

**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	)	Case No. ER-2026-0143
Increase for Electric Service	)	

MECG'S STATEMENT OF POSITIONS

COMES NOW the Midwest Energy Consumers Group ("MECG"), and for its Statement of Positions, respectfully states:

1. Cost of Capital

- A. What is the appropriate capital structure to use for ratemaking in this proceeding?
- B. What cost of debt should be used for determining rate of return?
- C. What return on common equity should be used for determining rate of return?
- D. What is the appropriate rate of return to use for ratemaking in this proceeding?

Position:

U.S. Supreme Court precedent in *Hope* and *Bluefield* governs what constitutes a just and reasonable utility rate of return.¹ Under these precedents, a utility is entitled only to a return sufficient to maintain its financial integrity and to attract capital at reasonable terms. The return is to be commensurate with the return investors could earn by investing in other companies of comparable risk.² "The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties."³

¹ *Bluefield Waterworks & Improvement Co. v. Pub. Serv. Comm'n of W.V.*, 262 U.S. 679 (1923) ("Bluefield"); *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) ("Hope").

² *Bluefield*, 262 U.S. at 692-93; *Hope*, 320 U.S. at 603.

³ *Bluefield*, 262 U.S. at 693.

The Commission should reject Evergy (“EMM”) witness Ms. Ann Bulkley’s unreasonable ROE of 10.5% based on a range of 10.25% to 11.25%. This range is excessive, unreasonable, and based on flawed analysis. The Staff’s witness Seoung Joun Won, PhD, testified that a reasonable range of return for cost of equity is between 9.48% to 9.98%. The OPC’s witness Mr. David Murray testified a reasonable range is between 9.00% and 9.50%. The Commission should authorize an ROE no higher than 9.50% which falls within the overlapping ranges of reasonableness established in the testimonies of Staff and OPC. For the remaining issues in this section, MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

2. Revenues and Billing Determinants

- A. What level of billing units and normalized revenues should be used in calculating rates?
 - i. What update period adjustment should be used in calculating normalized billing units, revenues, and rates?
 - ii. What rate switcher and Large Power Service customer annualization adjustment should be used?
 - iii. What weather normalization adjustment should be applied?
 - iv. Should the blocking percentage for the actual blocks and the weather normalized blocks be the same?
 - v. What 365-day adjustment should be used?
 - vi. What energy efficiency adjustment should be used?
 - vii. What growth adjustment should be used, and what counts should be used to calculate normal use per customer and customer growth?
 - viii. What non-Missouri kilowatt hour (“kWh”) adjustment should be used in calculating normalized billing units?
 - ix. Should the definitions of bill count and customer charge counts be added to EMM’s tariff?
 - x. For normalization of retail revenues and billing determinants, should customer charge count or bill count be utilized?

- xi. Should the Company be compelled to provide both bill count and customer charge count in future rate cases.
- xii. What is the normalized revenue and kWh for Large Power Service (“LPS”) customers?
- xiii. What Economic Development Rider discount annualization should be applied?
- xiv. What amount of gross up for revenue requirement should be applied to Economic Development Rider discount amount.

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

3. Other Revenues

- A. What is the appropriate level of net revenue to reflect in the cost of service and other models for Large Load Power Service (“LLPS”) and other large customers?
 - i. What is the appropriate revenue adjustment for expected future revenues from Schedule LLPS customers in the cost of service model?
- B. What level of forfeited discount, commonly referred to as late payment revenue, should be included in the cost of service?
- C. Should late payment fee revenue be increased by a proportionate amount of the revenue requirement increase authorized by the Commission in this case, commonly referred to as a “late payment fee factor-up”?

Position: For Issues 3.A. and 3.A.i., the LLPS revenue should be reflected as follows: First, the inclusion of at least \$25 million in EMM’s test year revenues to reflect revenues from a LLPS customer whose operations substantially ramped after conclusion of the test year. Second, EMM should track and report LLPS revenues and costs until at least the next rate case. If net revenues exceed \$25 million (or the amount agreed to be included in revenues), then EMM should establish a regulatory liability. *See* Direct Testimony of Greg Meyer, pages 9-11.

