Exhibit No.:	
Issues:	Cost of Capital; Capital Structure; Return on Equity
Witness:	Ann E. Bulkley
Exhibit Type:	True-Up Rebuttal Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	ER-2026-0143
Date:	September 23, 2026

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2026-0143

TRUE-UP REBUTTAL TESTIMONY

OF

ANN E. BULKLEY

ON

BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri

September 2026

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TRUE-UP REBUTTAL TESTIMONY

OF

ANN E. BULKLEY

FILE NO. ER-2026-0143

I. INTRODUCTION

Q: Are you the same Ann E. Bulkley that previously filed direct, rebuttal, and surrebuttal testimony in this proceeding?

A: Yes. I previously filed direct, rebuttal, and surrebuttal testimony before the Missouri Public Service Commission ("Commission") in this proceeding on behalf of Evergy Metro, Inc. ("Evergy Metro") d/b/a Evergy Missouri Metro ("Evergy Missouri Metro" or the "Company"), a wholly-owned subsidiary of Evergy, Inc. ("Evergy").[1]

Q: What is the purpose of your true-up rebuttal testimony?

A: The purpose of my true-up rebuttal testimony is to respond to the true-up direct testimonies of Dr. Seoung Joun Won on behalf of the Missouri Public Service Commission Staff ("Staff"),[2] and David Murray on behalf of the Missouri Office of the Public Counsel ("OPC")[3] regarding their respective proposals for the return on equity ("ROE") to be authorized for the Company in this proceeding. To the extent that I do not address a

[1] Missouri Public Service Commission, Direct Testimony of Ann E. Bulkley, Case No. ER-2026-0143, February 6, 2026; Missouri Public Service Commission, Rebuttal Testimony of Ann E. Bulkley, Case No. ER-2026-0143, August 11, 2026; Missouri Public Service Commission, Surrebuttal Testimony of Ann E. Bulkley, Case No. ER-2026-0143, September 10, 2026.

[2] Missouri Public Service Commission, Surrebuttal / True-Up Direct Testimony of Seoung Joun Won, PhD, Case No. ER-2026-0143, September 10, 2026 ("Won Surrebuttal / True-Up Direct").

[3] Missouri Public Service Commission, Surrebuttal and True-Up Direct Testimony of David Murray, Case No. ER-2026-0143, September 10, 2026 ("Murray Surrebuttal / True-Up Direct").

particular issue raised by these witnesses in my true-up rebuttal testimony, it should not be viewed as acceptance of that issue.

Q: Are you sponsoring any exhibits in support of true-up rebuttal testimony?

A: No.

II. <u>RESPONSE TO DR. WON AND MR. MURRAY</u>

Q: For purposes of their respective true-up direct testimonies, through what dates do Dr. Won and Mr. Murray update their overall estimates of the cost of equity?

A: Dr. Won and Mr. Murray both update their respective estimates of the cost of equity based on financial data through June 30, 2026.[4]

Q: Based on their true-up direct testimonies, do either Dr. Won or Mr. Murray change their respective ROE recommendations for the Company?

A: No. Dr. Won continues to recommend an ROE of 9.73 percent, and Mr. Murray continues to recommend an ROE of 9.25 percent for the Company in this proceeding.[5]

Q: How have long-term interest rates changed since June 30, 2026?

A: Long-term interest rates have continued to increase. Specifically, the 30-year Treasury yield as of June 30, 2026, was 4.91 percent, and was 5.36 percent as of September 15, 2026, which is an increase of 45 basis points.

Q: Are long-term interest rates expected to remain elevated during the period in which the Company's rate will be in effect?

A: Yes. The most current consensus estimates reported by the *Blue Chip Financial Forecasts* indicate that long-term interest rates are expected to remain elevated, with the projection

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[4] Won Surrebuttal / True-Up Direct, at 2; Murray Surrebuttal / True-Up Direct, at 1.

[5] Won Surrebuttal / True-Up Direct, at 3; Murray Surrebuttal / True-Up Direct, at 8.

of the 30-year Treasury yield in 4Q/2026 at 5.10 percent, and only declining to 4.90 percent in 4Q/2027.[6] The *Blue Chip Financial Forecast* noted the increase in the expectations for longer-term interest rates and that rates are expected to remain elevated:

> Consensus expectations for longer-term interest rates were increased meaningfully this month to reflect their ongoing rise. However, the consensus continues to expect longer-term yields to fall slightly over the coming six quarters, just at higher levels than previously.[7]

Q: Have there been any changes in the Federal Reserve's monetary policy since June 30, 2026?

A: Yes. While the Federal Open Market Committee ("FOMC") had maintained a target range for the federal fund rates of 3.50 percent to 3.75 percent so far in 2026, at its September 16, 2026, meeting, the FOMC by unanimous vote increased the federal funds rate by 25 basis points, raising the target range to 3.75 to 4.00 percent.[8]

Q: What is the current expectation for the federal funds rate going forward?

