**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. for Approval to Make Certain Changes in their Charges for Electric Service.	))))	Docket No. 25-EKCE-294-RTS

TESTIMONY IN SUPPORT OF UNANIMOUS SETTLEMENT AGREEMENT

DARRIN R. IVES

**FILED ON BEHALF OF
EVERGY KANSAS CENTRAL, INC.
AND EVERGY KANSAS SOUTH, INC.**

July 17, 2025

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri 64105.

Q. Are you the same Darrin R. Ives who filed direct and rebuttal testimony in this docket?

A. Yes, I am.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of Evergy Kansas Central ("EKC" or "Company").

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the *Unanimous Settlement Agreement* ("Settlement," "Settlement Agreement," or "Agreement") filed in this docket on July 15, 2025, and to explain why the Settlement should be approved by the State Corporation Commission of the State of Kansas ("Commission" or "KCC") under its standard three-part test for evaluating unanimous settlements. Specifically, I explain how the Settlement is supported by substantial competent evidence based on the record taken as a whole; why it results in just and reasonable rates; and why it is in the public interest.

Q. How is the remainder of your testimony organized?

A. The remainder of my testimony is organized as follows:

- Section II: Overview of EKC's Application
- Section III: Summary of Positions of Staff and Intervenors
- Section IV: Overview of Settlement Terms
- Section V: Application of Test for Commission Approval of Unanimous Settlements

II. APPLICATION

Q. Please provide an overview of the issues raised and positions advanced by EKC in its Application.

A. EKC filed its Application with the Commission on January 31, 2025,[1] seeking recovery of costs associated with investments made to enhance reliability and efficiency of service to customers within the EKC service area and to ensure the Company is well-positioned to responsibly and affordably meet future economic development opportunities and challenges. The rate adjustments requested in the Application also were designed to allow EKC to earn a fair and reasonable return based on a competitive return on equity ("ROE") and the actual standalone capital structure used to finance EKC's utility operations.

The Company remains steadfastly committed to its mission of providing safe, reliable and affordable service to its customers and continues to focus its investment strategy on the maintenance and improvement of facilities necessary to advance that mission. This has produced tangible benefits to customers and has significantly improved the Company's regional rate competitiveness.

Q. Please elaborate on the economic development implications of this docket.

Kansas is experiencing record levels of economic development opportunities, both from local business expansions and new business interests, and the Company is committed to doing its part to help support economic development and growth in this state. EKC's competitive costs and access to a diverse energy portfolio are competitive advantages as reliable, affordable electricity is an important priority for businesses in making siting decisions. Setting rates based on a reasonable and competitive ROE and capital structure

[1] Joint Application (Jan. 31, 2025).

is vital to EKC's ability to raise capital and, in turn, finance the infrastructure investments necessary to serve customers in the future.

Q. Are EKC's positions in this docket consistent with positions advanced by the Company in other KCC dockets?

A. Yes. EKC's positions in this docket are consistent with requests it has made, and is currently making, in other KCC dockets, including predetermination requests for natural gas and solar generation (Docket No. 25-EKCE-207-PRE)[2] and its proposal to implement a new tariff for large load customers (Docket No. 25-EKME-315-TAR).[3] In those proceedings EKC is has proposed new generation in order to provide reliable service to all customers in its territory and to implement a new tariff structure to enable us to efficiently respond to very large customers who are interested in locating in EKC territory, and also to protect other customers and ensure they are not subsidizing the costs of adding these new large loads. EKC's plan – advanced here and in those other dockets – is part of a robust, resilient resource plan that considers least-cost options to meet near- and long-term planning requirements and to satisfy EKC's obligation to provide dependable, efficient, and affordable service to EKC's customers and facilitate the continuation of Kansas' successful economic development achievements.

[2] *In the Matter of the Petition of Evergy Kansas Central, Inc., Evergy Kansas South, Inc., and Evergy Metro, Inc. for Determination of the Ratemaking Principles and Treatment that Will Apply to the Recovery in Rates of the Cost to be Incurred for Certain Electric Generation Facilities under K.S.A. 66-1239*, Order Approving Unanimous Partial Settlement Agreement entered July 7, 2025.

