Exhibit No.:	
Issue:	Financial/Credit Metrics
Witness:	John M. Grace
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro & Evergy Missouri West
Case No.:	EA-2026-0343
Date Testimony Prepared:	August 31, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2026-0343

DIRECT TESTIMONY

OF

JOHN M. GRACE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

Kansas City, Missouri
August 2026

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DIRECT TESTIMONY

OF

JOHN M. GRACE

Case No. EA-2026-0343

I. Introduction

Q: Please state your name and business address.

A: My name is John M. Grace. My business address is 818 S. Kansas Avenue, Topeka, Kansas.

Q: By whom and in what capacity are you employed?

A: I am employed by Evergy Kansas Central, Inc. and serve as Senior Director, Corporate Planning and Financial Performance for Evergy Metro, Inc. ("Evergy Metro") d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro" or "EMM"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West" or "EMW"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central"). These are the operating utilities of Evergy, Inc. ("Evergy").

Q: Who are you testifying for?

A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West (also referred to as the "Applicants" or the "Companies").

Q: What are your responsibilities?

A: My responsibilities include directing financial planning activities which encompasses the annual budget and long-term financial plan, performance reporting, and energy forecasting, as well as providing financial support and analysis throughout and on behalf of Evergy and Evergy's operating utilities.

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

A: I hold a Bachelor of Business Administration in accounting and finance from Washburn University and an M.B.A from Washburn University. I joined Evergy Kansas Central in 1998. During my career I have served in various financial roles, each with increasing responsibility, including accounting, budgets, finance, and financial analysis and modeling.

Q: Have you previously testified in any proceedings before the Missouri Public Service Commission ("Commission" or "PSC") or before any other utility regulatory agency?

A: Yes. I have previously filed written testimony before the Kansas Corporation Commission and the PSC.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to generally describe the Companies' plans to finance new generation and battery energy storage assets which will fulfill a portion of the needs identified in the Companies' most recent integrated resource plans ("IRPs") which include the combined-cycle gas turbine ("CCGT") electric generating facility known as Buchanan Bluffs Energy Center Unit 2 and the Foxtrot Battery Energy Storage System ("BESS") (also referred to as the "Projects" or "Assets"). In this regard I will provide an overview of Evergy Metro and Evergy Missouri West's current investment grade credit ratings, available liquidity, and access to capital markets that will enable EMM and EMW to finance the Projects during construction, as well as their on-going operations and maintenance. In addition, I will provide an overview of the ownership structure and the favorable tax attributes of the Projects, as well as a request that the Commission determine the amount of construction work in progress that may be included in rate base.

II. <u>Financial Ability</u>

Q: Please describe the Projects and their anticipated total project costs excluding any allowance for funds used during construction ("AFUDC"), as well as the inclusion of construction work in progress ("CWIP") allowed in rate base by the Commission under Section 393.135.2.[1]

A: The Companies are each seeking a Certificate of Convenience and Necessity ("CCN") for the Buchanan Bluffs Energy Center Unit 2, an approximately 710 MW advanced class combined-cycle natural gas combustion turbine generating facility that will be located in Buchanan County, Missouri. Buchanan Bluffs Energy Center Unit 2 will be jointly owned by Evergy Missouri Metro and Evergy Missouri West, with both jurisdictional utilities owning 50 percent of the facility, and is currently anticipated to cost **[redacted]** which reflects the exclusion of any AFUDC and the effect of any CWIP allowed in rate base. Evergy witness J. Kyle Olson describes this project in more detail in his direct testimony.

In addition, Evergy Missouri West is seeking a CCN for the Foxtrot BESS, an approximately 109 MW battery energy storage system located in Jasper County, Missouri. Foxtrot BESS will be fully owned by Evergy Missouri West and is currently anticipated to cost **[redacted]** which reflects the exclusion of any

[1] All statutory citations are to the Missouri Revised Statutes (2016), as amended.

AFUDC. Evergy witness John Carlson describes the project in more detail in his direct testimony.

Q: Do Evergy Missouri Metro and Evergy Missouri West have the financial ability to acquire, construct, install, own, manage, maintain, and control the Projects?

A: Yes. Both EMM and EMW have proven experience financing the purchase, construction, and operation of generating assets that serve Missouri customers. Evergy Metro currently owns 4,152 MW of generating capacity and contracts for 1,181 MW of renewable generating nameplate capacity. Evergy Missouri West currently owns 1,819 MW of generating capacity and contracts for 783 MW. In total, Evergy's electric utilities own, operate, and/or contract for just under 16,000 MW of generating capacity.[2]

Q: Do Evergy Metro and Evergy Missouri West have access to available credit and other liquidity to help finance the project?

