained in the Direct Testimony of Company Witness Ronald A. Klote, the Company has complied with the prospective tracking of regulatory assets and liabilities as agreed to in the Stipulation and Agreement from the 2022 Case.

This adjustment includes the regulatory assets and liabilities that were prospectively tracked after May 31, 2022, the true-up date in the 2022 Case, through December 31, 2022. In addition, the prospectively tracked regulatory liability for Renewable Energy Standard deferred costs is included in this rate case as rebates have ended.

Q. Please discuss the regulatory assets of adjustment CS-113.

A. The prospectively tracked regulatory assets are associated with regulatory liabilities that have been fully amortized after June 30, 2018, the true-up date of Case No. ER-2018-0145, ("2018 Case"). The unamortized balance at May 31, 2022, the true-up date of the 2022 rate case was consolidated with the prospectively tracking regulatory liabilities to be amortized over four years in the 2022 rate case. The balance of the prospective tracking regulatory assets associated with the regulatory liabilities that were fully amortized by December 2022 before new rates took effect in January 2023 is addressed in this rate case. The following is a listing of the regulatory liabilities and prospective tracking periods.

- MO Wholesale Gross Margin – ER-2006-0314 amortization: June 2022 - December 2022
- Surface Transportation Board Settlement: June 2022 - December 2022
- Wolf Creek Refueling 18: December 2022

- Iatan 2 O&M Tracker: December 2022
- 2011 Flood Costs: December 2022
- EV Charging Station: December 2022

The total amount of the prospective tracking regulatory assets is $585,383. The Company proposes to net the prospective tracking regulatory assets with liabilities before amortization. This amount will be utilized to offset below prospective tracking regulatory liabilities.

Q. Please discuss the regulatory liabilities of adjustment CS-113.

A. The first component addressed the consolidated prospective tracking regulatory liability authorized to amortize over four years in the 2022 case. The amortization ends on December 31, 2026, before effective date of new rates January 1, 2027, in this case. The Company removed the test year expense from the cost of service, and the annual amortization is set to zero. The second component addresses the remaining balance of the prospective tracking regulatory liabilities associated with the regulatory assets that were fully amortized by December 2022 before new rates took effect in the 2022 Case in January 2023 and the prospectively tracked regulatory liability for Renewable Energy Standard deferred costs is included as rebates have ended. The following is a listing of the regulatory assets and prospective tracking periods.

- 2007 DSM Advertising Costs: June 2022 - December 2022
- 2010 DSM Advertising Costs: June 2022 - December 2022
- DSM Program Costs: June 2022 - December 2022
- LaCygne Obsolete Inventory: June 2022 - December 2022
- Wolf Creek Mid-Cycle Outage: June 2022 - December 2022
- Lease Expense: June 2022 - December 2022

- Renewable Energy Standards (RES): March 2021 – June 2026

The total amount of the prospective tracking regulatory liabilities is $14,274,711.

After offsetting the assets of $585,383, the Company proposes to amortize the net total balance of $13,689,328 over four years.

CS-116 Renewable Energy Standards

Q. Please explain Adjustment CS-116.

A. As part of the 2012 Second Stipulation in case no. EU-2012-0131, the Company was granted recovery of all Renewable Energy Standards ("RES") costs through the true-up date in that case which was August 31, 2012. These costs were tracked as RES vintage 1 costs and were amortized over a three-year period. Pursuant to the 2014 Case, RES costs for vintage 2 recorded from September 2012 through May 2015 were authorized to be amortized over five years. In the 2016 Case, vintage 1 amortization ended in January 2016. Per the 2014 Partial Stipulation, KCP&L applied prospective tracking of the vintage 1 amortization to offset the vintage 3 costs incurred from June 2015 through December 2016. Vintage 3 was authorized to be amortized over 2.6 years. In the 2018 Case, the proposed costs for vintage 4 was written off to offset "stub period" tax benefits. The remaining regulatory asset was fully amortized in March 2021. Therefore, all test year expenses were removed from cost of service and annual amortization amounts were set to zero in the 2022 Case. Monthly amortization continued to be tracked in the prospective tracking regulatory liability account through December 2022. Rebates stopped in December 2023. Renewable Energy Credits ("REC") fee charges continue and are projected through June 30, 2026. Since there is a large amount tracked in the regulatory liability account, the carrying costs, rebates and REC fees were reclassed to offset the regulatory liability. The net balance at

June 30, 2026, in the regulatory liability account is included in the CS-113, prospective tracking adjustment. The balance of future REC fee deferred costs will be addressed in next rate case according to the requirements set forth under the Renewable Energy Standard section of the Code of State Regulations which allows for recovery at a rate not to exceed 1% of retail revenues as established in a rate proceeding.

