BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

DARRIN R. IVES

ON BEHALF OF EVERGY METRO, INC., EVERGY KANSAS CENTRAL, INC. AND EVERGY KANSAS SOUTH, INC.

IN THE MATTER OF THE APPLICATION OF EVERGY KANSAS METRO, INC., EVERGY KANSAS SOUTH, INC. AND EVERGY KANSAS CENTRAL, INC. TO MAKE CERTAIN CHANGES IN THEIR CHARGES FOR ELECTRIC SERVICE PURSUANT TO K.S.A. 66-117.

Docket No. 25-_____-_____-TAR

FEBRUARY 11, 2025

I. INTRODUCTION AND BACKGROUND

Q: Please state your name and business address.

A: My name is Darrin R. Ives. My business address is 1200 Main Street, 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 Vice President – Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro" or "EKM"), and Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central" or "EKC"), the operating utilities of Evergy, Inc., as well as Evergy Missouri Metro ("Evergy Missouri Metro"), and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West").

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Kansas Metro and Evergy Kansas Central (collectively "Evergy" or the "Company").

Q: What are your responsibilities?

A: My responsibilities include oversight of Evergy's Regulatory Affairs Department, as well as all aspects of regulatory activities including policy, cost of service, rate design, revenue requirements, regulatory reporting, and tariff administration.

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

A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business Administration with majors in Accounting and Marketing. I received my Master of Business Administration degree from the University of Missouri-Kansas City in 2001. I am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the

public accounting firm Coopers & Lybrand L.L.P. I was first employed by Kansas City Power & Light in 1996 and held positions of progressive responsibility in Accounting Services and was named Assistant Controller in 2007. I served as Assistant Controller until I was named Senior Director – Regulatory Affairs in April 2011. I have held my current position as Vice President – Regulatory Affairs since August 2013.

Q: Have you previously testified in a proceeding before the Kansas Corporation Commission ("Commission") or before any other utility regulatory agency?

A: Yes, I have testified before the Commission and the Missouri Public Service Commission ("MPSC"). I have also provided written testimony to the Federal Energy Regulatory Commission and testified before Missouri and Kansas legislative committees.

Q: Are there other witnesses testifying in support of the Company's Application?

A: Yes. In addition to my testimony, Mr. Jeff Martin, Vice President of Large Customer Strategy, and Mr. Bradley Lutz, Director of Regulatory Affairs, are providing Direct Testimony in support of Evergy's filing in this docket.

Q: What is the purpose of your Direct Testimony?

A: The purpose of my Direct Testimony is to provide the policy support and background for Evergy's Large Load Power Service ("LLPS") Rate Plan. Among other things, I provide an overview of the national trends and marketplace driving new large customer loads across the country. I explain how this trend presents an historic opportunity for the State of Kansas to benefit from a scale of economic development opportunity that has not occurred for decades, if ever. I also provide an overview and background of how the Company developed its LLPS Rate Plan, including some of the Company's key considerations in developing the LLPS Rate Plan, and the core goals and objectives the LLPS Rate Plan is

designed to achieve. Additionally, I provide a summary of the Company's LLPS Rate Plan, including all new and modified tariffs proposed as part of this filing. Finally, I discuss the policy reasons that support prompt Commission approval of the Company's LLPS Rate Plan, explaining why time is of the essence, and how existing and non-participating customers will benefit from the LLPS Rate Plan.

Q: What recommendations are you making in your Direct Testimony?

A: Evergy recommends the Commission issue an order approving the Company's LLPS Rate Plan in full, including the Company's request for approval of the following new and modified tariffs:

- New Tariffs - Base Tariffs to the LLPS Rate Plan
  - Schedule LLPS (Large Load Power Service)
- New Tariffs – Complementary Riders to the LLPS Rate Plan
  - Schedule SR (System Support Rider)
  - Schedule CCR (Customer Capacity Rider)
  - Schedule DRLR (Demand Response & Local Generation Rider)
- New Tariffs – Renewable/Carbon Free Attribute Procurement Riders Within the LLPS Rate Plan
  - Schedule CER (Clean Energy Choice Rider)
  - Schedule RENEW (Renewable Energy Program Rider)[1]
  - Schedule AEC (Alternative Energy Credit Rider)
  - Schedule GSR (Green Solution Connections Rider)
- Modified Tariffs to accommodate LLPS Rate Plan
  - Schedule LPS (Large Power Service)
  - Schedule ECA (Energy Cost Adjustment)
  - Schedule ILP (Industrial & Large Power)
  - Schedule RECA (Retail Energy Cost Adjustment)
  - Rules and Regulations

[1] Schedule RENEW is approved in EKC. Evergy is requesting to establish Schedule RENEW in EKM in this filing.

The Company also requests approval of any additional or conforming tariff changes identified through the course of this proceeding that are needed to implement the LLPS Rate Plan, as approved.

Although EKC recently filed a rate adjustment application on January 31, 2025, in Docket 25-EKCE-294-RTS, the Company requests this docket be reviewed separately and on expedited basis to bolster the Company and State's competitiveness in attracting new large load customers and to enable the Company to better manage its growing potential customer queue. Company witness Mr. Brad Lutz also describes certain tariffs that EKC would like to utilize in final form from this docket and integrate in the compliance tariffs at the conclusion of the proceeding in Docket 25-EKCE-294-RTS.

