

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Proposed Indebtedness of       )  
Evergy South, Inc. of up to \$650,000,000 and       ) Docket No. 25-EKSE-272-COM  
Issuance of First Mortgage Bonds.                       )

**NOTICE OF FILING STAFF REPORT AND RECOMMENDATION**

COMES NOW the staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively) and for its Notice of Filing Staff Report and Recommendation states as follows:

Staff hereby files the attached Report and Recommendation dated February 18, 2025, providing Staff’s analysis and recommendation regarding Evergy South, Inc.’s (“EKS”) request for a certificate pursuant to K.S.A. §66-125 to issue and sell up to \$650,000,000 in first mortgage bonds. The Staff Report and Recommendation indicates Staff reviewed EKS’s application. Based upon its review, Staff concluded the Commission can grant EKS the requested certificate as EKS provided the information required by K.S.A. §66-125.

WHEREFORE, Staff submits its Report and Recommendation for the record and further determination by the Commission.

Respectfully Submitted,

/s/ Patrick J. Hurley

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

To: Chairman Andrew French  
Commissioner Dwight D. Keen  
Commissioner Annie Kuether

From: Adam Gatewood, Sr. Managing Financial Analyst  
Chad Unrein, Chief of Accounting & Financial Analysis  
Justin Grady, Deputy Director of Utilities  
Jeff McClanahan, Director of Utilities

Date: February 17, 2025

Re: In the Matter of the Proposed Indebtedness of Evergy South, Inc. of up to \$650,000,000  
and Issuance of First Mortgage Bonds  
Docket No. 25-EKSE-272-SEC

**EXECUTIVE SUMMARY:**

Evergy Kansas South, Inc. (EKS), a subsidiary of Evergy Kansas Central, Inc. and Evergy, Inc., requests authority to issue securities. Staff concludes that the Commission can grant EKS the requested Certificate as EKS provided the information required by K.S.A. §66-125.

**ANALYSIS:**

EKS seeks a Certificate from the Commission pursuant to K.S.A. §66-125 for authority to issue and sell first mortgage bonds (Bonds). EKS is an investor-owned electric public utility incorporated in the state of Kansas. As it has not obtained authority for this transaction from any other regulatory agency, EKS is required to file under K.S.A. §66-125.

EKS states it will use the net proceeds from the sale of the Bonds for general corporate purposes, the repayment of advances from its parent, Evergy Kansas Central, Inc., and payment of dividends to Evergy Kansas Central. Further, EKS states that the proposed issuance and sale of the Bonds is necessary and required for the purposes stated in the Application, will be used for such purposes, and will not adversely affect EKS's ability to provide sufficient and efficient utility service. A balance sheet containing the details of EKS's assets and liabilities for 2022 and September 30, 2024, is attached to the Application.

EKS proposes to sell the Bonds through a private placement or a Rule 144A offering, either of which would be negotiated at arm's length with unaffiliated third parties. EKS will negotiate the specific provisions of the Bonds with prospective purchasers, including issue date, interest rate, or rates, within the following parameters:

- 1) an aggregate principal amount not to exceed \$650,000,000;
- 2) issued under EKS's Mortgage and Deed of Trust dated as of April 1, 1940, as amended and supplemented;
- 3) have a maturity of not more than 20 years;
- 4) issued using a fixed interest rate not to exceed 175 basis points above the yield on United States Treasury Securities with a maturity of 20 years as quoted in the actively traded secondary market on the date the bond purchase agreement or underwriting agreement is executed; and
- 5) the aggregate of all placement of underwriting fees will not exceed 0.875% of the aggregate principal amount of the Bonds issued and sold to the prospective purchaser(s).

The information EKS provides in the Application is consistent with the requirement of section b(1) of K.S.A. §66-125. EKS is issuing the Bonds in exchange for money. Therefore, Section b(1) A through E apply. Below is the entirety of K.S.A. §66-125.

**K.S.A. §66-125 Issuance of securities; certificate of commission required, when; proceedings; motor carriers exempted.** (a) Any investor-owned electric public utility incorporated in the state of Kansas may issue stocks, certificates, bonds, notes or other evidences of indebtedness, payable at periods of more than 12 months after the date thereof, when necessary for the acquisition of property, for the purpose of carrying out its corporate powers, the construction, completion, extension or improvements of its facilities, for the improvements or maintenance of its service, for the discharge or lawful refunding of its obligations, or for such other purposes as may be authorized by law. Prior to any such issuance, there shall be secured from the commission a certificate stating the amount, character, purposes and terms on which such stocks, certificates, bonds, notes or other evidences of indebtedness are proposed to be issued, as set out in the application for such certificate. In lieu of securing a certificate from the commission, if the issuance requires a registration statement to be filed with the securities and exchange commission or such utility obtains an authorization or approval of such issuance from another state or federal agency, the public utility may file with the state corporation commission a copy of the information filed with the securities and exchange commission or such other agency.