For the remaining issues of this part, MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

4. Wholesale Transmission Revenue Credit

- A. Should the Commission accept EMM's revenue reduction to adjust utility transmission revenues in its cost of service to reflect Commission-authorized versus Federal Energy Regulatory Commission ("FERC") authorized returns on equity?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

5. Fuel and Purchased Power

- A. What should be adopted as the variable fuel and purchased power cost for this case?
- B. What fuel prices should be included in the cost of service?
- C. What normalized market prices should be used to determine the revenue requirement in this case?
- D. What level of Transmission Congestion Rights ("TCR") revenue, not TCR margin, should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

6. Transmission Expense

- A. Should the requirement for the Transource adjustment be discontinued?

Position:

MECG supports the Commission Staff's position on this issue.

7. Payroll, Benefits, and Incentive Compensation

- A. What is the appropriate ratio of Operations and Maintenance ("O&M") expense to be used in calculating payroll, benefits, and payroll tax expense?
- B. What level, if any, of long-term stock-based incentive compensation should be included in the cost of service?
- C. What level of capitalized short-term incentive compensation based on earnings should be removed from plant in service?
- D. What level of severance payments should be included in the cost of service?

- E. What level of pension and other post-employment benefit (“OPEB”) expense should be included in the cost of service? F. What level of supplemental executive retirement plan (“SERP”) expense should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

8. Maintenance and Operating Expense

- A. What level of meter replacement O&M costs should be included in the cost of service?
B. What level of outside services expense should be included in the cost of service?
C. What level of affiliate transaction expenses should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

9. Amortizations and Expired Amortization Tracker

- A. What level of Demand Side Management pre-MEEIA opt-out amortization should be included in the cost of service?
B. What level of prospective tracking amortization should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

10. Advertising, Dues, and Donations

- A. What level of Edison Electric Institute (“EEI”) dues should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

11. Customer Accounts Expense

- A. Should bad debt expense be increased by a proportionate amount of the revenue requirement increase authorized by the Commission in this case, commonly referred to as a “bad debt factor-up”?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

12. Regulatory Assessments, Rate Case Expense, and Local Taxes

A. What level of rate case expense, if any, should be allowed in the revenue requirement?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

13. Common Use Billings

A. Should the Uplight software be billed to Evergy's Kansas regulated entities?

B. What Uplight costs, including plant, reserve, amortization expense, and common use billings, should be included in the revenue requirement, and how should those costs be allocated and recovered?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

14. Property Tax

A. What is the appropriate level of Missouri property tax to be included in rates?

B. What base level of property taxes should the Commission approve for tracking purposes?

C. What level of property tax tracker rate base amount and amortization should be included in the cost of service?

Position: MECG supports the position of the Commission's Staff on this issue.

15. Income Taxes

A. How much income tax expense should be included in rates?

i. Should income tax expense be reduced by a normalized disposition loss deduction?

ii. What amount of research and development tax credits should be included in income tax expense?

iii. What amount of ongoing nuclear production tax credit benefits realized should be included in income tax expense?

B. Should the Commission approve a tracker for Inflation Reduction Act tax benefits?

i. If a tax tracker should be approved, should the differences between actual tax benefits and tax benefits included in income tax expense be subject to carrying costs, and if so, what is the appropriate carrying cost to accrue?

C. What amount of net operating loss deferred tax assets should be included in rate base?

- D. Should an Accounting Authority Order (“AAO”) be issued to defer the sale of tax benefits after the true-up date but prior to the effective date of rates?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

16. Income-Eligible Programs

- A. What level of Critical Medical Needs and Rehousing Programs expense should be included in the revenue requirement?
- B. What level of economic relief pilot program (“ERPP”) expense should be included in the revenue requirement?
- C. Should the pilot designation be removed from EMM’s ERPP tariff?
- D. Should EMM be required to provide a summary of the Rehousing Program administration, reporting, and evaluation by email to Staff and the Office of the Public Counsel at the conclusion of each year of the Program as described in its currently approved tariff?
- E. Should the Commission approve the creation of a low-income rate or assistance program that waives EMM’s customer charge for qualifying customers in this case, or should such a program continue to be developed in the Affordability Workshop?
- i. If such a program is approved, should late fees be waived for qualifying customers?
- ii. If such program is approved, how should the waived revenues be recovered?
- F. Should EMM be required to file quarterly Rehousing Program reports in EFIS in addition to the existing year-end report?
- G. What changes, if any, should be made to the ERPP tariff to permit broader enrollment or to allow unused program funding to be transferred to other income-eligible programs?
- H. What level of Low-Income Weatherization Program expense, if any, should be included in the revenue requirement?