[3] *In the Matter of the Application of Evergy Kansas Metro, Inc., Evergy Kansas South, Inc., and Evergy Kansas Central, Inc. for Approval of Large Load Power Service Rate Plan and Associated Tariffs,* Application filed February 11, 2025.

Q. What was the magnitude of the rate increase requested in EKC's Application?

A. EKC initially requested a net increase in revenue requirements of $196.4 million—or a net increase of 8.64% in total retail revenue—excluding the impact of rebasing property taxes. Nearly half of the rate increase requested in the Application is tied to the recovery of and return on recent infrastructure investments essential for grid reliability and modernization. As I noted in my Direct Testimony, EKC has made over $1 billion of prudent capital investment since its last rate case.

In EKC's view, the rate increase proposed in its Application allowed EKC to continue providing reliable service to its customers while also providing the Company an opportunity to earn a fair and reasonable rate of return. As multiple witnesses have testified in this proceeding, a fair rate of return is essential because it allows a regulated utility to maintain strong credit metrics and attract capital on reasonable terms in order to finance capital investment. An insufficient return can undermine a public utility's financial health, ultimately resulting in higher long-run capital costs for customers and jeopardizing the reliability and affordability of electric service. The rate increase agreed to in the unanimous settlement agreement reflects a compromise that will adequately reimburse EKC for its prudent capital investment and provide the opportunity for EKC to earn its allowed rate or return.

Q. What is the relevant test year in this docket?

A. The schedules filed with the Application were based upon normalized operating results for the 12 months ending June 30, 2024, adjusted for known and measurable changes in revenues, operating and maintenance expenses, cost of capital and taxes projected through March 31, 2025. Consistent with regulatory best practices, the true-up mechanism permits inclusion of post-test year adjustments to account for significant changes, promoting transparency and ensuring EKC customers pay rates based on the actual costs incurred to provide safe and reliable electric service.

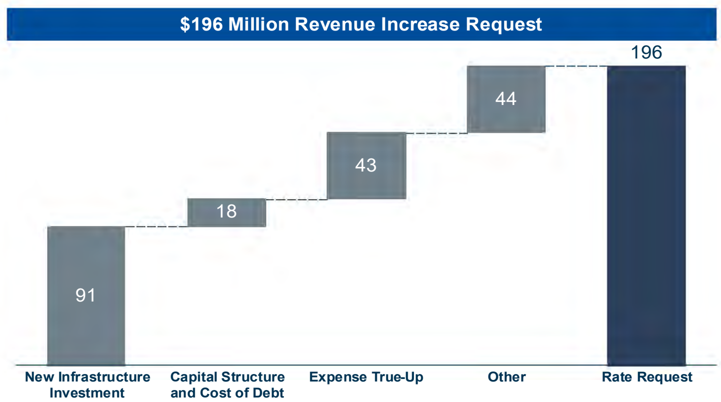
Q. What factors drove the rate adjustments requested in EKC's Application?

A. The major drivers and key attributes of EKC's requested rate adjustments were set out in Figure 1, below.

Figure 1

Evergy Kansas Central Rate Request

Case Attributes	
Filed	1/31/2025
Revenue Increase since 2023[1]	$196.4M
Percent Increase since 2023[1]	8.62%
Rate Base	$6,733M
ROE	10.5%
Cost of Debt	4.64%
Common Equity Ratio	51.97%
Rate of Return	7.69%
Test Year	6/30/2024
Proposed True-Up Date	3/31/2025
Anticipated Effective Date of New Retail Rate Order	9/29/2025
Case Number	25-EKCE-294-RTS



Request includes infrastructure investment to improve reliability and enhance customer service

[1]Excludes the rebasing of ($4.3M) of property taxes into base rates, which were previously being collected under the Property Tax Surcharge, resulting in no bill impact from this rate case

As demonstrated in **Figure 1**, EKC's Application was a straight-forward application requesting necessary updates to the Company's revenue requirement to reflect current costs to serve EKC customers. As previously stated, nearly half of the rate increase proposed in the Application was driven by the need to recover prudent infrastructure investments recently made to enhance system reliability, performance and customer service, including upgrades to aging infrastructure undertaken since the Company's last rate case. A significant portion of the remaining increase is attributable to updated financial parameters, including proposed adjustments to EKC's authorized ROE and regulatory capital structure to reflect actual capital costs and to ensure the Company will remain financially competitive with its peer utilities. The balance of the rate increase proposed in EKC's Application reflects updated operating expenses, revenue normalization, and other accounting adjustments that align the Company's cost of service with current operating conditions.