CS-117 Common Use Billings – Common Plant Adds

Q. What are common use billings?

A. Common use billings represent the monthly billings of common use plant maintained by Evergy Metro, EKC and EMW. Assets belonging to Evergy Metro, EKC and EMW may be used by another entity. This property, referred to as common use plant, is primarily service facilities, telecommunications equipment, network systems, and software. In order to ensure that Evergy Metro, EKC and EMW's regulated entities do not subsidize other Evergy companies or jurisdictions, Evergy Metro, EKC or EMW charge for the use of their respective common use assets. Monthly billings are based on the depreciation and/or amortization expense of the underlying asset, and a rate of return is applied to the net plant basis. The total cost of all common use plant is then accumulated before being billed to the appropriate jurisdictions.

Q. Why was an adjustment needed from amounts included in the test year?

A. The Company analyzed plant additions that are expected to be placed into service prior to the true-up date in this rate case proceeding. These include capital additions associated with network systems and software that will become a part of the Common Use Billing Process. Since these common use plant additions are expected to occur after the test year, the portion of EMM's common use assets that are billable to other Evergy entities and jurisdictions needs to be removed from the cost of service in this rate case proceeding. Conversely, EKC's plant additions expected prior to the true-up date are included as an addition to expense in this adjustment at EMM's appropriate share.

Q. Please explain adjustment CS-117.

A. First, adjustment CS-117 computes the annual amortization or depreciation expense and expected return on the new common use plant additions that will be included in rate base in this rate case proceeding. The annual amortization or depreciation expense for the common use software additions is based on lives lasting three to fifteen years. The return component is based on the expected rate of return that will be used in this rate case proceeding. These annual amounts are accumulated and multiplied by one minus the Evergy Metro jurisdictional share of these assets which is based on specific allocators. Second, the actual common use journal entry at June 30, 2025, is annualized. The resulting amount is then compared to the test year per books amount to determine the adjustment.

CS-131 Amortization of Electrification Deferred Asset

Q. Please explain Adjustment CS-131.

A. Pursuant to the Report and Order in File No. ET-2021-0151, the Company was authorized to use a regulatory asset tracking mechanism to track and defer the Transportation Electrification Pilot Program costs (incentive rebates and other program costs such as customer education and program administration) for recovery of prudently incurred costs for inclusion in rates in future rate cases. The Company was authorized to amortize the deferred balance at May 31, 2022, the true-up date of the 2022 Case over four years. The amortization ends on December 31, 2026, before effective date of new rates January 1, 2027, in this case. The Company removed the test year expense from cost of service and the annual amortization is set to zero. The Company is proposing a four-year period to amortize actual deferred program costs incurred after the true-up date of the 2022 Case and projected costs through June 30, 2026.

<u>CS-133 Amortization of Regulatory Asset – Customer Education Regarding Rate Design</u>

Q. Please explain Adjustment CS-133.

A. In the Non-Unanimous Partial Stipulation and Agreement Regarding Class Revenue Shifts in the 2018 case, EMM was required to develop a customer education plan regarding the rate design decided in the case. Prudently incurred costs (including marketing, education, evaluation, and administration costs) associated with this customer education plan were authorized to be deferred to a regulatory asset and recovered in the Company's next rate case. The costs deferred at May 31, 2022, the true-up date, were authorized to be amortized over four years as a result of the 2022 rate case. The amortization ends December 31, 2026, before effective date of new rates January 1, 2027, in this case. The Company removed the test year expense from the cost of service and the annual amortization is set to zero.