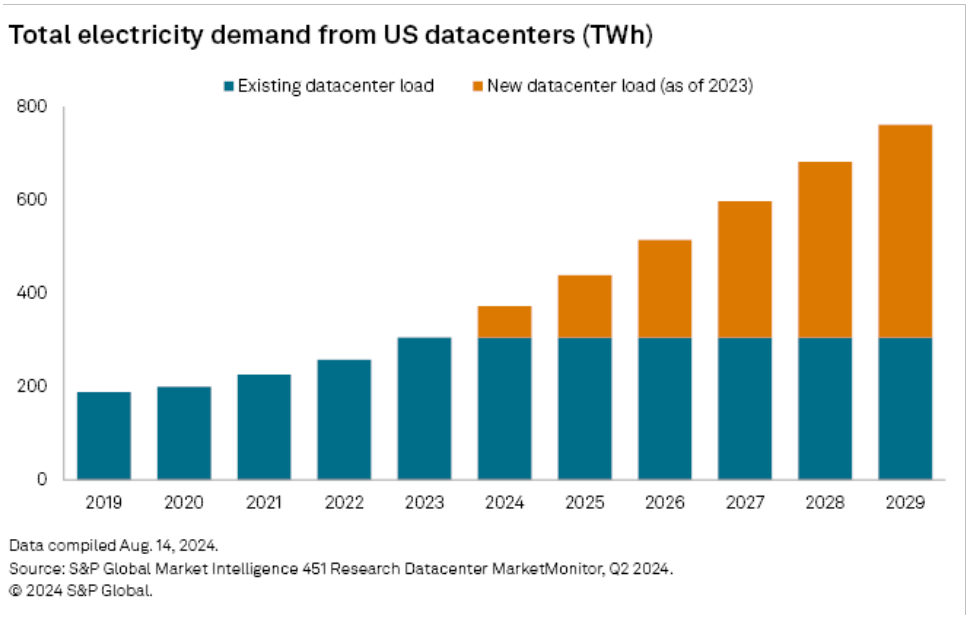
II. OVERVIEW OF THE LARGE CUSTOMER LOAD LANDSCAPE NATIONALLY AND IN KANSAS

Q: What was the impetus for Evergy to develop the LLPS Rate Plan?

A: The technological renaissance occurring with the proliferation of artificial intelligence ("AI") technology and advanced manufacturing technologies has been well publicized. AI technology, combined with the widescale electrification of various industries, and policy and security desires to onshore many of the data centers and manufacturing plants needed to support these advancements, is driving significant electric load growth across the country and globe.[2] Notably, data centers are one of the fastest growing industries worldwide. While national forecasts vary, one thing is clear – the nation is in the midst of the most dramatic electricity load growth phases of modern times. According to the North

[2] Robert Walton, *Five-year US load growth forecast surges 456%, to 128 GW: Grid Strategies*, Utility Dive, Dec. 6, 2024, https://www.utilitydive.com/news/shocking-forecast-us-electricity-load-could-grow-128-gw-over-next-5-years-Grid-Strategies/734820/.

American Electric Reliability Corporation ("NERC") 2023 Long-Term Reliability Assessment, 10-year peak demand growth rates "are higher than at any point in the past decade" and "are increasing more rapidly than at any point in the past three decades."[3] According to the Department of Energy, total energy demand may grow 15-20 percent in the next decade.[4] While this load growth is driven by a variety of new types of loads, data centers are one of the major drivers, with S&P Global Market Intelligence forecasting a near quadrupling of data center demand between 2019 and 2029.



Not only is the scale of new large customer load drastically increasing, but many large customers have ambitious clean energy and emission reduction targets. For example, 75 percent of the respondents to the Area Development Magazine's Corporate Survey in the first quarter of 2022 indicate that "access to renewable sources of energy are very or somewhat important to their companies. And more than 90 percent of the survey

[3] North American Electric Reliability Corporation, *2023 Long-Term Reliability Assessment* at 33, Dec. 2023, https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2023.pdf.
[4] *Clean Energy Resources to Meet Data Center Electricity Demand*, U.S. Dep't of Energy, Office of Policy, Aug. 12, 2024, https://www.energy.gov/policy/articles/clean-energy-resources-meet-data-center-electricity-demand.

respondents also say sustainability efforts are very or somewhat important to their companies."[5] While large commercial and industrial ("C&I") customer interest and demand for renewable energy persists, the complexity of customer requests are also increasing.

Q: Can you provide specific examples of the types of programs or energy supply options large customers are seeking?

A. Yes. Below are several examples of trends the Company is seeing across large customers:

- Customers are increasingly requesting "additionality" in resource development, meaning customers are seeking to be served with new, low-cost renewable energy that may not have been built otherwise.
- Other customers want to "bring their own energy." This may be achieved through on-site behind-the-meter generation, virtual purchase power agreements, or similar arrangements.
- Customers seeking to be served with a high percent of carbon free energy ("CFE") to meet their 24/7 demand has also increased – even as much as 100%. Large data centers, such as Google, and large manufacturers are seeking 24/7 carbon-free energy. However, providing and accounting for 24/7 carbon free energy is somewhat in its infancy and will require more development and support by utilities, customers, and renewable registries.
- Some large C&I customers look to achieve their clean energy goals through the procurement of renewable energy certificates ("RECs"). Some large customers prefer

[5] Geraldine Gambale, *36th Annual Corporate Survey: Executives Focus on Labor, Energy, Shipping Costs,* Area Development Magazine, 2022, https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/q1-2022/36th-annual-corporate-survey.shtml.

a simple historical REC option that is "unbundled," which means the energy has been disassociated with the REC. Alternatively, customers may seek a "bundled" REC where the RECs are sold to a customer as part of their electricity tariff at a fixed price. RECs can be obtained directly from the electric provider, which provides a closer matching of a customer's energy use with the production of a given renewable resource.

- Finally, if customers are unable to receive the energy that is associated with a renewable asset, they then may seek to procure or be supplied from generation resources that deliver the renewable or carbon free energy to the same balancing authority in the territory in which they reside.

Q: How is Evergy responding to these trends?