A: Yes, the Companies have sufficient short-term liquidity and access to additional short-term liquidity. In June 2026, Evergy upsized its master credit facility from $2.5 billion to $3.5 billion and extended the duration from 2028 to 2031. Evergy Metro and EMW have borrowing capacity under that master credit facility with current sub-limits as of June 30, 2026, of $1 billion and $750 million, respectively. These sub-limits can be adjusted unilaterally by Evergy for each borrower, provided the sub-limits remain within the minimum and maximum sub-limits specified by the facility. Evergy Metro has a maximum sub-limit under the master

[2] The Companies' owned and contracted generation resources are listed on pages 33-35 of Evergy, Inc.'s 2025 Annual Report, Form 10K, filed with the Securities and Exchange Commission.

credit facility of $1.25 billion, and EMW has a maximum sub-limit of $750 million. As of June 30, 2026, Evergy Metro had $463 million borrowed with $537 million of remaining liquidity under the agreement, while EMW had $547 million borrowed with $203 million of remaining liquidity under the agreement. Evergy Metro has FERC authority to issue up to $1.25 billion of short-term debt, and EMW has FERC authority to currently issue up to $750 million of short-term debt.

The Companies also sell an undivided percentage ownership interest in their retail electric accounts receivable to an independent outside investor. These sales are accounted for as a secured borrowing with accounts receivable pledged as collateral and a corresponding short-term, collateralized note payable. Under this account receivable sales facility, Evergy Metro has the ability to borrow up to $130 million and EMW has the ability to borrow up to $50 million at any time subject to a borrowing base calculation. To the extent the Companies have qualifying accounts receivable and subject to the bank's discretion, Evergy Metro can borrow up to an additional $70 million at any time and EMW can borrow up to an additional $65 million at any time.

Q: Do the Companies also have access to markets to attract capital investment to provide additional financing for the Projects?

A: Yes, as is evidenced by the $3.3 billion of long-term debt and $3.6 billion of shareholders' equity on Evergy Metro's balance sheet as of June 30, 2026, and $2.4 billion of long-term debt (inclusive of securitized storm-fund bonds) and $1.9 billion of shareholders' equity on EMW's balance sheet as of June 30, 2026. Most recently, Evergy Metro raised $400 million of long-term debt capital in August

2025 and EMW raised $300 million of long-term debt capital in May 2026. In addition, Evergy, Inc. has priced $425 million of common equity under its $1.2 billion at-the-market ("ATM") forward equity program as of the first of August 2026.

Q: What are the Companies' overall plans for utilizing these components to finance the Projects?

A: The utilities will finance these Projects in a responsible manner, as they do with any other investment, by balancing liquidity and open windows in the capital markets, and by maintaining a capital structure indicative of its current credit ratings. As noted during Evergy's Quarter 4 Earnings Call (February 19, 2026) and described in associated investor relations materials, Evergy currently plans to issue over $3 billion in common equity over the next few years. These common equity issuances will be used to maintain investment grade credit ratings at the operating utilities and at the consolidated Evergy, Inc. level.[3]

Since EMM's last general rate case in 2022, Evergy Metro has maintained an equity to long-term capital ratio between 50% and 53%, with an average ratio of 51.6%. Evergy Missouri West has maintained an equity to long-term capital ratio between 47% and 55% since its last general rate case in 2024, with an average ratio of 51.5%.[4]

[3] Evergy Fourth Quarter 2025 Earnings Call Earnings Presentation, slide 20 (Feb. 19, 2026).
[4] Evergy Missouri West's equity to long-term capital structure removes securitized storm-fund bonds and goodwill from shareholders' equity.

Q: What are EMM's and EMW's current credit ratings at Standard and Poor's ("S&P") and Moody's Investor Service ("Moody's")?

A: The Companies' current credit ratings are solid investment grade, and their credit ratings are on stable outlook at both S&P and Moody's. The tables below reflect the current corporate, senior secured, and commercial paper credit ratings EMM and EMW.