<u>CS-134 Amortization of Regulatory Asset – TOU Program Costs</u>

Q. Please explain Adjustment CS-134.

A. The Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues in the 2018 rate case included a number of requirements regarding the initiation and implementation of TOU rates. The stipulation provided that EMM is authorized to defer for recovery prudently incurred program costs (including marketing, education, evaluation, and administration costs) associated with the TOU service to be offered by EMM. The stipulation also stated that in the next EMM rate case, the Company is authorized to recover prudently incurred program costs at the level represented by the percentage of customers enrolled in the TOU service at the time of filing of the rate cases compared to the target level, not to exceed 100% recovery of costs. EMM will need to demonstrate that such percentage is not simply a result of transferring customers to a lower rate but based on efforts directly related to changing customer behavior through marketing and education. The balance at May 31, 2022, the true-up date in the 2022 Case, for the deferred costs associated with the TOU service was authorized to be amortized over four years. The amortization ends on December 31, 2026, before effective date of new rates January 1, 2027, in this case. The Company removed the test year expense from the cost of service and the annual amortization is set to zero. The TOU deferral account was closed at the end of 2024. The remaining balance of deferred costs from June 1, 2022, through December 31, 2024, will be amortized over four years. An annual amortization amount was included in Adjustment CS-134.

CS-136 Covid AAO Annualization Amortization

Q. Please explain Adjustment CS-136.

A. On May 6, 2020, EMM filed an application for an AAO to allow the Company to defer costs associated with the COVID-19 pandemic in a regulatory asset, beginning on March 1, 2020. Pursuant to EU-2020-0350, Missouri Metro was granted an AAO to defer, in a regulatory asset, specified costs associated with the COVID-19 pandemic netted against specified savings, also associated with the pandemic from March 1, 2020, continuing through March 31, 2021. Pursuant to the 2022 rate case, the deferred costs were authorized to be amortized over four years. The amortization ends December 31, 2026, before effective date of new rates January 1, 2027, in this case. The Company removed the test year expense from the cost of service and the annual amortization was set to zero.

CS-137 Amortization of Environmental Insurance Settlements Regulatory Liability

Q. Please explain Adjustment CS-137.

A. The Company entered into agreements with certain insurance carriers to resolve potential legacy claims. Under these agreements, EMM received one-time payments totaling $6,550,801 or $3,466,029 Missouri jurisdictional amount, in exchange for a release of coverage obligations associated with these historical matters. These proceeds are recorded to a regulatory liability. The agreements do not specify how the dollars will be used in the future. Metro has no active claims going on under these policies. The Company will refund the proceeds to retail customers in this rate case and amortize over four years. An annual amortization amount was included in Adjustment CS-137.

CS-138 Amortization of Regulatory Asset – Mandatory TOU Program Costs

Q. Please explain Adjustment CS-138.

A. Pursuant to the Amended Report and Order in the 2022 Case, the Commission authorized the tracking of costs associated with the implementation of time of use rates.

In the Unanimous Stipulation and Agreement in the Evergy Missouri West Case No. ER-2024-0189, parties agreed that the same provisions in the TOU section 9. a, b, c, and d apply to Evergy Missouri Metro, which include that Evergy Missouri Metro will move any TOU education costs that promote MEEIA-related activity to be allocated to the MEEIA non-incentive budget, and will not seek recovery of $500,000 education costs. In addition, deferral of default TOU customer education will cease September 30, 2024, with final invoices received by December 31, 2024, for services performed through September 30, 2024. Adjustment CS-138 takes the total deferred balance at December 31, 2024, and establishes a four-year amortization in the current revenue requirement.

CS-141 Hedging Gains and Losses

Q. Please explain Adjustment CS-141.

A. In the Stipulation and Agreement in the 2022 rate case, parties agreed that hedging activity cost and gains will be deferred into the Company's regulatory/liability accounts for future rate treatment determination. CS-141 takes the anticipated regulatory liability balance for the hedging gains at June 30, 2025, and establishes a four-year amortization in the revenue requirement.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF DARCIE G. KRAMER

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

Darcie G. Kramer, being first duly sworn on his oath, states:

1. My name is Darcie G. Kramer. I work in Kansas City, Missouri and I am employed by Evergy Metro, Inc. as Sr. Manager – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro consisting of thirty-one (31) 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.

____
Darcie G. Kramer

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

____
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