Q. What other requests were included in the Company's Application?

A. In addition to the revenue requirement adjustments discussed above, EKC's Application contained a number of other requests, including the following:

- Approval of EKC's proposed cost allocation and rate design for each customer class, changes to existing rate schedules, and creation of new rate schedules;
- Approval of updates to EKC's Rules and Regulations;
- Approval of a Nuclear Production Tax Credit ("PTC") tracker and deferral mechanism to ensure all benefits related to Nuclear PTCs are preserved and returned to customers;
- Authorization to implement a Property Investment Surcharge Adjustment ("PISA") mechanism to allow EKC to defer between rate cases depreciation expense and return associated with significant capital investments placed in service;
- Approval of "Tracker 2" mechanism to allow recovery of changes in pension and Other Post-Employment Benefits ("OPEB") costs;
- Authorization to modify regulatory treatment of Western Plains Wind Farm to remove existing performance band to align with Persimmon Creek Wind Farm;
- Approval of new payment assistance pilot, known as the "Stay Connected Program," to provide help customers remain connected to essential electric service;
- Approval of Conversion Plan to convert non-LED private, unmetered lights and defer incremental costs for consideration in future general rate proceeding;
- Authorization of Billing Standards waiver to allow EKC to execute rate changes resulting from this docket based on customer billing cycle date;

- Approval of continuation of regulatory asset/liability treatments, including continuation of the regulatory asset/liability tracker mechanism; and

- Approval of amortization for new software recorded to plant account 30316.

III. POSITIONS OF STAFF AND INTERVENORS

Q. Please summarize the positions taken by the Parties (including Staff, CURB and other intervenors) with respect to revenue requirement.

A. The positions advanced by the Parties with respect to revenue requirement were as follows:

EKC	\$196.4M
Staff	\$113.8M/\$120.7M Revised Revenue Requirement[4]
CURB	\$132.163M / \$115.803M Cross Answering[5]
Commercial Intervenors	\$134.732M[6]

This case included Staff, CURB and 23 additional intervening Parties. Extensive direct and cross-answering testimony was filed by these Parties in support of their respective positions on revenue requirement and other policy and rate design issues. Staff's revised revenue requirement of \$120.7 million was not included in their filed testimony but was instead posted separately to CoreShare for parties to review on June 26, 2025.

[4] Staff's direct testimony (Witness Jackson and Witness Baldry) noted the need to file a revised revenue requirement to reconcile discrepancies between the testimony and Staff's revenue requirement schedules. This revised revenue requirement was posted to CoreShare on June 26, 2025, and included updates to items identified in Staff's direct testimony, as well as additional corrections that had been identified and communicated between Staff and Company.

[5] CURB's net revenue requirement calculation in cross-answering testimony adopted certain of Staff's positions and adjustments from Staff's initial direct filing, which resulted in CURB's stated Cross-Answering position. That Cross-Answering position, however, did not incorporate updated calculations and positions Staff made after its initial direct filing.

[6] Commercial Intervenors' Witness Michael Gorman indicated during discussion in this Docket that he accepted certain of Staff's offered positions and adjustments, but did not provide an updated cross-answering revenue requirement amount in the record.

Q. Did the Parties advance divergent positions with respect to any of the other requests included in the Company's Application?

A. Yes. Staff, CURB, and various other intervenors advanced divergent positions on many of the other requests included in the Company's Application. For example, there was disagreement regarding the Nuclear PTC tracker; treatment of revenues and costs in connection with the Panasonic plant in De Soto, Kansas; issues involving special contracts, Pension and OPEB Tracker 2, employee compensation, cost allocation and class revenue responsibility, certain rate design elements and proposed tariff and program modifications.

