

**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) **Case No. EF-2026-0206**
Authority to Issue Debt Securities)

STAFF RECOMMENDATION

COMES NOW, the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Staff Recommendation*, states as follows:

1. On May 15, 2026, Evergy Metro, Inc., d/b/a Evergy Missouri Metro (“EMM”) filed its *Application to Issue Debt Securities* pursuant to Sections 393.180, 393.190, and 393.200, RSMo., 20 CSR 4240-10.125, 20 CSR 4240-2.080(14), and 20 CSR 4240-2.060 (“Application”).

1. On June 12, 2026, the Commission entered an *Order Directing a Staff Pleading* (“June 12 Order”). The June 12 Order directed Staff to file a pleading no later than June 15, 2026, indicating whether Staff could file an expedited recommendation about EMM’s application by June 26, 2026, or whether Staff needs additional time.

2. On June 15, 2026, Staff filed a *Staff Pleading and Status Report*, indicating that Staff could file its recommendation on or by July 3, 2026.

3. On June 23, 2026, the Commission issued its *Order Directing Staff to File a Recommendation*, in which the Commission directed Staff to file a recommendation no later than July 6, 2026.

4. Staff has reviewed the Application and recommends approval be granted as set forth specifically in Staff's Memorandum, attached hereto and made a part hereof as **Appendix A**.

5. More specifically, Staff recommends the Commission approve the Application submitted by EMM as not being detrimental to the public interest, subject to the following conditions:

A. That nothing in the Commission's order shall be considered a finding by the Commission regarding the value of this transaction for rate-making purposes, and that the Commission reserves the right to consider the rate-making treatment to be afforded to the financing transaction and its impact on the Company's cost of capital, in any future proceeding;

B. That Company shall file with the Commission through its electronic filing and information system ("EFIS") in this case any information concerning communications with credit rating agencies regarding the authorized financing issuances;

C. That the Company 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, Evergy Inc.'s, or their respective securities' credit quality;

D. That to the extent that any non-regulated investments made by the Company or Evergy, Inc. and affiliated companies may potentially impact the Company's credit quality and resulting credit ratings, the Company shall notify

Staff of such possibility and file a status report with the Commission describing potential impact;

E. That the Company be required to file a five-year capital expenditure plan schedule in future finance cases;

F. That the Company shall file with the Commission within ten (10) days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including 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 agreement concerning each issuance. In addition, the Company shall also provide the analysis, to include but not be limited to, indicative pricing information provided by investment banks it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time; and

G. That the Commission's grant of authority shall expire one year from the effective date of the order in this proceeding.

WHEREFORE, for the foregoing reasons and those stated in Staff's Memorandum attached hereto, Staff recommends that the Commission issue an Order approving Evergy Metro, Inc. d/b/a Evergy Missouri Metro's *Application to Issue Debt Securities* as not being detrimental to the public interest, subject to the conditions listed in Paragraph 5.A. through G., above, and to grant such other and further relief as the Commission considers just and reasonable under the circumstances.

Respectfully submitted,

/s/ Alexandra Klaus

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Attorney for Staff of the

Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 1st day of July, 2026.

/s/ Alexandra Klaus

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EF-2026-0206, Evergy Metro, Inc., d/b/a Evergy Missouri Metro

FROM: Lexy Haug, Financial Analysis Department

/s/ Seoung Joun Won, PhD 07/01/2026
Financial Analysis Department / Date

SUBJECT: Staff Recommendation concerning the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Metro,” “Company,” or “Applicant”), for Authority to issue, in principal amount, up to Four Hundred Million Dollars (\$400,000,000) of General Mortgage Bonds through December 31, 2026.