Position: MECG takes no position on whether an income-eligible rate should be approved. If the Commission authorizes an income-eligible rate, the avoided revenue should be recovered from the Residential class. Alternatively, to the extent the Commission finds it should be recovered from all classes, the allocation and rate design should be on a per customer basis.

17. Depreciation

- A. Which depreciation rates should be used?
- B. Should terminal net salvage be included in depreciation rates?
- C. What general plant amortization reserve deficiency adjustment should be made?
- D. Should rates reflect the ongoing amortization of a cost of removal asset?
- E. Should EMM recover future retirement costs in current rates?

Position:

The depreciation rates used should take into account the probable retirement dates of generating units. When selecting probable retirement dates, all reliable sources of information should be considered. Here, EMM's 2026 IRP Annual Update was filed in May 2026 and identifies that EMM now plans to continue operating several EMM generation units for at least an additional five years beyond its current estimates—moving from 2040 to at least 2045. EMM's depreciation study in the rate case utilized 2040 as the probable retirement date.

Additionally, EMM has taken the first formal step with the federal Nuclear Regulatory Commission to seek a 20-year extension of its operating license at Wolf Creek—from a current expiration date of 2045 to a new expiration date of 2065. EMM's depreciation study in the rate case utilizes 2045 as the probable retirement date of Wolf Creek. Given the load growth projected by EMM in the coming years and the continued cost pressures and timing constraints with adding generating capacity, extending the operation of an existing unit such as Wolf Creek is prudent.

Based on the best information currently available, EMM is now planning on later retirement dates for these generating resources. Extending retirement dates correspondingly extends the timeframe over which depreciation is recovered which reduces the annual costs to ratepayers. These adjustments alone would reduce those annual costs by approximately \$17.3 million. *See Direct Testimony of Brian Andrews, pages 20-31.*

Specifically responding to Issue 17.B., terminal net salvage should not be included in depreciation rates because the costs are not known and measurable. *See* Direct Testimony of Brian Andrews, pages 11-19.

The following table illustrates the impacts of MECG’s proposed changes on the depreciation rates.

TABLE 4 Comparison of Evergy and MECG Proposed Depreciation Rates and Expense for Electric Plant as of June 30, 2025							
Depreciable Group	Evergy		MECG		Difference		
	Expense	Rate	Expense	Rate	Expense		Rate
					Amount	Percent	
Steam Production	\$ 79.29	3.75%	\$ 64.62	3.06%	\$ (14.67)	-18.50%	-0.69%
Nuclear Production	\$ 35.25	3.00%	\$ 25.22	2.15%	\$ (10.03)	-28.46%	-0.85%
Solar Production	\$ 0.36	4.49%	\$ 0.34	4.22%	\$ (0.02)	-5.97%	-0.27%
Wind Production	\$ 3.38	2.34%	\$ 3.01	2.08%	\$ (0.37)	-11.07%	-0.26%
Other Production	\$ 5.72	2.71%	\$ 5.45	2.58%	\$ (0.28)	-4.81%	-0.13%
Transmission	\$ 13.63	2.92%	\$ 13.63	2.92%	\$ -	0.00%	0.00%
Distribution	\$ 63.14	2.88%	\$ 63.14	2.88%	\$ -	0.00%	0.00%
General	\$ 16.87	4.99%	\$ 16.87	4.99%	\$ -	0.00%	0.00%
Reserve Adj. for Amortization	\$ 1.82	0.00%	\$ 1.82	0.00%	\$ -	0.00%	0.00%
Total Depreciable Plant	\$ 219.47	3.30%	\$ 194.10	2.92%	\$ (25.37)	-11.56%	-0.38%
Source: Schedule BCA-2							

See Direct Testimony of Brian Andrews, Table 4 at page 33.