A: Based on the Summary of Economic Projections issued by the FOMC in conjunction with its September 16, 2026, meeting, the median view of the participants of the FOMC is the expectation that the federal funds rate will increase by an additional 25 basis points in 2026 and then hold steady at the range of 4.00 to 4.25 percent throughout 2027. The median range for 2027 represents a 100 basis point increase in the range expected a year ago for the federal funds rate in 2027,[9] and a 50 basis point increase relative to the June 2026 projections.[10]

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6 *Blue Chip Financial Forecasts*, September 2026 Edition, September 1, 2026, at 1.
7 *Id.*, at 1.
8 Federal Reserve, Press Release, September 16, 2026.
9 Brian Scheid, "Fed hikes rates with expectations of minimal inflation impact," *S&P Market Intelligence*, September 17, 2026.
10 *Id.*, at 9.

Q: Why did the FOMC decide to increase the federal funds rate?

A: As Federal Reserve Chairman Kevin Warsh stated, "inflation remains elevated" and has been running above target for more than five years, and that the FOMC's predominant focus is on the price-stability portion of its mandate. Chairman Warsh stated that "the plain fact is that inflation is too high and has been for too long," and the decision to increase the federal funds rate "will support a timelier return to the Committee's 2 percent goal."[11] Although the increase in the federal funds rates was undertaken to combat persistent inflation, core personal consumption expenditures ("PCE") inflation, which is the FOMC's preferred inflation measure that excludes food and energy prices, is not projected to reach the Federal Reserve's target of 2.0 percent until 2029.[12]

Q: Are these increases in interest rates indicative of an increase in the cost of equity, and thus a basis for Dr. Won and Mr. Murray to increase their ROE recommendations based on the change in capital market conditions from the filing of their direct testimony to the filing of their true-up direct testimony?

A: Yes. The increase in long-term interest rates is indicative of an increase in the cost of equity. In fact, Dr. Won has acknowledged that interest rates are "one of the most important factors in the economic conditions that impact the COE [cost of equity] is the interest rate, orchestrated by the Federal Reserve ("Fed") monetary policy."[13] Despite the increase in both short- and long-term interest rates, which, as Dr. Won acknowledges, is indicative of an increase in a utility's cost of equity, neither Dr. Won nor Mr. Murray have

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11 FOMC, Transcript of Chairman Warsh's Press Conference (preliminary), September 16, 2026.
12 FOMC, Summary of Economic Projections, September 16, 2026, at 2.
13 Missouri Public Service Commission, Direct Testimony of Seoung Joun Won, PhD, Case No. ER-2026-0143, June 30, 2026, at 12.

changed their ROE recommendations in their true-up direct testimonies. The Commission should consider the changes in capital market conditions that are indicative of an increase in the cost of equity relative to these witnesses' ROE recommendations that remain unchanged.

Q: Does updating Dr. Won's true-up direct analysis also indicate an increase in the cost of equity?

A: Yes. As shown in Figure 1, I updated Dr. Won's DCF, CAPM and BYRP analyses using market data through August 2026. Figure 1 provides Dr. Won's summary results through June 30, 2026, as reflected in his true-up direct testimony, as well as the results of the update through August 31, 2026. As shown in this figure, all of Dr. Won's analytical results increase using more recent market data. The average of Dr. Won's DCF and CAPM results increased by 22 basis points on the low end and 13 basis points on the upper end of his range. In addition, the result of his BYRP analysis, which was not fully updated because it relies on a regression analysis using data through December 2025, increased by 2 basis points from 9.73 percent to 9.75 percent.

FIGURE 1: UPDATE OF DR. WON'S TRUE-UP DIRECT ANALYSES

RETURN ON EQUITY (as of June 30, 2026)

			COE Analysis	
		Lower	Mean	Upper
COE Estimation	DCF	7.07%	8.26%	9.44%
	CAPM	7.75%	9.08%	10.41%
		7.07%	8.67%	10.41%

			ROE Analysis	
		Lower	Estimate	Upper
ROE Estimation	BYPRP	9.72%	9.73%	9.75%
ROE Recommandation			9.73%	

RETURN ON EQUITY (as of August 31, 2026)

			COE Analysis	
		Lower	Mean	Upper
COE Estimation	DCF	7.29%	8.33%	9.37%
	CAPM	7.87%	9.21%	10.54%
		7.29%	8.77%	10.54%

			ROE Analysis	
		Lower	Estimate	Upper
ROE Estimation	BYPRP	9.74%	9.75%	9.77%
ROE Recommandation			9.75%	

Q: Does this conclude your true-up rebuttal testimony?

A: Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request for Authority to Implement A General Rate Increase for Electric Service	))))	Case No. ER-2026-0143

AFFIDAVIT OF ANN E. BULKLEY

COMMONWEALTH OF MASSACHUSETTS)
) ss
COUNTY OF SUFFOLK)

Ann E. Bulkley, being first duly sworn on his oath, states:

1. My name is Ann E. Bulkley. I work in Boston, Massachusetts, and I am employed by The Brattle Group, Inc. as Principal.

2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Evergy Missouri Metro consisting of six (6) 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.

Ann E. Bulkley
Ann E. Bulkley

Subscribed and sworn before me this 22 day of September 2026.

Sera McCarthy
Notary Public

My commission expires: August 5, 2027

Sera M. McCarthy
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
August 5, 2027