As outlined below, after extensive discussions and negotiations, the Parties ultimately reconciled their divergent positions and resolved all disputed issues in this docket, as reflected in the Settlement.

IV. OVERVIEW OF SETTLEMENT TERMS

Q. Did the Parties reach a unanimous global settlement in this case?

A. Yes. In accordance with the Commission's Order Setting Procedural Schedule entered on February 13, 2025 ("Procedural Schedule"), EKC, Staff, CURB and the other intervenors participated in multi-day settlement discussions, which yielded a unanimous settlement resolving all issues in this docket.

Q. Please describe the nature and scope of the Settlement Agreement.

A. The Parties reached agreement on a total revenue requirement amount, revenue allocations, rate design adjustments, and all other disputed issues. The Settlement represents a "black box" resolution in which the Parties have stipulated to a total revenue requirement without assigning specific values to the individual components used to arrive at the settled outcome.

Q. Have all Parties signed the Settlement Agreement?

A. Yes. All Parties have signed the Settlement Agreement, and no party is opposing the Agreement. Therefore, under Commission regulation,[7] the Agreement is considered a unanimous settlement agreement. In addition, the Agreement is a global settlement because it resolves all issues in the case.

Q. Do you have any additional overview comments on the Settlement?

A. Yes. EKC appreciates the positions advocated by all the Parties and their collaborative efforts to obtain a reasonable resolution of the issues in this docket. EKC believes the Settlement represents a reasonable and balanced compromise among diverse stakeholder positions. The Company's goal is for Kansas to have policies in place that are supportive of economic development and growth opportunities for businesses and individuals in our state. To help advance those objectives, utilities in Kansas must have the financial strength and flexibility to be supportive partners in achieving these positive outcomes for Kansas. We will continue to work with stakeholders to support economic development in Kansas and ensure Kansas utilities are afforded opportunities to maintain their financial strength consistent with the industry peers with which they compete for financial investment.

Q. For purposes of this proceeding, does the Company believe the Settlement is a reasonable resolution of the issues involved in this case?

A. Yes. Taken in its entirety, the Settlement Agreement is a reasonable resolution of all issues presented in this docket. The outcomes provided in the Agreement are acceptably aligned within the range of positions taken by the Parties on all contested issues and are amply supported by evidence presented in filed testimony.

[7] *See* K.A.R. 82-1-231(a).

I would note that the Settlement Agreement is lengthy. Therefore, rather than reiterate all the provisions of the Agreement here, I would refer the Commission to the Agreement itself.[8] My testimony in support of the Settlement is intended to provide a high-level overview of the most significant provisions of the Agreement.

REVENUE REQUIREMENT[9]

Q. Please provide an overview of the major revenue requirement provisions incorporated in the Settlement Agreement.

A. The Settlement Agreement stipulates that EKC's net overall annual revenue requirement increase will be $128.0 million, inclusive of the property tax rebase. This amount does not include costs recoverable through Commission-approved riders.

No ROE is specified in the Agreement for general ratemaking purposes; however, the Parties have agreed that a 9.70% ROE will be used for the purposes of calculating the Transmission Delivery Charge ("TDC") authorized under K.S.A. 66-1237.

The Parties also have agreed to a pre-tax rate of return of 8.45% for regulatory accounting purpose (AFUDC, PISA and CWIP treatment under K.S.A. 66-1239).

Q. Does the Settlement Agreement include provisions addressing property tax expense?

A. Yes. The Parties have stipulated that the Kansas jurisdictional, non-transmission related retail property tax expense in base rates is $147,271,758, which amount shall serve as the baseline for future Property Tax Surcharge ("PTS") filings during the period when the new rates established in this docket are in effect. This amount is lower by $8.4 million than the

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[8] *See* Joint Motion for Approval of Unanimous Settlement Agreement, Attachment 1 (filed July 16, 2025).

[9] *See id.* at ¶¶ 2-7, 11-12.

PTS established in EKC's prior rate case. When removing the impacts of the PTS it results in an agreed total annual net revenue increase of $136.4 million.

Q. What benefits does resolution of the revenue requirement items under the terms of the Settlement provide to EKC customers and the Company?