A: The entire energy sector has been impacted by these trends and must pursue new paths to adapt technical and commercial practices to quickly, efficiently, and equitably interconnect new customer load through a variety of strategies.[6] Such strategies range from new tariffed offerings, special contracts, generator colocation arrangements, and behind-the-meter configurations, with new approaches and partnerships being publicly announced almost daily. The Kansas economy is no exception to this trend and is positioned to benefit from this surge in new customer growth. Consequently, Evergy conducted a comprehensive assessment to determine how to meet these evolving demands while benefitting the region and all customers it serves. As part of the Company's comprehensive, cross-functional assessment, Evergy analyzed industry trends and a variety of other utility offerings with

[6] *Powering Intelligence: Analyzing Artificial Intelligence and Data Energy Consumption*, Electric Power Research Institute, 2024 White Paper. Earlier this year, the Pacific Northwest Utilities Conference Committee ("PNUCC") released its 2024 regional forecast, which projected an increase in average electricity demand of over 30 percent in the next 10 years, up from 24 percent in last year's forecast. PNUCC, *Northwest Regional Forecast of Power Loads and Resources*, at 4-5, May 2024, https://www.pnucc.org/wp-content/uploads/2024-PNUCC-Northwest-Regional-Forecast-final.pdf.

the goal of creating a nation-leading program that will attract large customers in a manner that is equitable, efficient, transparent, and responsive to today's large customer clean energy and emission reduction objectives.

Q. Does Evergy plan to propose a similar LLPS Rate Plan in Missouri?

A. Yes. Evergy will soon file a similar LLPS Rate Plan with the MPSC that will be available to large load customers interested in locating within its Missouri service territories. The Company is doing so to create a consistent approach for addressing all large load entities seeking to locate within the Missouri/Kansas region.

Q: Are other jurisdictions experiencing similar interest from large customers seeking to locate in their states?

A: Yes. Increased power demand driven by large customers, including data centers, advanced manufacturing and other forms of industrial load, is a national trend.[7] According to one study, the U.S. is expected to be the fastest growing market for data centers, growing from 25 gigawatts ("GW") of demand in 2024 to more than 80 GW of demand in 2030.[8]

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[7] *See, e.g.* Duke Energy, *Chapter NC Supplement*, at 2-3, 2024, https://www.duke-energy.com/-/media/pdfs/our-company/carolinas-resource-plan/supplements/chapter-supplement-north-carolina.pdf; Duke Energy, *Chapter SC Supplement* at 35-38, 2024, https://www.duke-energy.com/-/media/pdfs/our-company/carolinas-resource-plan/supplements/chapter-supplement-south-carolina.pdf; Georgia Power, *2023 IRP Update*, at 8-10, Oct. 2023, https://www.georgiapower.com/content/dam/georgia-power/pdfs/company-pdfs/2023-irp-update-main-document.pdf; Arizona Public Service Company, *2023 IRP*, at 18-19, Nov. 2023, https://www.aps.com/-/media/APS/APSCOM-PDFs/About/Our-Company/Doing-business-with-us/Resource-Planning-and-Management/APS_IRP_2023_PUBLIC.pdf; NV Energy, *Joint 2025-2044 IRP, 2025-2027 Action Plan, and 2025-2027 Energy Supply Plan, Vol. 6,* at 3-6, May 2024, https://www.nvenergy.com/publish/content/dam/nvenergy/brochures_arch/about-nvenergy/rates-regulatory/recent-regulatory-filings/irp/IRP-Volume-6.pdf; Tennessee Valley Authority ("TVA"), *TVA Plans to Invest $15 Billion Over the Next Three Years to Meet Region's Growth,* Aug. 24, 2023, https://www.tva.com/newsroom/press-releases/tva-plans-to-invest--15-billion-over-the-next-three-years-to-meet-region-s-growth; TVA, *Draft IRP 2025* at 1-4, 1-5, Sept. 2024, https://tva-azr-eastus-cdn-ep-tvawcm-prd.azureedge.net/cdn-tvawcma/docs/default-source/environment/environmental-stewardship/integrated-resource-plan/2025/draft-2025-irp-volume-1-092324.pdf?sfvrsn=26f01b64_1.

[8] Alastair Green et al., *How data centers and the energy sector can sate AI's hunger for power*, McKinsey, Sept. 17, 2024, https://www.mckinsey.com/industries/private-capital/our-insights/how-data-centers-and-the-energy-sector-can-sate-ais-hunger-for-power#:~:text=According%20to%20McKinsey%20analysis%2C%20the,GW%20of%20demand%20in%202030.

According to a recent International Energy Agency report, in the U.S., data centers are expected to represent six percent of electricity consumption in 2026,[9] and could consume up to nine percent of U.S. electricity by 2030 – up from four percent in 2024.[10] Additionally, "while tech companies can technically take their power-hungry data centers elsewhere, pressure on the electric grid is mounting all over the country, and many communities are already grappling with how to accommodate it, making it incumbent on the Big Tech companies to find a way to work with utilities…."[11]

Considering this new reality, utilities across the country are working to quickly accommodate new large loads, while maintaining reliability, affordability, and other regulatory and policy objectives, such as emissions reductions goals.

Q: What are some of the challenges regulated utilities face in interconnecting new large customers?

A: Utilities face many challenges with interconnecting new large customers. This includes managing the sheer volume of requests in an efficient, timely, fair, and technically sound manner – both from an administrative and technical side. Moreover, many utilities are challenged to source and secure the generation capacity needed to serve new large customers. Not only is the country's grid highly constrained in many places, but most regulated utilities and generators are subject to complex regulatory processes that can extend the length of time it takes to secure capacity to serve new loads of today's order of

[9] International Energy Agency, *Electricity 2024: Analysis and Forecast to 2026,* at 32, Jan. 2024, https://iea.blob.core.windows.net/assets/18f3ed24-4b26-4c83-a3d2-8a1be51c8cc8/Electricity2024-Analysisandforecastto2026.pdf.