Table 1 **- EMM Credit Rating Table**

Rating	**Standard & Poor's**	**Moody's**
Outlook	Stable	Stable
Corporate Credit Rating	A-	Baa1
Senior Secured Debt	A	A2
Commercial Paper	A-2	P-2

Table 2 **- EMW Credit Rating Table**

Rating	**Standard & Poor's**	**Moody's**
Outlook	Stable	Stable
Corporate Credit Rating	BBB+	Baa3
Senior Secured Debt	A	Baa1
Commercial Paper	A-2	P-3

III. Buchanan Bluffs Energy Center Unit 2

Q: Will Evergy Missouri Metro and Evergy Missouri West own and operate the Buchanan Bluffs Energy Center Unit 2?

A: Yes, the Buchanan Bluffs Energy Center Unit 2 will be co-owned and operated by EMM and EMW, with each jurisdictional utility responsible for a 50 percent interest in the facility. Evergy witness Ronald Klote describes the ownership structure of the facility further in his direct testimony.

Q: Are there any Missouri property tax benefits associated with Buchanan Bluffs Energy Center Unit 2 that are in the public interest?

A: Yes. Although Missouri does not have an exemption from property taxes for new natural gas generating facilities, it is possible to structure a transaction for a utility project located in Missouri where it is exempt from property taxes. Under this structure the taxing jurisdiction where the project is to be located issues Chapter 100 industrial development bonds to finance the construction of the facility and then leases it back to the utilities (in this case, Evergy Missouri Metro and Evergy Missouri West) that purchased the Chapter 100 financing bonds. This structure is commonly referred to as a "Chapter 100 bond lease."[5] If this structure is used, the project would be exempt from property taxes in Missouri since it is owned by a tax-exempt entity. The property tax exemption would apply for the term of the lease agreement. A payment-in-lieu-of-taxes ("PILOT") may be negotiated with the taxing jurisdiction in this scenario which would retain the full benefit of the PILOT. Any negotiated PILOT would be lower than the property taxes that would be

[5] See generally Sections 100.010-.200.

otherwise due, keeping the on-going cost of Buchanan Bluffs Energy Center Unit 2 lower for Missouri retail customers.

Q: How will the Companies seek to recover the cost of Buchanan Bluffs Energy Center Unit 2?

A: Evergy Missouri Metro and Evergy Missouri West plan to seek cost recovery of Buchanan Bluffs Energy Center Unit 2 in a general rate case through the Commission’s traditional ratemaking and cost of capital procedures.

Q: Are the Companies requesting any other rate related treatment for Buchanan Bluffs Energy Center Unit 2?

A: Yes. They request that under Section 393.135.2 the Commission permit them to include construction work in progress (“CWIP”) in rate base for Buchanan Bluffs Energy Center Unit 2, a new natural gas-generating unit. This provision became law in 2025 as part of Senate Bill 4. It states that the “commission shall determine, in a proceeding under section 393.170, the amount of construction work in progress that may be included in rate base.” Both S&P and Moody’s have stated that they view the passage of Senate Bill 4 as credit positive for Evergy.[6]

Q: Why is it beneficial for Evergy Missouri Metro and Evergy Missouri West to seek recovery of CWIP costs rather than AFUDC in general rate proceedings, now that Missouri law has changed?

A: As Evergy witness Ronald Klote explains in his direct testimony, recovery of CWIP will keep total project costs lower than with AFUDC and will be less costly to

[6] See Tear Sheet: Legislation Signed In Missouri Supportive To Evergy Inc’s Credit Quality at 1, Standard and Poor’s Global Ratings (April 14, 2025); Rating Action: Moody’s Ratings affirms Evergy’s Baa2 rating, outlook stable at 1, Moody’s Ratings (May 16, 2025).

customers over the long run. Moreover, the recovery of CWIP costs will allow the Companies to recover the costs of Buchanan Bluffs Energy Center Unit 2 more quickly. This will reduce the amount of external debt and equity capital needed to be raised by the Companies, thus supporting their credit quality.

To be clear, the recovery of CWIP will only begin on the effective date of an order from the Commission that allows for such a recovery in a general rate case and will not completely replace AFUDC. AFUDC will still accrue on CWIP balances that are not reflected in retail rates.

IV. <u>Foxtrot Battery Energy Storage System</u>

Q: Will Evergy Missouri West own and operate the Foxtrot Battery Energy Storage System?

A: Yes. The Foxtrot BESS will be 100% owned and operated by EMW.

Q: Are there any tax benefits associated with the Foxtrot BESS that are in the public interest?