A. Resolution of these issues reduces the revenue increase requested in EKC's Application by roughly 31%. This translates to a net increase to overall rates of approximately 5.98% for EKC customers compared to the 8.64% net increase requested in the Application. This provides for the necessary rate increases needed to enable EKC to continue to provide safe and reliable service to its customers, to meet growing demand and load expectations in the its service territory, while continuing to focus on maintaining affordable and competitive rates.

ROE AND CAPITAL STRUCTURE

Q. Does the Settlement Agreement stipulate to EKC's authorized ROE or regulatory capital structure.

A. No. The Agreement does not include any stipulations or agreements regarding EKC's authorized ROE or regulatory capital structure. As stated, the only financial parameters stipulated in the Agreement are the 8.45% pre-tax ROR (assigned for regulatory accounting purposes) and the 9.70% ROE (assigned for TDC filings).

Q. Although the Parties have agreed to use these financial parameters only for limited purposes, does the record evidence support adopting these parameters for general ratemaking purposes?

A. The range of filed positions in direct testimony from EKC, Staff, CURB and the Commercial Intervenors regarding various financial parameters is set forth in the table below.

	EKC	*Staff*	*CURB*	*Commercial Intervenors*
ROE	10.50%	9.70%	9.50%	9.40%
ROR (WACC)	7.69%	7.01%	7.07%	7.07%
Equity Ratio	51.97%	48.70%	50.00%	51.25%
Cost of Debt	4.64%	4.38% (5.03% on allocated debt)	4.65% (blended)	4.64%

Depending on assumed capital structure and cost of debt, the agreed pre-tax ROR results in an ROE within the range of those proposed by the parties in the table above (between 9.40% and 10.50%). Therefore, the Settlement Agreement, in incorporating these financial parameters, will result in an ROE within the range of the Parties' positions. One exemplary calculation of the pre-tax ROR based on the varied parties' positions in the case in which the Company found reasonable was the following:

Capital Structure	Percent	Required Return	Weighted Return	Pre-Tax ROR
Long-Term Debt	50.0000%	4.6285%	2.3143%	2.3143%
Common Equity	50.0000%	9.7000%	4.8500%	6.1392%
	100.0000%		**7.1643%**	**8.4535%**

This settlement agreement does not stipulate to the set components of the agreed to pre-tax ROR, and other parties may have differing views on how ultimately the pre-tax ROR was determined.

NUCLEAR PTC TRACKER[10]

Q. Please summarize the provisions of the Settlement Agreement addressing federal nuclear production tax credits ("PTCs").

A. First, it is important to note that there is considerable uncertainty surrounding the eligibility and value of nuclear PTCs because the IRS has yet to finalize guidance on these matters.

[10] *See id.* at ¶¶ 13 and 14.

The Settlement Agreement nevertheless includes provisions requiring EKC to implement a nuclear PTC tracker with deferral to ensure that any eventual cash benefits realized by the Company in connection with nuclear PTCs are preserved and returned to customers. To align the timing of customer benefits with EKC's cash realization and to help preserve the Company's financial integrity, EKC has agreed to defer the value of nuclear PTC benefits until it receives a cash benefit from the credits, either by using them to offset the Company's tax liability or by monetizing (selling) the credits. EKC has agreed to file a proposal to return any deferred PTC benefits to customers through a line-item bill credit within 60 days of receiving a cash benefit and will submit annual updates showing any additional cash benefits received by the Company after its initial filing.

The Settlement Agreement also provides that if EKC sells PTCs and must return the proceeds because of an IRS disallowance, the Company will be entitled to recoup the disallowed amount from customers in the next annual update. In addition, the Agreement requires EKC to file a tariff outlining the PTC bill credit process by October 2025.

WESTERN PLAINS WIND FARM[11]

Q. Please summarize the provisions of the Settlement Agreement addressing the Western Plains Wind Farm.

A. The Parties have agreed that EKC's request to modify the terms of the prior Western Plains Wind Farm settlement should be approved, specifically removing the performance band applicable to Western Plains, removing the requirement to transfer the residual value of the wind farm at the end of the 20-year period to EKC shareholders, extending the life of the Western Plains facility for purposes of calculating the levelized revenue requirement from 20

[11] *See id.* at ¶ 15.

to 25 years with the resulting annual levelized revenue requirement to be $23,352,000, and after 20 years, allowing EKC to request maintenance capital expenditures, costs associated with life extension for the plant, or other additional costs incurred to operate and maintain the wind farm to be included in rate base.