[10] Electric Power Research Institute, *Power Intelligence: Analyzing Artificial Intelligence and Data Center Energy Consumption,* at 2, May 28, 2024, https://www.epri.com/research/products/000000003002028905.

[11] Carolina O'Donovan, *Tech giants fight plan to make them pay more for electric grid upgrades*, The Washington Post, Sept. 13, 2024.

magnitude, particularly given the growing volume of interconnection requests. At the same time, given the rush to secure power, many new large customers "shop" their project with multiple jurisdictions looking for the quickest interconnection and best financial incentives, which not only causes jurisdictions to compete for customers, but also can inject uncertainty into whether such new customer load will materialize.

Q: Do large customers ever seek alternative solutions to interconnection challenges?

A: Yes. To circumvent delays the regulatory process creates, many large customers are turning to colocation and self-supply. Recently, Constellation Energy made the historic announcement it would seek regulatory approval to restart the Three Mile Island Nuclear Plant for the sole purpose of selling energy to Microsoft for an AI data center.[12] In another recent example, ExxonMobil announced it would join the power generation business and offer a natural gas-fired power plant dedicated solely to serving data centers.[13] Other examples include: Meta's recent announcement that it is seeking up to four GW of new nuclear power to meet both its AI and sustainability objectives;[14] and, Google's plans to co-locate data centers in "energy parks" with approximately $20 billion in renewable energy and energy storage to be built by Intersect Power.[15]

[12] Constellation, *Constellation to Launch Crane Clean Energy Center, Restoring Jobs and Carbon-Free Power to The Grid,* Sept. 20, 2024, https://www.constellationenergy.com/newsroom/2024/Constellation-to-Launch-Crane-Clean-Energy-Center-Restoring-Jobs-and-Carbon-Free-Power-to-The-Grid.html.

[13] Darrell Proctor, *ExxonMobil Planning Large Gas-Fired Plant to Serve Data Centers*, Yahoo! Finance, Dec. 11, 2024, https://finance.yahoo.com/news/exxonmobil-planning-large-gas-fired-152012290.html?guccounter=1.

[14] Brian Martucci, *Meta seeks up to 4 GW of new nuclear power to help meet AI, sustainability objectives*, Utility Dive, Dec. 4, 2024, https://www.utilitydive.com/news/meta-seeks-up-to-4-gw-of-new-nuclear-power-to-help-meet-ai-sustainability/734599/.

[15] Ethan Howland, *Google, Intersect Power to develop co-located energy parks with $20B of renewables, storage,* Utility Dive, Dec. 11, 2024, https://www.utilitydive.com/news/google-intersect-power-co-located-energy-park-data-center-ferc/735198/.

Q: What opportunities does this new load present for the State of Kansas and Evergy?

A: According to the global real estate firm Cushman & Wakefield, Kansas City is the leading global emerging data center market among cities including Milan, Italy, and Minneapolis, Minnesota.[16] Large manufacturing customers, similar to Panasonic, are also likely to find Kansas to be an attractive market in which to locate. Thus, Evergy has a unique opportunity to leverage this unprecedented demand growth for its customers and the State of Kansas. Notably, by attracting quality new large load, Evergy will drive job creation and increased tax revenues, which fund important services like schools and roads. While data centers may, in some cases, not employ as many individuals as new manufacturing plants, new large customers, including data centers, also attract many ancillary businesses, such as construction, food and beverage, and housing. Employees of the prospective customer spend money at local businesses, including restaurants, shops and entertainment venues, further stimulating the local economy. New large customer growth will also improve Kansas's economic resiliency by helping diversify Kansas's economic industrial base. Finally, the addition of large new customers will provide ratemaking benefits to existing customers by allowing the Company to allocate fixed costs across a larger customer load base, as Mr. Lutz discusses in more detail.

Q: Is there new technology that may impact AI performance and cause data centers to be less energy intensive?

A: Yes. DeepSeek, a Chinese AI startup, recently released two AI models that it alleges have greater computing efficiency and consequently consume less energy.17 If this technology

[16] Cushman & Wakefield, *2024 Global Data Center Market Comparison,* https://www.cushmanwakefield.com/en/insights/global-data-center-market-comparison.

[17] Matt O'Brien, *What is DeepSeek, the Chinese AI company upending the stock market?*, Associated Press, Jan. 27, 2025, https://apnews.com/article/deepseek-ai-china-f4908eaca221d601e31e7e3368778030.

performs, it is nascent and foreign based which create significant questions about its widespread adoption that will not be known for years. As a result, it is currently not expected to eliminate the need for this plan. Even at half the projected growth levels, these projects remain significant and are multiple times larger than existing customers. It should be noted that other news offers the economic view that efficiencies may lead to wider adoption, counteracting the anticipated energy efficiencies.[18] Regardless of how the DeepSeek technology develops, the LLPS plan is necessary to accommodate these valuable new large load customers.

Q: Has Kansas historically had legislative policy that attracts large customers?