DATE: July 1, 2026

FINDING OF FACTS:

1. (a) **Type of Issue:** Senior secured indebtedness (“General Mortgage Bonds”) issued under the Applicant’s existing General Mortgage Indenture and Deed of Trust,¹ dated as of December 1, 1986 (“General Mortgage Indenture”).²
 - (b) **Amount:** Up to \$400,000,000.³
 - (c) **Rate:** Applicant will file with the Commission within ten (10) days of the issuance of any General Mortgage Bonds authorized in this case a report including the amount of General Mortgage Bonds issued, date of issuance, interest rate (initial rate if variable), maturity date, and redemption schedules or special terms, if any.⁴ ** [REDACTED] **⁵
2. **Proposed Date(s) of Transaction:** The Company expects the issuance to occur in a single transaction with the flexibility to issue from the Commission’s approval date through December 31, 2026.⁶ There is no specific transaction date contemplated at this time, however, the Application is anticipated to cover any unsecured debt

¹ Paragraph 12, The Application.

² Page 1, The Application.

³ Paragraph 11, The Application.

⁴ Paragraph 16, The Application.

⁵ Evergy Metro Response to Staff Data Request No. 0004.

⁶ Evergy Metro Response to Staff Data Request No. 0002.

issuances during an approximate period following the effective date of an order approving the Applicant's proposed financing in this case extended to December 31, 2026.⁷

3. (a) **Statement of Purpose of the Issue:** Applicant seeks Commission financing authorization for general corporate purposes, including to refinance existing short-term indebtedness, and fund capital investments.⁸

(b) **From a financial perspective, does Staff deem this Statement of Purpose of the Issue reasonable?**

Yes, with Staff's recommended conditions as indicated below on pages 6 and 7.

4. **Copies of executed instruments defining terms of the proposed securities:**

No, the proposed securities have not been executed yet.

5. **Certified copy of resolution of the directors of Applicant, or other legal documents authorizing the issuance of the securities reviewed:**

Yes.⁹

6. **Pro-forma Balance Sheet and Income Statement reviewed:**

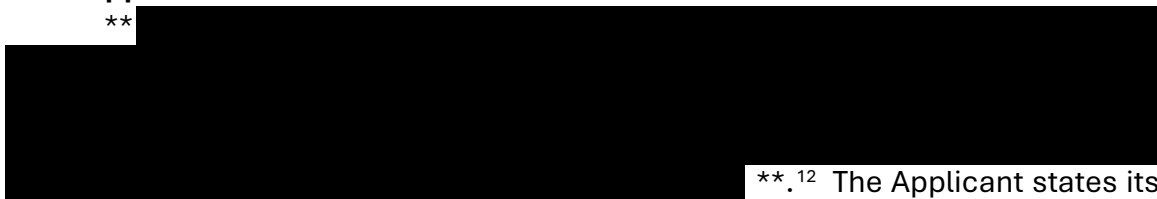
Yes.¹⁰

7. **Capital expenditure schedule reviewed:**

Yes.¹¹

8. **Journal entries required to be filed by Evergy Metro to allow for the Fee Schedule to be applied:**

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**.¹² The Applicant states its Supplemental Report of Financing Activity will include a statement identifying the portion of the issuances of long-term indebtedness that are subject to the fee

⁷ Paragraph 17, the Application.

⁸ Paragraph 9, the Application.

⁹ Exhibit 1, The Application.

¹⁰ Evergy Metro Response to Staff Data Request 0001.

¹¹ Exhibit 2, The Application; Evergy Metro Response to Staff Data Request 0014.

¹² Evergy Metro Response to Staff Data Request 0003.

schedule set forth in Section 386.300 RSMo., in accordance with 20 CSR 4240-10.125(1)(F). It is expected that none of these debt issuances will be subject to the fee schedule in Section 386.300, RSMo.¹³

9. Recommendation of the Staff:

Conditional Approval recommended (see Comments and Recommended Conditions below).

COMMENTS:

Evergy Missouri Metro is a wholly-owned subsidiary of Evergy Inc.¹⁴ Applicant is a corporation duly organized and existing under the laws of the State of Missouri, with its principal office and place of business at 1200 Main Street, Kansas City, Missouri 64105. The Company is primarily engaged in the business of generating, transmitting, distributing, and selling electric energy in portions of eastern Kansas and western Missouri.¹⁵