A: Yes. The Inflation Reduction Act of 2022 ("IRA") allows stand-alone battery storage projects to qualify for an investment tax credit ("ITC"). This BESS project is anticipated to qualify for a 50% ITC on qualified project costs. Qualified project costs include the total project cost excluding AFUDC, purchased land, and transmission interconnection costs. The Foxtrot BESS project will qualify for the 30% ITC by meeting prevailing wage requirements, an additional 10% credit by utilizing domestic content, and the 10% energy community bonus credit due to its proximity to the retired Asbury coal plant. Importantly, the battery storage ITC is not subject to normalization rules and can be sold or transferred to a third party, allowing EMW to pass the economic benefit of the ITC back to customers in a timely fashion.

Unlike the production tax credits for wind and solar resources, the ITC for battery storage was not subject to the accelerated phase-out of the 2025 federal budget reconciliation legislation known as the One Big Beautiful Bill Act and remains available for the Foxtrot BESS project.[7]

Q: How does Evergy Missouri West plan to pass the economic benefit of the investment tax credit back to customers?

A: Essentially, Evergy Missouri West is proposing to implement a tracker to ensure that any eventual cash benefits realized by the Company in connection with these investment tax credits are preserved and returned to customers, whether sold to a third party or utilized to offset the Company's tax liability. EMW currently plans to sell the ITC to a third party and proposes passing the economic benefits of the ITC sale proceeds back to customers after the ITC proceeds have been received over a 5-year period that begins on the effective date of a Commission order in which the costs of the Foxtrot BESS are reflected in retail rates. In the event that the ITCs are not sold or utilized to offset the Company's tax liability in one lump sum before the battery storage facilities are reflected in retail rates, EMW proposes to submit annual updates showing any additional cash benefits received after its initial filing and proposes to address returning the value of such remaining credits in the next general rate case.

[7] The phase-out of the battery storage ITC begins with projects starting construction in 2034.

Q: Does EMW intend to apply plant-in-service accounting ("PISA") treatment for the Foxtrot BESS?

A: Yes. Evergy Missouri West currently plans to seek traditional ratemaking treatment in a general rate case before the Commission where the prudent costs of the Foxtrot BESS project will be reflected in its retail cost of service. Depending on the time between project completion and the conclusion of the rate case, EMW will apply PISA treatment to the project as authorized by Section 393.1400 and related provisions of Missouri law.

Q: Does this conclude your testimony?

A: Yes.

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 and Evergy Missouri West, Inc. d/b/a Evergy Missouri West For Permission and Approval of Certificates of Convenience and Necessity Authorizing them to Construct, Install, Own, Operate, Manage, Maintain, and Control Natural Gas and Solar Electrical Production Facilities and a Battery Energy Storage System	)))))))))	Case No. EA-2026-0343

AFFIDAVIT OF JOHN M. GRACE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

John M. Grace, being first duly sworn on his oath, states:

1. My name is John M. Grace. I work in Topeka, Kansas and I am employed by Evergy Metro, Inc. as Senior Director, Corporate Planning and Financial Performance.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of twelve (12) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

John M. Grace

Subscribed and sworn before me this 31st day of August 2026.

Notary Public

My commission expires: April 26, 2029

ANTHONY R WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2029
PLATTE COUNTY
COMMISSION #17279952

Evergy Metro West, Inc. d/b/a Evergy Missouri West

Docket No.: EA-2026-0343
Date: August 31, 2026

CONFIDENTIAL INFORMATION

The following information is provided to the Missouri Public Service Commission under CONFIDENTIAL SEAL:

Document/Page	**Reason for Confidentiality from List Below**
Grace Direct, p. 3, lns. 16 and 22	3, 4, and 6

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1. Customer-specific information;

2. Employee-sensitive personnel information;

3. Marketing analysis or other market-specific information relating to services offered in competition with others;

4. Marketing analysis or other market-specific information relating to goods or services purchased or acquired for use by a company in providing services to customers;

5. Reports, work papers, or other documentation related to work produced by internal or external auditors, consultants, or attorneys, except that total amounts billed by each external auditor, consultant, or attorney for services related to general rate proceedings shall always be public;

6. Strategies employed, to be employed, or under consideration in contract negotiations;

7. Relating to the security of a company's facilities; or

8. Concerning trade secrets, as defined in section 417.453, RSMo.

9. Other (specify) ____.

Should any party challenge the Company's assertion of confidentiality with respect to the above information, the Company reserves the right to supplement the rationale contained herein with additional factual or legal information.