

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 6th day of May, 2020.

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

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro For) **File No. EF-2020-0301**
Authority to Issue Debt Securities)

ORDER APPROVING APPLICATION FOR FINANCE AUTHORITY

Issue Date: May 6, 2020

Effective Date: May 16, 2020

On April 10, 2020, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (Evergy Metro or the Company) submitted an application requesting authority to issue debt securities in principal amount up to \$400 million of General Mortgage Bonds through December 31, 2021.¹ On April 30, 2020, the Staff of the Missouri Public Service Commission (Staff) filed its recommendation, with certain conditions, that the Commission approve Evergy Metro's application for authority to issue debt securities. On May 4, 2020, Evergy Metro filed its acceptance of Staff's recommendation and its conditions. No responses were filed in opposition to the application or in opposition to Staff's recommendation with conditions.

¹ Evergy Metro's application was filed pursuant to Sections 393.180, 393.190, and 393.200, RSMo 2016, and Commission rules 20 CSR 4240-2.060, 20 CSR 4240-10.125, and 20 CSR 4240-4.017(1)(D). Unless otherwise stated, all statutory citations are to the Revised Statutes of Missouri, as codified in the year 2016.

Evergy Metro had requested an Order from the Commission to be effective May 11, 2020, so that it could participate in capital markets that will be reopening to Evergy Metro on that date. Upon Staff's motion, and with Evergy Metro's consent, the deadline for Staff's recommendation was extended to May 1, 2020, which delays the effective date of this order. Evergy Metro also requested waiver of the sixty-day case filing notice requirement.

Evergy Metro's application is in response to the economic impact of the COVID-19 pandemic. Evergy Metro's cost of borrowing has also recently risen. Due to this instability, Evergy Metro seeks to boost its liquidity by accessing the debt capital market.

Staff recommended the Commission approve the Company's application, with certain conditions, concluding that the impact of the issuance of the debt should be limited to a shift from short-term to long-term debt.

Section 393.190, and Commission rule 20 CSR 4240-10.125 require the Company to obtain the Commission's authority to issue debt securities. *In Re Laclede Gas Co. v. Public Serv. Comm'n.*, 526 S.W.3d 245 (Mo. App. W.D. 2017), states that Section 393.180 and 393.200 authorize public utilities to issue long-term financing when necessary for the purposes enumerated in the statute.² If the Company's request falls within the enumerated purposes and is necessary or reasonably required, the Commission may grant the request.³

² "The power of gas corporations, electrical corporations, water corporation, or sewer corporations to issue stocks, bond, notes and other evidences of indebtedness and to create liens upon their property situated in this state is a special privilege, the right of supervision, regulation, restriction and control of which is and shall continue to be vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe." Section 393.180.

³ *In re: Laclede Gas Co.v. Mo. Pub. Serv. Com'n.* 526 S.W.3d 245 (Mo. App. 2017).

After review of the Evergy Metro's application and of Staff's recommendations, the Commission concludes that granting the Company's request accords with the Evergy Metro's stated purposes, that the issuance of the debt securities proposed in the application is or will be reasonably required for those stated purposes, and that such purposes are not in whole, or in part reasonably chargeable to operating expenses or to income. The Commission, accordingly, finds that the request satisfies Section 393.200. Evergy Metro's application for authority to issue debt securities will be granted, subject to Staff's recommendations.

Evergy Metro requested waiver of the Commission's sixty-day notice of case filing requirement for good cause, stating that the financial market conditions are unprecedented and subject to change daily. Evergy Metro's request for waiver of the sixty-day notice requirement was unopposed. The Commission finds good cause exists to waive the sixty-day notice of case filing requirement.

As Evergy Metro's request for expedited treatment was unopposed, and as the debt capital markets are subject to certain blackout periods and changing market conditions, the Commission also finds good cause to make this Order effective in less than thirty days.

THE COMMISSION ORDERS THAT:

1. The sixty-day notice of case filing requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.
2. Evergy Metro's application filed on April 10, 2020, is granted subject to the following conditions:

- A. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and the Commission reserves the right to consider the rate making treatment to be afforded to the financing transaction and its impact on cost of capital in a later rate proceeding;
- B. The Company shall file with the Commission, within ten days of issuance of any financing authorized pursuant to this Order, a report which includes: the amount of secured indebtedness issued; date of issuance; interest rate (initial rate if variable); maturity date; redemption schedules or special terms, if any; use of proceeds; estimated expenses; and loan or indenture agreements concerning each issuance. In addition, Evergy Metro shall also provide the analysis it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time, including, but not limited to, indicative pricing information provided by investment banks;
- C. The Company shall file with the Commission information concerning communication with credit rating agencies concerning any issuance of financing authorized pursuant to this Order;
- D. Evergy Metro shall file with the Commission (as a non-case related submission, in EFIS under “Resources” - “Non-Case Related Query” - “Ordered Submission”) any credit rating agency reports published

on Evergy Metro's or Evergy, Inc.'s corporate credit quality or the credit quality of its securities; and

E. To the extent that any non-regulated investments, whether by Evergy Metro, Evergy, Inc., or affiliated companies, are made that may potentially impact Evergy Metro's credit quality and resulting credit ratings, the Company shall notify Staff of such possibility and provide a status report to the Commission.⁴

3. Evergy Metro is authorized to execute all documents and take all actions necessary for the above-described transactions.

4. This order shall become effective on May 16, 2020.

5. This file may be closed on May 17, 2020.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Hatcher, Regulatory Law Judge

⁴ This condition was agreed to by the Company in its initial application.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 6th day of May 2020.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

May 6, 2020

File/Case No. EF-2020-0301

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@opc.mo.gov

Evergy Missouri Metro

Robert Hack
1200 Main, 19th Floor
P.O. Box 418679
Kansas City, MO 64141-9679
rob.hack@evergy.com

Evergy Missouri Metro

Roger W Steiner
1200 Main Street, 16th Floor
P.O. Box 418679
Kansas City, MO 64105-9679
roger.steiner@evergy.com

**Missouri Public Service
Commission**

Casi Aslin
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
casi.aslin@psc.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.