On May 15, 2026, Evergy Metro filed an Application with the Commission requesting approval to issue up to \$400 million of General Mortgage Bonds through December 31, 2026.¹⁶ The General Mortgage Bonds will be senior and secured debt, as provided under the Applicant's General Mortgage Indenture.¹⁷ Applicant seeks Commission financing authorization for general corporate purposes, including to refinance existing short-term indebtedness, and fund capital investments.¹⁸

Applicant had \$488.7 million of short-term indebtedness outstanding on March 31, 2026 (consisting of \$349.7 million of commercial paper and \$139.0 million of collateralized notes payable related to an accounts receivable securitization program).¹⁹ As of March 31, 2026, Applicant's long-term indebtedness was \$3.272 billion, represented by (i) \$1.25 billion of collateralized Senior Secured Notes less \$10.0 million of unamortized discounts and issuance costs; (ii) \$1.8634 billion of General Mortgage Bonds (consisting of \$79.5 million of collateralized tax-exempt debt less \$1.2 million in unamortized discounts and issuance costs plus \$1.8 billion of taxable General Mortgage Bonds less \$14.9 million of unamortized discounts and issuance costs); and (iii) \$169.9 million of Environmental Improvement Revenue Refunding bonds less \$1.3 million of unamortized discounts and issuance costs.²⁰

¹³ Paragraph 16, The Application.

¹⁴ S&P Capital IQ Pro – Evergy Metro, Inc. retrieved June 26, 2026.

¹⁵ Paragraph 1, The Application.

¹⁶ Paragraph 11, The Application.

¹⁷ Paragraph 12, The Application.

¹⁸ Paragraph 9, The Application.

¹⁹ Paragraph 7, The Application.

²⁰ Paragraph 6, The Application.

The proposed new long-term debt will be used to repay outstanding short-term indebtedness, or finance capital investments, with the exact amount and issuance dates subject to market conditions.²¹

Staff has verified that Evergy Metro’s future capital expenditures support the need to obtain additional debt financing.²² Evergy Metro's 2026 total projected capital expenditures total ** [REDACTED] ** for the fiscal year.²³ Evergy Metro anticipates approximately ** [REDACTED] ** for capital expenditures in the period 2025 to 2029.²⁴ The total five-year capital expenditure plan compared to the requested long-term debt of \$400,000,000 represents ** [REDACTED] ** of the total projected capital expenditures.²⁵

Staff analyzed the pro forma impact of Evergy Metro’s proposed debt financing on its balance sheet as of March 31, 2026, which is as follows:²⁶

	<u>As of March 31, 2026</u>	<u>Pro Forma</u>
Common Equity	** [REDACTED] **	** [REDACTED] **
Total Debt	** [REDACTED] **	** [REDACTED] **
Long-Term Debt	** [REDACTED] **	** [REDACTED] **
Short-Term Debt	** [REDACTED] **	** [REDACTED] **

This transaction indicates a minimal change for the ratio of Total Debt to Common Equity. Common equity decreases by ** [REDACTED] ** while Long-Term Debt increases ** [REDACTED] ** because the new Long-Term Debt will be used to refinance Short-Term Debt.²⁷

The results of financial ratios, such as Funds from Operations (“FFO”) to Debt, Debt to Earnings, (“EBITDA”), and Debt to Capital, indicate that all ratios for Evergy Metro’s financial risk profile are not significantly changed by the approval of the Application. The FFO to Debt ratio changed from ** [REDACTED] **,²⁸ which are both classified as “Significant.”²⁹

²¹ Paragraph 11, The Application.

²² Exhibit 2, The Application; Staff Data Request 0014.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Evergy Metro Response to Staff Data Request No. 0007.

²⁷ Ibid.

²⁸ Staff Data Request No. 0010.

²⁹ The S&P classifies the various financial ratios from “Minimal” to “Highly Leveraged” based on a company’s resulting financial risk. Table 2 – Financial Risk Indicative Ratios of Methodology: Business Risk/Financial Risk

The Debt to EBITDA sees no change from ** [REDACTED] **,³⁰ which are both classified as “Significant.” The Total Debt to Total Capital shows a minimal increase from ** [REDACTED] **,³¹ which both are classified as “Aggressive.”³² In the pro forma financial risk profile analysis, there was an insignificant change to each financial benchmark.