A: Yes. Governor Laura Kelly has made it a focal point of her administration to promote business development in the State of Kansas. Just recently, Governor Kelly announced that since the start of her administration in 2019, the State of Kansas has attracted more than $20 billion in private sector investment to the state. These commitments are expected to create or retain nearly 70,000 jobs with 1,312 projects in 87 of Kansas's 105 counties. As part of the "Kansas Framework for Growth," which was published in 2021, the State is aggressively targeting growth across five strategic sectors over the next 15 years: Advanced Manufacturing; Aerospace; Distribution, Logistics, and Transportation; Food and Agriculture; and, Professional and Technical Services.[19] Energy is a critical input for many of the businesses that have located in Kansas as part of the State's initiative and with recent advancements in AI, energy will only become more critical to facilitating the State's

[18] Greg Rolasky, *Why the AI world is suddenly obsessed with a 160-year-old economic paradox* National Public Radio, Feb. 4, 2025, https://www.npr.org/sections/planet-money/2025/02/04/g-s1-46018/ai-deepseek-economics-jevons-paradox

[19] Kansas Dep't of Commerce, *Kansas Framework for Growth,* at 10, Feb. 2021, https://www.kansascommerce.gov/kansas-framework-for-growth/.

ambitious economic development goals. The Kansas Framework for Growth specifically acknowledges this, indicating the need to "expand state investment in infrastructure that enables competitiveness in emerging technologies," and "develop a long-term statewide energy plan to ensure the infrastructure is developed to maintain and grow our energy producing sectors."

Most recently, Evergy and Governor Kelly announced Evergy's investment of more than $2 billion in building new natural gas projects to bolster the reliability of the state's electric grid. These key investments in Kansas's energy portfolio, economy, and its citizens aim to further increase Kansas's attractiveness to large businesses.[20] Evergy's proposed LLPS Rate Plan directly aligns with these policy initiatives and will further enhance Kansas's ability to attract, expand, and retain jobs across the state; diversify the state's economic base; and expand local and state tax bases. While the Company recognizes that the policy and legislative environment surrounding large load is rapidly evolving, it is critical the Company have updated procedures and policies in place to accommodate this new load and seize this opportunity, recognizing adjustments may need to be made should future legislation require.

Q: Please describe the pipeline of large load customers interested in locating in Evergy's Kansas service territory.

A: The Company has engaged in several recent transactions, including securing the largest economic development project in Kansas' history, a Panasonic electric vehicle battery plant, which is scheduled to open in spring 2025. The Panasonic plant will bring 4,000 jobs

[20] *Gov. Kelly announces Evergy's $2B investment in two new natural gas plants*, Salina Post, Oct. 22, 2024, https://salinapost.com/posts/a7f39ad9-ce18-45d3-b8fd-f6b6da45ec56.

to the De Soto area.[21] Additionally, the Company is currently working with over 20 prospective large load customers with more than six GW of incremental demand to locate in its service territory. These large load customers include both data centers and large manufacturing customers, all of which stand to bring benefits to the State.

To remain competitive and capitalize on this opportunity, however, Evergy will need to re-tool its entire approach to evaluating and interconnecting new large load. I discuss the proposed solution to this in more detail below.

III. EVERGY'S LLPS RATE PLAN - BACKGROUND

Q: Please explain the background research and process Evergy used to develop its LLPS Rate Plan.

A: The Company identified the need for a new strategy for large load customers based on the national landscape of large load customers and the process of interconnecting Panasonic and other large customers on its system. As testament to this, the Company recently named Jeff Martin, who testifies in this proceeding, as Vice President of Large Customer Strategy. Mr. Martin led the effort to develop a comprehensive rate plan and interconnection process for large load customer needs and describes that process in more detail in his Direct Testimony.

Q: What are some of the key features of today's large load customers that Evergy must consider in developing a new rate plan?

A: Based on Evergy's recent experience and analysis, there are several key features that are highly important to many of today's large load customers. This includes more traditional business needs, such as speed to market, transparency, and efficiency. But equally, if not

[21] Lonyae Coulter and Tammy Ljunglad, *Kansas' huge Panasonic battery plant is coming along. Next: Hiring for its 4,000 jobs,* The Kansas City Star, June 23, 2024, https://www.kansascity.com/news/local/article289409740.html.

more important for many large load customers, is their desire to influence the type of energy they use. Given the variety of perspectives, this means large load customers need a wide variety of choices in the energy and energy services they receive. As I mentioned earlier, many large load customers have corporate decarbonization goals ranging from percentage-based emission reduction or clean energy targets, to zero or even negative carbon emission goals, to 24/7 renewable energy goals. Some customers desire to contract for their own power supply, while others seek to purchase RECs to achieve their goals, and there are others who desire to support system-wide clean energy resources. Customers may also be interested in participating in demand response programs that can add system value, reduce demand at critical times, and drive bill savings for the customer.[22]

Q: Conversely, what are some of the key considerations Evergy must balance for its existing customers and non-participants?

A: While the Company is eager to help Kansas seize the opportunity to bring new economic development to the state that will require additional load onto its system, it is critical that any program implemented avoid undue risk or harm to existing customers and non-participants. Programming for large customers must ensure that new customers "pay their share" toward the costs of new facilities constructed to serve them, that new customers are thoroughly vetted and have the financial means to pay for any new infrastructure that will

[22] For example, in October 2023, Google announced it is piloting demand response methods to reduce its data centers' electricity consumption during times of high stress on the power grid. Varun Mehra and Raiden Hasegawa, *Supporting power grids with demand response at Google data centers*, Google Cloud, Oct. 3, 2023, https://cloud.google.com/blog/products/infrastructure/using-demand-response-to-reduce-data-center-power-consumption.

serve them, and that new customers stay long enough to provide benefits to existing customers, system value, and minimize the risk of stranded costs.

Q: How has Evergy taken these considerations into account?

A: As I previously noted, Evergy has a significant pipeline of interest and new requests from large load customers. These large load customers bring capacity needs that often exceed the Company's current generation capacity and transmission capabilities, and the Company's ability to efficiently process them. Based on the Company's recent experience and analysis, Evergy has created a comprehensive suite of new and modified offerings, which the Company is cumulatively referring to as the LLPS Rate Plan.