(b) The proceedings for obtaining such certificate from the commission and the conditions of its being issued shall be as follows:

(1) In case the stocks, certificates, bonds, notes or other evidences of indebtedness are to be issued for money only, the public utility or common carrier shall file with the commission a statement, signed and verified by the president or other chief officer of the company having knowledge of the facts, showing:

(A) The amount and character of the proposed stocks, certificates, bonds, notes or other evidences of indebtedness;

(B) the general purposes for which they are to be issued;

(C) the terms on which they are to be issued;

(D) the total assets and liabilities of the public utility or common carrier; and

(E) that the capital sought to be secured by the issuance of such stocks, certificates, bonds, notes or other evidences of indebtedness is necessary and required for such purposes and will be used therefor.

(2) In case stocks, certificates, bonds, notes or other evidences of indebtedness are to be issued partly or wholly for property or services or other consideration than money, the public utility or common carrier shall file with the commission a statement, signed and verified by the president or other chief officer having knowledge of the facts, showing:

(A) The amount and character of the stocks, certificates, bonds, notes or other evidences of indebtedness proposed to be issued;

(B) the general purposes for which they are to be issued;

(C) a general description and an estimated value of the property or services for which they are to be issued;

(D) the terms on which they are to be issued or exchanged;

(E) the amount of money, if any, to be received for the same in addition to such property, services or other consideration;

(F) the total assets and liabilities of the public utility or common carrier; and

(G) that the capital sought to be secured by the issuance of such stocks, certificates, bonds, notes or other evidences of indebtedness is necessary and required for such purposes and will be used therefor.

(c) The commission may also require the public utility or common carrier to furnish such further statements of facts as may be reasonable and pertinent to the inquiry. Upon full compliance by the applicant with the provisions of this section the commission shall forthwith issue a certificate stating the amount, character, purposes and terms upon which such stocks, certificates, bonds, notes or other evidences of indebtedness are proposed to be issued, as set out in the application for such certificate. Any issue of stocks, certificates, bonds, notes or other evidences of indebtedness not payable within one year, which shall be issued by such public utility or common carrier contrary to the provisions of this act shall be voidable by the commission, except as provided in subsection (d).

(d) The provisions of this section shall not apply to motor carriers, as defined in 49 C.F.R. § 390.5, as in effect on July 1, 2017, or any later version as established in rules and regulations adopted by the state corporation commission, or any public utility except as provided in subsection (a). Any issue of stocks, certificates, bonds, notes or other evidences of indebtedness not payable within one year, which were issued by a motor carrier prior to the effective date of this act without obtaining a certificate from the commission shall be deemed valid.

**History:** L. 1911, ch. 238, § 25; R.S. 1923, 66-125; L. 1983, ch. 222, § 1; L. 1988, ch. 265, § 1; L. 1993, ch. 118, § 1; L. 1995, ch. 4, § 1; L. 1996, ch. 268, § 16; L. 1997, ch. 132, § 16; L. 2017, ch. 18, § 4; July 1.

The standard of review for filings under this statute is a verification that the Applicant provided the Commission with the security's terms and the proposed use of the proceeds. The statute does

not require, or even allow for, the Commission to decide on the reasonableness of the securities or the use of the proceeds. Therefore, in Staff's view, the information in EKS's Application provides what is required by K.S.A §66-125 for the Commission to issue a Certificate.

It has always been Staff's position on this statute that granting a Certificate to issue new securities pursuant to K.S.A. §66-125 does not guarantee any specific regulatory treatment of the costs of the securities or return on related property financed by the securities; those questions are addressed during a rate proceeding when the Applicant desires to recover costs from consumers. If Staff sees a problem with the securities issued by a utility, regardless of whether the utility obtained a Certificate under this statute or received authority from another regulatory agency, Staff will investigate the issue and inform the Commission.

**RECOMMENDATION:**

Staff recommends the Commission approve EKS's Application for a Securities Certificate as defined by K.S.A. §66-125. As noted above, Staff recommends that the Commission reserve judgment on the reasonableness of the costs associated with the Bonds and the interest rate until EKS's and Evergy Kansas Central's next rate case. The Application states that EKS's Board expects to pass authorization for the proposed issuance and sale of the Bonds of Directors at a meeting on February 19, 2025. Staff requests that EKS file the board authorization document in the docket.

## **CERTIFICATE OF SERVICE**

25-EKSE-272-SEC

I, the undersigned, certify that a true copy of the attached Notice has been served to the following by means of electronic service on February 17, 2025.

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/S/ Kiley McManaman  
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