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Exhibit No. 2

Evergy Missouri Metro – Exhibit 2
Direct Testimony of John M. Grace
Case No. EA-2026-0154

Exhibit No.:	
Issue:	Financial Ability
Witness:	John M. Grace
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	EA-2026-0154
Date Testimony Prepared:	May 14, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2026-0154

DIRECT TESTIMONY

OF

JOHN M. GRACE

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
May 2026

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DIRECT TESTIMONY

OF

JOHN M. GRACE

Case No. EA-2026-0154

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", "EMM", "Applicant", or the "Company"), 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.

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 the Company.

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 describe generally the Company's plans to finance the construction of a new natural gas generation facility known as Mullin Creek #2 (also referred to as the "Project" or "Asset") which will fulfill a portion of the needs identified in the Company's most recent integrated resource plan ("IRP"). In this regard I will provide an overview of the Company's current investment grade credit ratings, available liquidity, and access to capital markets

that will enable EMM to finance the Project during construction, as well as its on-going operations and maintenance.

II. FINANCIAL ABILITY

Q: Please describe the Project and its 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 of the Missouri Revised Statutes.

A: The Company is seeking a Certificate of Convenience and Necessity ("CCN") for Mullin Creek #2, a 440 MW simple-cycle natural gas combustion turbine generating facility that will be located in Nodaway County, Missouri. Mullin Creek #2 will be constructed proximate to the site of Mullin Creek #1, a similar facility for which the Commission granted a CCN to Evergy Missouri West in July 2025 in Case No. EA-2025-0075.

Granting a CCN to Evergy Missouri Metro for Mullin Creek #2 in this proceeding will help fulfill the Company's capacity and energy needs identified in EMM's most recently filed 2026 Annual IRP Update through 2032. Mullin Creek #2 will be 100% owned by Evergy Missouri Metro and is currently anticipated to cost **[redacted]** which reflects the exclusion of any AFUDC and the effect of any CWIP allowed in rate base.

Company witness Kyle Olson describes the Project in more detail in his direct testimony.

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

A: Yes. EMM has 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. In total, Evergy's electric utilities own, operate, and/or contract for just under 16,000 MW of generating capacity.[1]

Q: Does the Company have access to available credit and other liquidity to help finance the project?

A: Yes, the Company has sufficient short-term liquidity and access to additional short-term liquidity. In August 2024, Evergy extended its $2.5 billion master credit facility from 2027 to 2028. Evergy Metro has borrowing capacity under that master credit facility with a current sub-limit as of March 31, 2026, of $550 million. This sub-limit 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 credit facility of $850 million. As of March 31, 2026, Evergy Metro had $351 million borrowed with $199 million of remaining liquidity under the agreement. Evergy Metro has FERC authority to issue up to $1.25 billion of short-term debt.

The Evergy Metro also sells an undivided percentage ownership interest in its retail electric accounts receivable to an independent outside investor. These sales are accounted for as a secured borrowing with accounts receivable pledged as

[1] The Company's 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.

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 at any time subject to a borrowing base calculation. To the extent the Company has qualifying accounts receivable and subject to the bank's discretion, Evergy Metro can borrow up to an additional $70 million at any time.

Q: Does the Company also have access to markets to attract capital investment to provide additional financing for the Project?

A: Yes, as is evidenced by the $3.3 billion of long-term debt and $3.5 billion of shareholders' equity on Evergy Metro's balance sheet as of March 31, 2026. Most recently, Evergy Metro raised $400 million of long-term debt capital in August 2025.

Q: What is the Company's overall plan for utilizing these components to finance the Project?

A: EMM will finance the construction of Mullin Creek #2 in a responsible manner as it does 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. Since EMM's last general rate case in 2022, Evergy Metro has maintained an equity to long-term capital structure ratio between 50% and 53%. Evergy Metro's current five-year financial plan continues to reflect this responsible financing strategy, balancing the interests of customers and investors.

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

A: The Company's current credit ratings are solid investment grade. EMM's 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.

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

Q: Will Evergy Missouri Metro own and operate the Mullin Creek #2 generating facility?

A: Yes, Mullin Creek #2 will be 100% owned and operated by EMM.

Q: Are there any Missouri property tax benefits associated with the Project that are in the public interest?

A: Yes. Missouri does not have an exemption from property taxes for new natural gas generating facilities; however, it is possible to structure a transaction for a project located in Missouri where the project is also exempt from property taxes. Under this structure, the taxing jurisdiction where the project is located issues Chapter 100 Bonds to finance the construction of the facility and then leases it back to Evergy Missouri Metro, the entity that purchased Chapter 100 financing bonds. This structure is commonly referred to as a "Chapter 100 Bond Lease." 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") would then be negotiated with the taxing jurisdiction in this scenario, which would retain the full benefit of the PILOT. The negotiated PILOT would be lower than the property taxes that would be otherwise due, keeping the on-going cost of the project lower for Missouri retail customers.

Q: How will the Company seek to recover the cost of the Project?

A: The Company plans to seek cost recovery of Mullin Creek #2 in a general rate case through the Commission's traditional ratemaking and cost of capital procedures.

Q: Is the Company requesting any other rate related treatment for this Project?

A: Yes. The Company requests that under Section 393.135.2 the Commission permit the Company to include construction work in progress ("CWIP") in rate base for Mullin Creek #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.[2]

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

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

A: As Company 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 customers over the long run. Moreover, the recovery of CWIP costs will allow the Company to recover the Project's costs more quickly, reducing the amount of external debt and equity capital needed to be raised, thus supporting credit quality.

To be clear, the recovery of CWIP will only occur beginning on the effective date of a rate 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.

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 for Permission and Approval of a Certificate of Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Manage, Maintain, and Control a Natural Gas Electrical Production Facility	))))))	Case No. EA-2026-0154

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 Kansas Central, 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 consisting of eight (8) 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 14th day of May 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, Inc. d/b/a Evergy Missouri Metro

Docket No.: EA-2026-0154
Date: May 14, 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, ln. 18	3, 4, and 6

Rationale for the "confidential" designation pursuant to 20 CSR 4240-2.135 is documented below:

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.