The LLPS Rate Plan is guided by Evergy's desire to: (1) meet large load customer needs in a way that is *equitable and fair*, protects existing and non-large load customers, and minimizes the risk of cost shift; (2) *promote economic development* and attract new large customers to Kansas; (3) leverage the established ratemaking framework to develop a program that is *transparent and efficient*; (4) afford large load customers *choice and flexibility*, while accommodating diverse customer situations; and, (5) have a program that treats the power grid as a *shared resource*, while enabling customers with aggressive clean energy goals the ability to pay incrementally more to support those objectives. The LLPS Rate Plan emerged from these goals.

IV. LLPS RATE PLAN OVERVIEW

Q: Please provide a summary of the LLPS Rate Plan.

A: The LLPS Rate Plan builds on the existing rate structures for commercial and industrial customers but is enhanced to accommodate large load customers. Key among the features of the LLPS Rate Plan is a new rate offering, Schedule LLPS, which sets forth the specific

terms and conditions that will apply to customers over 100 MW seeking to interconnect to the Kansas system. In addition to Schedule LLPS, the LLPS Rate Plan includes a selection of new and existing tariffed offerings that will address the unique needs of large customers while protecting existing customers and non-participants. Among the features of the program is the "Path to Power," which reflects strategic updates to the Company's queue process that will enable more transparent and efficient interconnection for new customers over 25 MW. Company witness Martin describes the process in detail in his Direct Testimony. Other features of the LLPS Rate Plan focus on:

- Providing increased customer choice offerings, such as a variety of clean energy and emissions-reduction programs that will provide large load customers optionality in supporting a power portfolio that aligns with their own goals and objectives;
- Driving system value by adding a new demand response/interruptible rate offering that will provide large load customers with two bill credit options if they are willing to have load curtailed should system conditions warrant;
- Implementing a variety of new programs, terms, and conditions designed to make sure large load customers pay their share, such as the System Support Rider, a minimum bill requirement, and updates to the Company's line extension policies to ensure new large load customers pay for the costs of dedicated facilities needed to serve them; and,
- Implementing several financial due diligence requirements and metrics large new customers must comply with to demonstrate their ability to pay for any and all costs attributed to them over the term of their agreement (15 years for customers over 100 MW).

Combined, the innovative and multi-faceted LLPS Rate Plan will position not just Evergy, but the State of Kansas to attract and accommodate new large load customers, while also protecting Evergy's existing and non-participating customers.

Q: What is the Company's existing policy for large customers?

A: Presently, the Company's primary approach to serve large customers is through existing large customer tariffs. They are the EKM Large Power Service tariff and the EKC Industrial and Large Power Service tariff (collectively, "LPS rates").[23] The Company has also used special contracts with certain customers. Each special contract contains customer-specific elements but are generally built around a discount to the current LPS rates. The discounts are limited and are expected to provide certain levels of fixed cost recovery. Each special contract must then gain regulatory approval. The special contract option allows Evergy to offer a rate discount to customers who demonstrate a competitive need and meet other qualifications. Another option at the Company's disposal is to pair the LPS rates with the Limited Large Economic Development Rider ("LLEDR"). Tariffed at both EKC and EKM, the LLEDR provides qualifying customers a discount to the standard LPS rates. Given the significant pipeline of new load, however, these mechanisms are administratively burdensome and inefficient to offer on a widespread basis. Moreover, neither the LPS rates nor the special contracts approach were developed for the extreme size and range of accommodations today's large customer load requires.

Q: Why did the current rate structures need to be modified?

A: While the Company's current rate structures available for large customers are generally adequate for smaller C&I customers, many of today's large load customers require a more

[23] To qualify for Schedule LPS, a customer must have a minimum demand of 0.2 MW. To qualify for Schedule ILP, a customer must have a minimum demand of 25 MW. These rates do not currently have a maximum limit.

tailored approach. By offering a new, dedicated tariff to customers over 100 MW, Evergy can mitigate concerns about shifting costs that these customers may present and protect non-participants from undue risk. This is critical to prioritizing equity and fairness among all customers while meeting the unique and specialized needs of today's large load customers.

Q: Please summarize the specific tariffs that comprise the LLPS Rate Plan.

A: Table One below summarizes new tariffs the Company is proposing as part of the LLPS Rate Plan.

Table One

Rider	Relationship to Schedule LLPS	Description	Nature of Charge
Large Load Power Service (Schedule LLPS)	Base Rate	Sets forth the specific terms and conditions that will apply to customers over 100 MW seeking to interconnect to Evergy's system	Combination of fixed, demand, and energy charges
System Support Rider (Schedule SR)	Mandatory	Customers contribute to the future reliability and affordability of Evergy's power grid	$/kW demand charge
Customer Capacity Credit Rider (Schedule CCR)	Optional	Optional credit to customers for using their existing capacity as SPP-accredited capacity	$/kW-month bill credit for capacity contribution
Demand Response & Local Generation Rider (Schedule DRLR)	Optional	Customers designate a set level of curtailable load that can provide demand response services to Evergy	Bill credit based on demand response commitment and performance
Clean Energy Choice Rider (Schedule CER)	Optional	Option to provide customers with a means to influence Evergy's integrated resource plan for clean resource generation	$/kW demand charge for incremental resource(s)
Renewables Rider (Schedule RENEW)	Optional	Unbundled REC offering that provides attributes from Evergy's local generation fleet or attributes procured on the customer's behalf.	Incremental $/kWh charge for applicable attributes
Green Solution Connections (Schedule GSR)	Optional	Unbundled REC offering that provides multi-term current and future year renewable attributes from Evergy's IRP resources.	Incremental $/kWh charge for applicable attributes
Alternative Energy Credits (Schedule AEC)	Optional	Unbundled AEC offering that provides carbon free attributes from Evergy's Wolf Creek nuclear facility.	Incremental $/kWh charge for applicable attributes

Q: How does the LLPS Rate Plan leverage Evergy's established ratemaking framework?