18. Plant in Service Accounting

- A. What projects should be reflected as eligible for plant in service accounting (“PISA”)?
- B. What amount of PISA deferral should be reflected in rate base?
- C. What amount of PISA amortization should be included in expense?
- D. Should EMM’s plant-in-service reporting requirements be modified from those in the Stipulation and Agreement approved in Commission Case No. ER-2022-0129, and if so, what modifications should be made?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

19. Distribution Investment

- A. What level of distribution capital investment should be reflected in rate base?
- B. Is EMM's asset prioritization methodology a reasonable basis for the investment reflected in this case?
- C. Is EMM in compliance with the Commission's vegetation management rule, and if not, what should the Commission order?
- D. Should EMM be required to compare the benefit of increased vegetation management against additional investment in its lateral improvement program?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

20. Rate Base Components

- A. What level of EEI prepayments should be included in rate base?
- B. What amount of construction work in progress is appropriate to reflect in rate base?
- C. How much of EMM's current rate base has been retired, and should a rate of return be applied to this amount?
- D. What treatment should apply to the pension asset in rate base?
- E. If construction work in progress is included in rate base, what rate of return should be applied to it?
- F. What amount of transmission investment since EMM's last rate case should be included in rate base?
- G. What level of coal inventory should be included in rate base?
- H. Should rate base be reduced to remove Evergy Kansas Central's investment in transmission to serve Panasonic allocated to EMM?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

21. Jurisdictional Allocations

- A. What jurisdictional demand and energy allocation factors should be used?
- B. How should the allocations be determined for the various elements of the cost of service?
- C. Should a portion of plant, reserve, and depreciation expense of the Greenwood solar facility be allocated to EMM?

Position:

For jurisdictional demand identified in Issue 21.A, the 4 CP jurisdictional demand allocator should be used for allocating production costs. It has been shown in numerous prior cases to be the appropriate allocator for the EMM system which experiences its highest monthly peak system demands across the summer months. It has been shown on at least two instances that the use of the 12 CP is not an appropriate demand allocator for EMM. Essentially, what EMM is proposing is to ignore the appropriateness of the allocator and just average those together with the HOPE that Kansas will also adopt the proposed methodology. The Commission has gone through this exercise previously and the result was a failure as the Kansas jurisdiction ignored the compromise. Furthermore, it is simply unacceptable to use a flawed allocation methodology to determine a demand allocator. EMM is asking this Commission to ignore its statutory duty to set just and reasonable rates by adopting an averaging calculation based on a flawed allocator. Just and reasonable rates cannot be achieved under this scenario. Therefore, MECG would propose to maintain the 4 CP methodology for this rate case. See Direct Testimony of Greg Meyer, pages 2-9.

On the remaining sub-issues, MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

22. Fuel Adjustment Clause — Structure and Base Factor

- A. Should the Commission authorize EMM to continue its FAC?
- B. Should the general construct of EMM's FAC be changed?
- C. What value should the FAC base factor be set at the conclusion of this case?
- D. What sharing ratio between EMM and its customers should the Commission order as an incentive mechanism in EMM's FAC?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

23. Fuel Adjustment Clause — Included Costs

- A. What SPP transmission costs should be included in the FAC?
- B. What SPP charge types should be included in the FAC?
- C. What FAC subaccounts should be included in the FAC?
- D. Should EMM include long-term capacity purchases and sales for recovery in its FAC?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

24. Fuel Adjustment Clause — Tariff Language

- A. Should EMM include a new definition in the FAC tariff sheets for retail revenue and accounts 440 through 444?
- B. Should the definition of fuel residuals under FERC subaccount 501400 in the FAC tariff sheets be changed?
- C. Should the extraordinary costs language proposed by Staff be reflected in EMM's FAC tariff?
- D. Should EMM change the Emissions definition Factor R to Emissions and Environmental credit accounts, subaccounts 411.8, 411.9, 411.12 and 411.13?
- E. Should language be added to the FAC tariff sheets to address fuel hedging?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