Pension and OPEB Tracker 2[12]

Q. Please summarize the provisions of the Settlement Agreement addressing Pension and OPEB Tracker 2.

A. The Settlement Agreement identifies Tracker 2 balances as of March 31, 2025, and defines the base levels of pension and OPEB costs embedded in rates. It also preserves the accounting framework for future true-ups and provides that before the end of calendar year 2025, Commission Staff will convene discussions with all Kansas investor-owned utilities to discuss the utilities' positions regarding rate base treatment of Tracker 2.

Earnings Review Surveillance ("ERS") Mechanism[13]

Q. Please summarize the provisions of the Settlement Agreement addressing Panasonic revenues and the ERS mechanism as a solution.

A. There was substantial discussion regarding issues related to sales margin revenues and incremental costs related to the Panasonic load. Staff and CURB proposed tracking and deferring these revenues and costs, and returning revenues to customers in the next rate case. EKC disagreed with this approach for a number of reasons, including that it is inconsistent with traditional ratemaking policy enabling EKC to recover reasonable costs of service with a reasonable return. After substantial discussion during the settlement conference, the Parties

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[12] *See id.* at ¶ 3.

[13] *See id.* at ¶ 16.

were able to reach a fair compromise on this issue. EKC has agreed to file in a new compliance docket an annual ERS Report. This obligation will begin in 2025 and will continue until new base rates established in the next general rate case take effect (unless extended by the Commission). The ERS Report must be filed by March 31 of each year. The Settlement Agreement also includes an ROE sharing provision under which earnings in excess of authorized earnings are to be shared equally by customers and the Company's shareholders. Under this provision, if EKC's ROE exceeds 9.70%, 50% of excess earnings (grossed up for taxes) will be deferred into a regulatory liability for the benefit of retail customers in the next general rate case. EKC believes this provision is a reasonable and fair compromise and resolution of the various positions on incremental Panasonic revenues, and provides an appropriate way to track and account for those revenues in a manner that is fair to the Company and to its customers.

RATE DESIGN AND TARIFF/PROGRAM MODIFICATIONS

Q. Please explain how the Settlement Agreement allocates EKC's proposed rate increase among customer classes.

The Settlement Agreement allocates the rate increase among the respective classes of customers on a fair and reasonable basis. The allocations were informed by class cost of service studies ("CCOSS") developed in this case but do not reflect or endorse any particular CCOSS methodology or approach. The EKC cost allocations are set out in the table contained in Paragraph 22 of the Agreement.

Q. What billing determinants were used to develop rates for EKC?

A. The Parties have agreed to use Staff's billing determinants to develop the rates for each customer class, as set out in the table contained in Paragraph 23 of the Agreement.

Q. Please describe the provisions of Settlement Agreement addressing allocation, rate design and tariffs/program modifications.

A. The Parties included a number of provisions addressing allocation, rate design and tariff/program modification. They include the following:

- When the CWIP rider authorized in Docket Number 25-EKCE-207-PRE is implemented, costs will be allocated to customer classes using the weighted average of 4CP and 12CP methodologies as shown in the table included in Paragraph 25 of the Agreement.

- The TDC will be allocated by the factors shown in the table contained in Paragraph 26 of the Agreement.

- As part of EKC's compliance filing to be submitted at the conclusion of Docket No. 25-EKME-315-TAR, a rate increase proportional to the increase identified for the ILP/LPS class will be applied to the LLPS rate class, and as new LLPS customers are added to the EKC system, EKC will adjust the factors shown in the table in paragraph 25 of the Agreement to be used for the TDC to include the new LLPS customer as part of the ILP/LPS class for TDC purposes and EKC will adjust the factors shown in the table above to be used for the new CWIP rider to include the new LLPS customer as part of the ILP/LPS class for CWIP rider purposes.

- The customer charge for all residential customer classes should be $15.25.