A: Schedule LLPS is intended to complement and have the same general structure as the LPS rate but with distinct protective terms that may be combined with several riders that address

the unique accommodations and cost recovery considerations of today's large load customers. It introduces features that more comprehensively achieve the goals for a large load customer rate offering but aligns with the Schedule LPS rate, from a structure and pricing perspective, providing consistency in rate offerings for both new and existing C&I customers.

Q: Will all large load customers be required to take service under the new Schedule LLPS?

A: No. While the tariff includes the requirement that a new or expanded facility with a peak load reasonably expected to be equal to or in excess of 100 MW during the next 15 years must be on the Schedule LLPS rate, provisions were included to address customers locating in the state as a result of a state program who reach an agreement with the Company to receive service under a special contract. But for this exception, all qualifying large load customers will be served under Schedule LLPS.

Q How does the LLPS Rate Plan expand customer choice?

A: The Company will offer several existing and new renewable programs offerings to accommodate diverse renewable energy needs. For example, some large load customers want to ensure that their power supply aligns with their corporate clean energy goals and are willing to pay a premium to achieve that. Other large load customers have flexible demand or onsite generation that can reduce their transmission interconnection capacity or contribute to meeting Evergy's resource adequacy requirements.

As Table One above reflects, the LLPS Plan includes the two base tariffs, three complementary tariffs, and five optional programs for large customers to procure

renewable or carbon free attributes to meet corporate sustainability goals and a demand response program. These five programs include:

- **Clean Energy Choice Rider -** This new, voluntary tariffed program offering will provide large customers with the ability to support the procurement of clean energy resources in lieu of or in addition to the Company's Preferred Resource Plan, as part of a "Clean Energy Resource Plan." Under this program, the requesting customer or customers will be financially responsible for the incremental cost difference associated with Clean Energy Resource Plan, which shall be charged to these customers through a levelized charge on their bill.
- **Renewable Energy Program Rider** - This existing tariff, currently available in KS Central only on a voluntary basis, provides customer access to historical RECs at a fixed price adjusted annually. The Company agrees to purchase energy from renewable sources or purchase RECs in an amount equal to the level of service purchased by Renewable Energy Program participants.
- **Green Solution Connections Program** - This new tariff, available to non-residential customers with an average monthly peak demand greater than 200 kW, offers participants the opportunity to subscribe to future renewable energy attributes associated with new Company-owned wind or solar generation acquired through the Integrated Resource Planning ("IRP") process that are not needed to meet renewable compliance targets or requirements. This program will allow customers to subscribe to forward renewable energy attributes for a specified term based on the associated resource.

- **Alternative Energy Credit Rider** - This new, voluntary tariff will provide Alternative Energy Credits ("AECs") to large customers who wish to include emission-free nuclear energy from Company owned or sourced resources into their clean energy portfolio to support their sustainability needs and decarbonization goals.
- **Demand Response Generation Rider** - Additionally, large customers enrolled in Schedule LLPS will be able participate in a new interruptible demand response program. Under Schedule DRLR, participants may designate a certain amount of load as interruptible (*i.e.* curtailable), which the Company retains the right to curtail to support system reliability, resource adequacy, to support more economical energy procurement and deployment, such as at high-cost system peaking hours, and otherwise offset system peaks that may drive the need for capacity additions. The Company will provide advance notice but will require participants to have a curtailment plan and demonstrate their ability to curtail load. Customers will have two timing options they can choose from and, whether they elect one or both, they agree to make their load available for DRLR curtailments during that time. Participating customers will be compensated through a credit based on their enrolled timing option.

Q: How does the LLPS Rate Plan treat the power grid?

A: While the Company retains the ability to directly assign interim incremental power purchase costs to individual customers, once a new large load customer's load is incorporated into Evergy's resource planning process and generation procurement approach, the LLPS Rate Plan relies on system average energy rates for purposes of billing large load customers. The Company's analysis determined that the average all-in pricing from incremental rates overlaps with the projected incremental costs of adding a range of

new generation. The power grid is a resource that is collectively used and shared by all customers, and the LLPS Rate Plan eliminates the notion that the grid is something that can be attributed to each customer's use on an individual, incremental basis.

Q: How does the LLPS Rate Plan protect existing customers and non-participants?

A: The LLPS Rate Plan includes numerous protections for existing customers and non-participants. This includes the proposed System Support Rider, minimum bill requirement, and updates to the Company's line extension policies to ensure new large load customers pay for the costs of dedicated facilities needed to serve them. Additionally, the Company proposes to implement several due diligence requirements and financial metrics large new customers must comply with to demonstrate their ability to pay for any and all costs attributed to them over the minimum term of their agreement. Schedule LLPS will also require customer collateral and a 15-year commitment with associated exit fees, thus mitigating the risk of speculative load and stranded costs. Company witness Lutz describes each of these protections in detail.

Q: How does the LLPS Rate Plan streamline the contracting process?

A: The new LLPS Rate Plan promotes fairness and transparency among large load customers and minimizes the administrative burden to customers and Evergy. By offering the same rate design and rider choices to all large load customers rather than individually negotiating tailored contracts, large load customers are treated more consistently, and the Company can minimize what can otherwise be a protracted contracting process. Moreover, with the development of the Path to Power process for studying new load, new customers will have a clear understanding of the necessary steps and process for having their load studied, identifying costs, and the stages of the commercial contracting process.

Q: Will the Company continue to offer its EDR to qualifying large load customers?