25. Fuel Adjustment Clause — Large Load Power Service

- A. Should changes be made to the FAC to address LLPS customers?
- B. What, if any, new FAC reporting requirements should the Commission order?
- C. Should EMM have a separate FAC base factor for LLPS customers?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

26. Rules and Regulations Tariff

- A. Should the Commission approve EMM's proposed tariff changes regarding its Rules and Regulations inclusive of modifications identified in the error log?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

27. Estimated Billing and Interval Data

- A. What updates, if any, to EMM's tariffs should occur to address energy interval estimation?
- B. What interval estimation threshold is appropriate for designation of an estimated bill and how should intervals be estimated?
- C. What records should be retained for missing or estimated interval data?
- D. What reporting requirements should be implemented for missing or estimated interval data?
- E. Should EMM's estimation procedure defined in the EMM tariff, include thresholds for automated and manual reviews of estimations?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

28. Residential Rate Design

- A. What should the residential customer charge be set at in this case?
- B. Should EMM be required to inform customers on specified Time-of-Use rate schedules of billing issues and remove customers from such specified rate schedules if EMM has estimated their monthly billing?

Position: MECG takes no positions on these issues.

29. Non-Residential Rate Design

- A. Should the rates of the non-residential non-lighting customers be restructured in this case?
 - i. What are the appropriate periods for each time-related element?
 - ii. Should the Large General Service ("LGS") and Medium General Service ("MGS") classes be subject to reactive demand charges?
 - iii. What are the appropriate charges for each rate element for each class?
 - iv. Should EMM be ordered to promptly conduct a billing determinants and customer impact study?
 - v. What customer education is appropriate?
 - vi. What date should restructured rates take effect?

- B. Should the non-residential non-lighting opt-in time based rates proposed by EMM be implemented?
- C. How should standby service rates be modified to include a minimum demand alternative or modified as appropriate?

Position:

The basis of setting rates and allocating costs to customers should start from proper cost causation principles and cost-based rates. The Class Cost of Service Study (“CCOSS”) analysis provided by both MECG and EMM show that certain classes are not paying appropriate cost-based rates.

The Company’s CCOSS results demonstrate that, at present rates, the LGS and LPS classes produce rates of return of 10.08% and 14.73%, respectively, against a system average of 4.90% under the Current Class Structure CCOSS, and 9.85% and 15.89%, respectively, under the Proposed Class Structure CCOSS. The results clearly indicate that the LGS and LPS classes are paying rates materially over the utility’s costs to provide their service, while the utility is significantly under-collecting from Residential and Clean Charge Network (“CCN” or “Electric Vehicle”) classes. The class rate of return at present rates is shown in the table below:

TABLE JAY-2

Class Rate of Return at Present Rates

Line	Description	Current		Proposed	
		Class Structure		Class Structure	
		4CP A&E ¹	4NCP A&E ²	4CP A&E ³	4NCP A&E ⁴
		(1)	(2)	(3)	(4)
1	Residential	0.51%	0.78%	0.51%	0.77%
2	Small General Service	7.92%	8.62%	5.96%	6.58%
3	Medium General Service	8.43%	8.67%	7.57%	7.94%
4	Large General Service	10.08%	9.66%	9.85%	9.48%
5	Large Power Service	14.73%	13.21%	15.89%	14.52%
6	Lighting	3.73%	-2.65%	3.73%	-2.66%
7	CCN	<u>-39.30%</u>	<u>-38.18%</u>	<u>-39.27%</u>	<u>-38.14%</u>
8	Total	4.90%	4.90%	4.90%	4.90%

Sources:

- ¹ Graham Jaynes' Direct Testimony, Table 8.
- ² Calculated using Evergy's confidential CCROSS model, with the current class structure.
- ³ Graham Jaynes' Direct Testimony, Table 9.
- ⁴ Calculated using Evergy's confidential CCROSS model, with the proposed class structure.