- For all customer classes, other than residential and MGS, excluding the new optional TOU rate, the increase allocated to the customer class will be spread across the rate components equally.

- The new Optional TOU rate for Medium general Service proposed by EKC should be approved, with the specific modifications addressed in Paragraph 31 of the Agreement.

- The Industrial & Large Power Optional TOU tariff proposed by EKC should be approved with the specific modifications identified in Paragraph 32 of the Agreement,

- EKC will implement voltage differentiation in its RECA and ECA mechanisms, as summarized in Paragraph 33 of the Agreement, within one year of the final order in this docket or as part of its next general rate case, whichever is sooner, in order to allow the Company time to make needed changes to its billing system.

- EKC's requested changes to the Off-Peak Rider exempting customers from the demand ratchet should be approved.

- EKC's second option for conversion of non-LED private, unmetered lights to LED alternatives should be approved.

- Changes to EKC's Municipal Street Lighting Schedule proposed by EKC should be approved.

- Changes proposed to EKC's transportation electrification rates as proposed in the Direct Testimony of Marisol Miller should be approved.

- Changes proposed to EKC's General Rules and Regulations and the miscellaneous tariff changes described in the Direct Testimony of Brad Lutz should be adopted as proposed.

- Rates for the Medium General Service ("MGS") class should be designed according to the process described in Paragraph 43 of the Agreement.

- The Stay Connected pilot program is withdrawn without prejudice.

Q. What are the benefits to customers of the Settlement Agreement's rate design provisions?

A. The rate design provisions of the Settlement Agreement are beneficial to customers in that they provide fair and reasonable allocations of rate increases consistent with cost drivers as identified in CCOS studies. In addition, these terms include important provisions at this important time to prepare for fair and reasonable allocation of costs related to important economic development and additional large load customers. Further, these terms permit EKC to develop and implement new customer tariffs, including the TOU tariffs, that are beneficial to numerous customers desiring to take advantage of these new tariff provisions. Overall, the rate design provisions of the Settlement Agreement continue to provide reasonable and fair bases and new rate tariffs for the appropriate allocation and recover of rates under the current circumstances.

Implementation Schedule[14]

Q. What is the timing for implementation of new rates under the Settlement Agreement?

A. The Parties have agreed that new rates will not go into effect prior to the October 2025 billing cycle. Waiver of billing standards will be granted to allow rate changes to be implemented based on the customer's billing cycle date rather than a uniform fixed date for all customers. There will be no bill proration.

Additional Terms[15]

Q. In addition to the provisions discussed above, please identify other notable provisions of the Settlement Agreement.

A. Other notable provisions of the Settlement Agreement include provisions addressing the EKC Storm Reserve; the CIPS/Cybersecurity Tracker; the amortization rate for former plant account 30316 (now plant account 397021) for software; and the continuation of regulatory asset/liability tracker mechanisms.

V. APPLICATION OF THREE-PART TEST FOR COMMISSION APPROVAL OF UNANIMOUS SETTLEMENT AGREEMENTS

Q. Are you familiar with the test applied by the Commission in evaluating unanimous settlement agreements?

A. Yes. The Commission applies a three-part test when evaluating unanimous settlement agreements. Approval of a unanimous settlement agreement is appropriate when the Commission finds the settlement: (1) is supported by substantial competent evidence in the record as a whole; (2) results in just and reasonable rates; and (3) is in the public interest. This standard has been affirmed in prior Commission orders and by the Kansas Court of

[14] *See id.* at ¶¶ 3, 27-28.
[15] *See id.* at ¶¶ 3, 8, 10-11.

Appeals, and supersedes the five-factor test previously applied by the Commission in evaluating contested settlements.[16]

The Settlement is Supported by Substantial Competent Evidence

Q. Is there substantial competent evidence based on the whole record to support the Settlement Agreement?

A. Yes. All items included in this Settlement are supported by substantial competent evidence based on the record taken as a whole. The record includes EKC's verified Application along with direct and rebuttal testimony submitted by seventeen EKC witnesses. The record also contains direct and cross-answering testimony filed by Staff and numerous intervenors. The terms of the Settlement Agreement reflect a compromise of the positions advanced by the Parties in their respective testimonies, and the terms of the Agreement were formulated through negotiations informed by this record evidence. By all indications, the Parties would have relied on the same body of evidence if this case had proceeded to hearing. In short, the Settlement Agreement is the product of rigorous vetting, thorough expert analysis, and informed compromise, and is supported by a substantial evidentiary base.