A: Yes. Kansas statute requires the Company to offer its EDR to qualifying customers. The Kansas EDR, a legislative mandate, provides up to a 40 percent discount to customers who meet the criteria.[24] The Company plans to continue to make the EDR available to qualifying customers. Company witness Mr. Martin explains how the EDR and the LLPS plan will interact in more detail in his Direct Testimony. Company witness Mr. Lutz explains in his Direct Testimony the number of customer protections and safeguards, such as the minimum bill requirement and System Support Rider, which are designed ensure that new large load customers will pay their share and avoid undue risk to non-participants.

V. BENEFITS FOR EXISTING AND NEW LARGE LOAD CUSTOMERS; REPORTING

Q: How will the LLPS Rate Plan benefit new large load customers seeking new service on the system?

A: The Schedule LLPS Rate Plan includes provisions to protect and prevent other customers from subsidizing large load customers. The LLPS Rate Plan accommodates the unique needs of today's large load customers. It recognizes the utility requirement to design a system that supports all customers being served. It enables large load customers to influence renewable deployment and assist these customers with meeting their corporate sustainability goals. Finally, the LLPS Rate Plan is designed to recognize the benefits large load provides to the system.

Q: How will the proposed LLPS Rate Plan rate benefit all other customers on Evergy's system?

[24] K.S.A. 66-101j(d) (2024).

A: Non-Schedule LLPS customers will benefit from transparency and openness, unintended subsidy and the tariff and riders that were designed consistent with long standing cost causation principles. The LLPS Rate Plan will help attract large load customers to the region, supporting economic development in the state for the collective benefit of all Kansans. The Schedule LLPS Rate Plan also recognizes how large load impacts the system by spreading fixed costs across a larger rate base, with new load allocating fixed costs over a larger rate base, in turn, benefitting all customers. Finally, revenues collected from subscribing customers to the four new renewable/carbon free attribute procurement riders within the LLPS Rate Plan are proposed to be credited to the fuel adjustment clause in the respective jurisdiction where the new renewable/carbon free resources are located thus lowering the cost of fuel for all customers.

Q: How will the LLPS Rate Plan benefit the Commission and other stakeholders?

A: The Commission will benefit from the transparent and open process that encourages fairness and consistency. Other stakeholders will benefit from the Company's thorough development of provisions to prevent undue subsidy to other customers.

Q: Is Evergy open to providing the Commission with updates regarding the status of its LLPS Rate Plan and large customer adoption?

A: Yes. In the interest of transparency and helping track the uptake and success of the LLPS Rate Plan, Evergy proposes that it provide the Commission with an annual report, either in this docket or through a repository docket. As part of the annual report, Evergy will inform the Commission of the number of new or expanded customers that have enrolled in Schedule LLPS, the total estimated load enrolled under each rate, the sector the customer is in, and the estimated number of new or retained jobs associated with each new customer

(to the extent available). Because large load customers often consider their energy usage information to be proprietary and commercially sensitive information, the Company will provide these updates on a confidential and anonymized basis.

VI. EVERGY'S TARIFF REQUESTS

Q: What specific requests for approval is the Company seeking?

A: In summary, Evergy recommends the Commission issue an order approving the Company's LLPS Rate Plan in full, including, the Company's request for approval of the following new and modified tariffs:

- New Tariffs - Base Tariffs to the LLPS Rate Plan
  - Schedule LLPS (Large Load Power Service)
- New Tariffs – Complementary Riders to the LLPS Rate Plan
  - Schedule SR (System Support Rider)
  - Schedule CCR (Customer Capacity Rider)
  - Schedule DRLR (Demand Response & Local Generation Rider)
- New Tariffs – Renewable/Carbon Free Attribute Procurement Riders Within the LLPS Rate Plan
  - Schedule CER (Clean Energy Choice Rider)
  - Schedule RENEW (Renewable Energy Program Rider)[25]
  - Schedule AEC (Alternative Energy Credit Rider)
  - Schedule GSR (Green Solution Connections Rider)
- Modified Tariffs to accommodate LLPS Rate Plan
  - Schedule LPS (Large Power Service)
  - Schedule DRPS (Direct Renewable)
  - Schedule RER (Renewable Energy Rider)
  - Rules and Regulations

The Company requests approval of any additional or conforming tariff changes identified through the course of this proceeding that are needed to implement the LLPS Rate Plan.

[25] Schedule RENEW is approved in EKC. Evergy is requesting to establish Schedule RENEW in EKM in this filing.

Additionally, the Company requests expedited treatment of its Application and requests the Commission issue an order by June 20, 2025.

Q. Why is the Company seeking expedited treatment of this application?

A. The Company seeks expedited approval of these tariffs to provide certainty and clarity of rate treatments available to new and existing customers considering Kansas as a potential location as quickly as possible. Additionally, Evergy recently filed a rate case application, and the Company wants to ensure it can properly adjust rates implicated by the LLPS Rate Plan based on the outcome of that case.

Q. Should this application be consolidated with the rate case application?

A. No. The Company requests expedited, separate consideration of this application from the rate case application to ensure a swift resolution that allows Evergy to remain competitive in attracting these large load customers to the State of Kansas. As I mentioned earlier in my testimony, time is of the essence in the pursuit of these customers and this innovative LLPS Rate Plan distinguishes Evergy from other jurisdictions and allows the State of Kansas to benefit from the potential economic development sooner.

VII. CONCLUSION

Q: Does that conclude your testimony?

A: Yes.

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Darrin Ives, being duly sworn upon his oath deposes and states that he is the Vice President, Regulatory Affairs, for Evergy, Inc., that he has read and is familiar with the foregoing Direct Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Darrin R. Ives

Subscribed and sworn to before me this 11th day of February, 2025.

Notary Public

My Appointment Expires:
May 30, 2026

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
MY APPT. EXPIRES 5/30/2026