Based on the results of the CCROSS in this case, then, for each class to reach the cost of service movement is necessary. MECG witness Ms. Jessica York presented her analysis showing the increase (or decrease) needed for each class to reach cost of service at the company's proposed revenue requirement. That table, JAY-4, is reproduced below:

TABLE JAY-4			
Change Required to Achieve Equalized Rate of Return by Class			
Line	Description	Current Class Structure ¹ (1)	Proposed Class Structure ² (2)
1	Residential	52.30%	52.30%
2	Small General Service	-1.30%	9.20%
3	Medium General Service	-3.70%	0.40%
4	Large General Service	-10.40%	-9.50%
5	Large Power Service	-23.40%	-26.90%
6	Lighting	25.10%	25.20%
7	CCN	<u>369.70%</u>	<u>369.00%</u>
8	Total	15.19%	15.19%
Sources:			
	¹ Graham Jaynes' Direct Testimony, Table 8.		
	² Graham Jaynes' Direct Testimony, Table 9.		

As shown, to achieve equalized rates of return, the LPS class (as currently structured) would need a revenue requirement decrease of 23.4%, and the LGS class would need a decrease of 10.4%. The Residential class would require an increase of 52.3% or about 3.4 times the system average increase to reach cost of service.

Within this context the Commission should consider the impact on commercial and industrial customers that will result from the company's proposed changes to rate design.

Regarding Rate Design, MCEG:

- Does not oppose the Company's proposed demand thresholds.
- Does not oppose the Company's proposed transition from 30-minute to 15-minute billing demand measurement.

- Opposes the elimination of the Hours Use rate structure at this point in time.
- Supports the Company's Optional TOU rate for C&I classes, but the voltage-differentiated rates should appropriately reflect that higher voltage customers are less costly to serve. In addition, demand and energy charges should recover appropriate levels of fixed and variable costs, respectively.
- Recommends that the Commission address the mitigation needed for customers currently on rate schedules being eliminated, particularly TRP customers, and I express MECG's willingness to work with EMM and other parties on appropriate mitigation approaches.

However, as noted in its surrebuttal, MECG does not oppose the rate restructuring proposed in this case provided there is meaningful movement on the cost of service to address the overcontribution by C&I customers relative to their cost causation. The rate restructuring proposed by EMM results in significant impacts to numerous C&I customers that, in some instances, equal and even exceed the additional overall rate increase sought by EMM—meaning some customers are facing rate increases in excess of 30%. This stacked impact is not limited to only a few customers and amplifies the need for mitigation.

If the Commission wishes to re-structure the rates as proposed by EMM, MECG recommends 1) the Commission adopt its modifications related to voltage differentiation and cost recovery through energy and demand charges and 2) order meaningful movement towards the cost of service in revenue increase allocation. Just as moving to full cost of service would result in undue rate shock to residential customers, an equal percent allocation to the classes PLUS the rate restructuring for C&I customers would result in rate shock for the LGS and LPS classes.

MECG's testimony proposes a revenue apportionment that would make some movement toward cost of service and help mitigate the stacked impacts from the rate restructuring and rate increase. See Direct Testimony of Jessica York, pages 13-21.

30. Other Rate Schedules

- A. How should all other applicable rates in this case be increased, including lighting, Large Load Power Service, Electric Vehicle Charging, and Time Related Pricing, if applicable?
 - i. Should the TRP (Time Related Pricing) rate schedule be eliminated?
 - ii. Should Schedule LLPS rates be increased in this proceeding, and if so, by how much?
- B. Should obsolete residential rate schedules and the Underutilized Infrastructure Rider be removed from the EMM tariff book?

Position: The TRP rate should be frozen for current customers using this rate in the non-residential classes. The proposed elimination of the TRP rate would increase enrolled customer bills by a median rate of 15%. This impact is in addition to the bill impact that will occur as a result of the overall rate increase—meaning the total median rate increase would exceed 30%. Freezing the rate would provide impacted customers the opportunity—after the rate case concludes—to assess the potential impact to their rates and make an informed decision about selecting a new rate and/or modifying usage. See Surrebuttal Testimony of Jessica York, pages 26-29. It would be reasonable to increase the components of the TRP rate commensurate with the increase approved by the Commission in this case.