In addition, Staff has investigated the pro forma embedded cost of long-term debt and the historical 12-month average of embedded cost of short-term debt for Evergy Metro. The 12-month average embedded cost of short-term debt was equal to ** [REDACTED] **,³³ compared to pro forma embedded cost of long-term debt which is estimated to be ** [REDACTED] **,³⁴ Though the cost of short-term debt is lower than the estimated pro forma embedded cost of debt, the new issuance of debt securities in the Application will not be detrimental to the public interest and the ratepayers of Evergy Metro because Evergy Metro is a regular issuer of such debt securities with an investment grade rating, providing access to relatively low-cost debt capital. As a result, the market is expected to be receptive to the proposed structure, and the secured nature of the debt securities (“First Mortgage Bonds”) is expected to provide more favorable borrowing terms than comparable long-term unsecured debt.

The proposed debt issuance will also consist of fixed rate debt, which provides greater certainty regarding future interest expense and protects against rising interest rates over the term of the issuance. Additionally, a portion of the short-term debt being refinanced consists of variable-rate obligations. By replacing variable-rate debt with fixed-rate, long-term First Mortgage Bonds, Evergy Metro can secure stable borrowing costs and reduce exposure to interest rate volatility. This enhances the predictability of financing costs and reduces the risk that future increases in interest expense could affect ratepayers.

Additionally, issuance of long-term debt to repay commercial paper borrowings allows for continuity in the debt structure and preserves liquidity for essential operations and working capital needs. Retaining commercial paper capacity as an additional liquidity resource is vital for funding current and future capital investments under construction.³⁵

** [REDACTED]

Matrix Expanded breaks down these ratios and risk levels. [ARCHIVE | Criteria | Corporates | General: Methodology: Business Risk/Financial Risk Matrix Expanded.](#)

³⁰ Staff Data Request No. 0010.

³¹ Ibid.

³² Ibid.

³³ Staff Data Request No. 0011.

³⁴ Staff Data Request No. 0007.

³⁵ Staff Data Request No. 0013.

The fixed-rate structure delivers improved stability and predictability for both the Company and the ratepayers.

Staff applies the “not detrimental to the public interest” standard to financing applications. In reviewing requests for issuing financing, Staff analyzes the requested amount as it relates to the stated uses to ensure that the amount requested is reasonable, and that it generally supports long-term capital investment. Staff also analyzes the pro forma impact the requested financing may have on the company’s credit metrics. Staff further noted that it would be beneficial to ratepayers for the proposed issuance to include fixed-rate debt, as doing so provides greater certainty regarding future interest expense and protects against rising interest rates over the term of the financing, thereby offering long-term rate stability.

Consequently, the impact of the proposed issuance on Evergy Metro’s financial risk is manageable and insignificant.

RECOMMENDED CONDITIONS:

Staff recommends that the Commission approve the Application submitted by Evergy Metro in this case subject to the following conditions:

1. That nothing in the Commission’s order shall be considered a finding by the Commission regarding the value of this transaction for rate-making purposes, and that the Commission reserves the right to consider the rate-making treatment to be afforded to the financing transaction and its impact on the Company’s cost of capital, in any future proceeding;
2. That Company shall file with the Commission through its electronic filing and information system (“EFIS”) in this case any information concerning communications with credit rating agencies regarding the authorized financing issuances;
3. That the Company 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

³⁶ Staff Data Request No. 0011.

published on Evergy Metro's, Evergy Inc's, or their respective securities' credit quality;

4. That to the extent that any non-regulated investments made by the Company or Evergy, Inc. and affiliated companies may potentially impact the Company's credit quality and resulting credit ratings, the Company shall notify Staff of such possibility and file a status report with the Commission describing potential impact;
5. That the Company be required to file a five-year capital expenditure plan schedule in future finance cases;
6. That the Company shall file with the Commission within ten (10) days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including 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 agreement concerning each issuance. In addition, the Company shall also provide the analysis, to include but not be limited to, indicative pricing information provided by investment banks it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time; and
7. That the Commission's grant of authority shall expire one year from the effective date of the order in this proceeding.