Q. Are the terms of the Settlement Agreement consistent with the testimony filed by the Parties in this docket?

A. Yes. The terms of the Settlement Agreement fall squarely within the range of positions advanced by the Parties in this docket, as set forth in the filed testimony and as generally described above.

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[16] Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008); Order on KCP&L's Application for Rate Change, Docket No. 15-KCPE-116-RTS, ¶¶ 15-16, at p. 6 (Sept. 10, 2015); *Citizens' Utility Ratepayer Bd. v. State Corp. Comm'n,* 16 P.3d 319, 323 (2000) (upholding Commission's authority to approve settlements based on three-part test).

The Settlement Agreement Results in Just and Reasonable Rates.

Q. Please explain how the Settlement Agreement results in just and reasonable rates.

A. My understanding is that in determining whether rates are just and reasonable, the focus of the inquiry is the end result, or "total effect," of the rate order rather than the specific rate-setting method employed. As such, "black box" settlements are perfectly acceptable. The Settlement Agreement clearly represents a compromise resolution and results in just and reasonable rates.

The Commission has stated its goal in setting rates is to determine whether rates fall within the "zone of reasonableness" based on balanced consideration of the interests of all concerned Parties. The Settlement Agreement clearly meets this standard. Moreover, the record evidence and expert analysis presented in this proceeding indicate that the rates established by the Settlement Agreement are based on a lawful and prudent revenue requirement, are allocated fairly and equitably among customer classes, are structured to promote efficiency and to avoid undue discrimination, and are in keeping with settled ratemaking principles.

The Parties to this docket represent a broad range of diverse stakeholder interests including investors, large commercial customers, small commercial customers, residential customers, government agencies, and the public at large. The fact that there is no opposition to the Settlement Agreement is persuasive evidence that the Agreement is balanced, fair, and will result in just and reasonable rates. Accordingly, the rates established under the Settlement Agreement are equitable for both customers and the Company and fall within the range of outcomes that could be expected if this case were fully litigated.

THE SETTLEMENT AGREEMENT IS IN THE PUBLIC INTEREST

Q. Is the Settlement in the public interest?

A. Yes. The terms of this Settlement are in the public interest and should be approved by the Commission. The Parties in this docket have a duty to protect the interests of they represent. EKC has a duty to both its customers and shareholders. CURB represents the interests of residential and small commercial customers. There are 23 other Parties who represent the broad and varied interests of their companies, shareholders, members and constituents. These Parties include large and small businesses, residential customers, low-income advocates, school districts, and gas utilities. Staff represents the overall public interest. Because all interests represented in this proceeding have either signed or stated they do not oppose the Settlement Agreement, the Commission can find that the total effect the Settlement will result in just and reasonable rates and represents an equitable balancing of the interests of all Parties.

I would note, too, that the Settlement Agreement avoids protracted litigation, provides rate certainty, and incorporates mechanisms such as trackers and ERS reporting requirements that provide transparency and accountability. It is in the public interest to avoid the cost of a fully litigated hearing and to promote administrative efficiency and reduced litigation costs through compromise resolution. Thus, the Settlement is in the public interest and should be adopted by the Commission in its entirety.

Q. Will the Commissioners have an opportunity to obtain additional information about the Settlement if they have questions?

A. Yes. I will be appearing in person and will be available for Commissioners at the settlement hearing on July 21, 2025. If the Commissioners have questions for any of EKC's other witnesses, those witnesses will be available remotely to support and answer questions. We anticipate Staff, CURB and other Parties will do the same.

Q. Does that conclude your testimony?

A. Yes, it does. Thank you.

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 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 17th day of July 2025.

Notary Public

My Appointment Expires:
May 30, 2026

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

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the foregoing **Testimony of Darrin R. Ives in Support of Unanimous Settlement Agreement** was electronically served this 17th day of July 2025 to:

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