31. Large Load Power Service Tariff and Reporting

- A. What tariff changes or clarifications, if any, should be made to the Large Load Power Service tariff?
- B. What reporting requirements are appropriate concerning new large loads and load growth?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

32. Revenue Apportionment and Implementation

- A. How should revenue responsibility, including any net revenues from LLPS customers and any reduction to revenues from any income-eligible customer discounts, be apportioned among the customer classes, if at all?
 - i. What is the appropriate classification of customer-classified distribution system cost of service for any class cost of service study relied upon in this case?
 - ii. What is the appropriate allocation of production-related cost of service for any class cost of service study relied upon in this case?
- B. How should customer affordability, including for low- and moderate-income households, be reflected in the rates ordered in this case?
- C. Should EMM's surrebuttal proposal to implement the rate increase by bill cycle in this case be permitted?
- D. How should revenue responsibility for construction work in progress be assigned or allocated among the customer classes?

Position:

As previewed above, under the Current Class Structure CCOSS, with an overall jurisdictional rate of return of 4.90%, the individual class rates of return vary dramatically. The LPS class produces a rate of return of 14.73%, or three times the system average. The LGS class produces 10.08%, which is more than twice the system average. The MGS class produces 8.43% and the SGS class produces 7.92%. Meanwhile, the Residential class contributes only 0.51%, a fraction of the system average, and the CCN class produces a deeply subsidized negative rate of return of 39.30%. Under the Proposed Class Structure CCOSS, the LPS rate of return at current rates rises further to 15.89%, while the LGS rate of return at current rates is 9.85%.

To achieve equalized rates of return, the LPS class (as currently structured) would need a revenue requirement decrease of 23.4%, and the LGS class would need a decrease of 10.4%. The Residential class would require an increase of 52.3% or about 3.4 times the system average increase to reach cost of service.

Even after removing the distortion caused by the LLPS customer, the LPS and LGS classes are producing at least two times the system average rate of return at present rates. Applying an equal percent increase to all classes in this circumstance does nothing to reduce that cross-subsidization, and instead, locks it in at a higher revenue level. In addition, the revenue requirement increase in conjunction with all of the simultaneous rate design changes proposed for the C&I classes will result in bill impacts greatly in excess of the 15.19% system average increase for multiple individual C&I customers, as discussed above.

Thus, the Commission should require greater movement toward cost of service, even if full equalization is not achievable in a single case.

MECG recommends class-specific multipliers relative to the system average increase, based on the results of the Company's CCOSS models. This is especially crucial to rate stability and gradualism if the Commission decides to pursue the rate-restructuring as proposed by EMM. For illustrative purposes only, MECG provided its proposed revenue apportionment in Table JAY-5, reproduced below, and using an \$85 million revenue requirement increase (9.2%):

TABLE JAY-5					
MECG Proposed Revenue Allocation at Staff's Revenue Requirement Increase					
Line	Description	Current Revenues ¹	<u>Proposed Increase</u>		Ratio to System Average
		(1)	Amount (2)	Percent (3)	(4)
1	Residential	\$371,537,659	\$51,245,180	13.79%	1.50
2	Small General Service	55,946,113	5,658,763	10.11%	1.10
3	Medium General Service	125,759,290	11,563,758	9.20%	1.00
4	Large General Service	186,389,020	11,052,913	5.93%	0.64
5	Large Power Service	176,428,823	4,509,144	2.56%	0.28
6	Lighting	7,828,745	899,831	11.49%	1.25
7	Electric Vehicle	510,495	70,411	13.79%	1.50
8	Total	\$924,400,145	\$85,000,000	9.20%	1.00
Sources:					
¹ Schedule GAJ-10.					

As shown in the table, the Residential and Electric Vehicle classes would see increases of 1.5 times the system average because they are furthest below cost of service.

The benefit of the multiplier approach proposed by MECG is that it provides an opportunity for the Residential class (and others) to make greater movement toward cost of service without exceeding EMM's proposed 15.19% increase. The LGS and LPS classes would need decreases to reach cost of service based on EMM's CCOSS models, and as such they should receive the smallest increases relative to the system average.

In addition, as discussed above, a below-system average increase is appropriate for these classes in light of the bill impacts that will result for customers within these classes due to multiple

simultaneous rate design changes being proposed. Increases for the remaining classes were also determined taking into consideration EMM's CCOSS results.

MECG's proposed revenue apportionment moves classes toward cost of service while still recognizing the need for gradualism. To the extent the Commission authorizes a system average increase that differs from the example in Table JAY-5, the class-specific multipliers recommended by MECG would still be applicable.

33. Critical Peak Rate

- A. Should the Critical Peak Rate recommended by Staff be implemented?
 - i. If not implemented, are other accommodations needed to address high market cost events and establish offsetting revenues to be applied through the FAC?
- B. Should EMM have a separate line on its fuel adjustment rate tariff to account for critical peak pricing?

Position: No. Staff's proposal for development of a Critical Peak Rate ("CPR") lacks necessary details to weigh the impacts on all classes of customers. Staff's discovery responses indicate no analysis of CPR was conducted for non-residential customer classes. Additionally, the CPR relies on day-ahead pricing information that may not even be available until a short time before the event. Staff's premise in proposing the CPR is that it would send price signals to customers who could then make usage decisions. The lack of meaningful lead time before a CPR event undermines the intended purpose of the proposal. *See Surrebuttal Testimony of Jessica York pages 36-39.*

34. Storm Reserve

- A. Should a storm reserve be established in this case?
- B. If approved, how much should be included in the cost of service?

Position: No. The current ratemaking process has worked well for utilities in the State of Missouri. Ratemaking allows for a certain level of storm costs to be recovered from ratepayers. If the utility experiences a major storm with extraordinary repair costs, it can file an AAO request to defer those

costs for a future rate case. The use of an AAO is sufficient protection for a utility in addressing storm costs and balances the interests of shareholders and ratepayers. A storm reserve is not needed for Missouri utilities and EMM's storm reserve should be denied by the Commission.

35. Injuries and Damages

- A. Should an injuries and damages reserve be established in this case?
- B. If approved, how much should be included in the cost of service?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

36. Critical Infrastructure Protection and Cyber Security

- A. What level of critical infrastructure protection ("CIP") and cyber security expense should be included in the revenue requirement?
- B. Should EMM implement a tracker for CIP and cyber security costs?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

37. Revenue Sharing

- A. Should the Commission implement a mechanism to review or share earnings attributable to Schedule LLPS customers, and if so, how should it be designed?

Position: MECG opposes the revenue sharing mechanism proposed by other parties through their testimony in this case. MECG addresses the treatment of LLPS revenues in its position to Issues 3.A. and 3.A.i., above which is to include a reasonable level of revenues in rates in this case, but also authorize a one-way tracker of large load revenues.

38. Energy Burden Analysis

- A. Should the Commission order a 3rd party energy burden analysis for EMM that does not exceed \$150K in costs?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

39. Green Button Connect

- A. Should the Commission order EMM to implement Green Button Connect (“GBC”) in this rate case?
- B. If the Commission orders EMM to implement GBC, should the Commission order the tariff proposed by Renew Missouri related to GBC?
- C. If the Commission orders EMM to implement GBC, should the Commission adopt Renew Missouri’s revenue requirement recommendation?
- D. If the Commission orders EMM to implement GBC, should Renew Missouri’s recommended revenue requirement for studying a regional data hub be ordered by the Commission?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

40. Customer Battery Programs

- A. Should the Commission order the adoption of Renew Missouri’s proposed battery programs?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

41. Income-Eligible Solar Program

- A. Should the Commission order the adoption of Renew Missouri’s proposed evaluation and expansion of the Income-Eligible solar program?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

42. MEEIA Margin Rates

- A. What methodology should be used to calculate the net marginal rate for each rate class?

Position: MECG takes no position at this time but reserves the right to cross-examine on these issues and take a position in briefs after the hearing.

Respectfully,

/s/ Danny Lyskowski

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 25th day of September 2026.

/s/ Danny Lyskowski