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

REBUTTAL TESTIMONY OF

GEOFFREY T. LEY

**ON BEHALF OF EVERGY KANSAS CENTRAL, INC.
AND EVERGY KANSAS SOUTH, INC.**

**IN THE MATTER OF THE APPLICATION OF
EVERGY KANSAS CENTRAL, INC. AND
EVERGY KANSAS SOUTH, INC. FOR APPROVAL TO MAKE
CERTAIN CHANGES IN THEIR CHARGES FOR ELECTRIC SERVICE
PURSUANT TO K.S.A. 66-117.**

Docket No. 25-EKCE-294-RTS

JULY 3, 2025

Q. Please state your name and business address.

A. My name is Geoffrey Ley. My business address is 1200 Main, Kansas City, Missouri 64105.

Q. Are you the same Geoffrey Ley who prefiled direct testimony in this docket on January 31, 2025?

A. Yes.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the applicant, Evergy Kansas Central ("EKC" or the "Company").

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to address the direct testimony of Mr. Gatewood on behalf of Staff asserting that a significant amount of Evergy, Inc.'s debt should be allocated to EKC. I also address Mr. Gatewood's assertion that the debt balances used to calculate EKC's revenue requirement should be based on updated actual balances as of March 31, 2025, rather than on the Company's proforma projections as of June 30, 2025.

Ms. Nelson, Ms. Bulkley and Mr. Ives respond in more detail to Mr. Gatewood's direct testimony on capital structure. Mr. Gatewood's direct testimony on return on equity is addressed in the rebuttal testimony of Ms. Bulkley.

Q. What recommendations did Mr. Gatewood make regarding EKC's capital structure and cost of debt?

A. As Mr. Gatewood explains in his direct testimony, Staff is asking the Commission to disregard the actual, standalone capital structure used to finance EKC's utility operations and utilize a consolidated approach to capital structure for ratemaking purposes. Mr. Gatewood first allocated to EKC a portion of Evergy, Inc.'s long-term debt based on EKC's proportionate share of net property, plant, and equipment (PP&E),[1] which he computed as approximately 51.7% as of Q4 2024. He then reduced the allocation of Evergy, Inc.'s long-term debt by 50% to comport with his view of what was included in the 2023 rate case settlement. The net effect is an allocation of approximately $700 million of nonutility parent company debt to EKC, resulting in a capital structure comprised of 48.74% common equity, 44.94% long-term debt, and 6.36% holding company debt, with a weighted average cost of capital ("WACC") of 7.01%.

Q. Did you discover an error in the cost of debt used by Mr. Gatewood?

A. Yes, and Mr. Gatewood agrees it was an error and should be corrected. For actual cost of debt, Mr. Gatewood used 4.38%, which matches the EKC cost of debt used in the 2023 rate case. EKC identified an inconsistency between his testimony, workpapers and the discovery responses provided by EKC during the case. When asked about this inconsistency, Mr. Gatewood agreed it was error, and the error has been corrected to align EKC's position of utility cost of debt. The correction is documented in discovery materials posted by Staff to Core Share on June 26, 2025, in the confidential folder titled "Revenue Requirement Revisions."

EKC's true up and Staff's revised revenue requirement both reflect an EKC cost of debt rate of 4.63%. This is the actual cost of debt for EKC as of March 31, 2025; and it aligns to the 52.05% actual equity capitalization of EKC as of the same date. In his testimony, Mr. Gatewood incorrectly stated that I had used a June 30, 2025, pro forma cost of debt and capital structure in my direct testimony. What was filed in my direct testimony in Exhibit GTL-2 was EKC's pro forma cost of debt and capital structure as of March 31,

[1] Direct Testimony of Adam Gatewood, pp. 19, 27.

2025. Since actual data as of March 31, 2025, was not available at the time we filed direct testimony, I relied on pro forma data as of that date to more closely approximate what would be filed once March 31, 2025, actuals were available.

Q. How do you respond to Mr. Gatewood's proposal to allocate roughly $700 million of Evergy, Inc.'s debt to EKC?

A. As I stated above, Mr. Ives and Ms. Nelson address Mr. Gatewood's improper consolidated capital structure recommendation in detail in their rebuttal testimony. It is important to reinforce that EKC's capital structure is independent of Evergy, Inc.'s. EKC issues its own short- and long-term debt to finance its utility operations, and it has maintained consistent access to the capital markets when needed. In accordance with the 2018 merger conditions, EKC customers are paying only for the costs associated with the regulated service they receive from EKC, and they have not been exposed to parent company interest expense.

Additionally, it is important to note that attributing holding company debt to a company like EKC, which routinely issues its own debt financing, is an outlier position across the industry. As was stated in my direct testimony, EKC reviewed research on 109 recent rate case decisions and did not find any evidence of holding company debt being attributed to subsidiary utilities which routinely raise their own debt financing. As Mr. Ives and Ms. Bulkley have discussed in their testimony, the 52.05% equity capitalization of EKC is well within the ranges maintain by other operating utilities. Further, I demonstrated in Figure 4 of my direct testimony that Evergy, Inc.'s consolidated equity capitalization is comparable to its industry peers.

In its recent investor presentations, Evergy, Inc. has disclosed the need to raise approximately $2.8 billion of equity and/or equity-like securities in 2025-2029 to fund its $17.5 billion capital investment plan which is needed to enable economic growth in the regions we serve. The phenomenon of economic expansion, growing population, more stringent requirements of our regional transmission organization, large customer load growth and accompanying capital investments is not unique to Evergy, Inc., EKC or our region. As a result, the entire industry is forecasting the need to raise equity capital at unprecedented levels. Equity investors have a finite supply of equity capital available to invest in the industry, and with the rapid growth of equity capital demand to finance the industry's growth, investors will choose to invest in the companies and jurisdictions that provide the most competitive risk-adjusted returns. The consequence of an outlier position - such as attributing $700 million of Evergy, Inc. long-term debt to EKC - will drive the lowest-cost equity capital to other companies and other jurisdictions.

Q. Attempting to support Staff's proposal to allocate $700 million of nonutility parent company debt to EKC's balance sheet, Mr. Gatewood testified that Moody's 2024 rating methodology indicates "ratings of individual entities within a utility family can be pulled up or down due to interrelationships within the family."[2] How do you respond to Mr. Gatewood's testimony on this point?

A. There are two issues with Mr. Gatewood's conclusion from the Moody's rating methodology. First, Moody's chooses their words very carefully in their rating methodology because such criteria need to fit a broad array of companies that they rate. Yes, Moody's ratings ***can*** be pulled up or down due to interrelationships within the family; but the criteria do not stipulate that they ***must*** be. In fact, recent evidence within the Evergy consolidated companies confirms that company ratings may be changed independently. On April 29, 2025, Moody's downgraded the credit rating of Evergy Missouri West citing

[2] Direct Testimony of Adam H. Gatewood, p. 22.

many factors which were specific to Evergy Missouri West's standalone credit profile. This action followed a negative outlook Moody's established for Evergy Missouri West in May 2024. Notably, in both the May 2024 and April 2025 actions, neither the ratings or outlooks of Evergy, Inc. and EKC were impacted. The downgrade of Evergy Missouri West was cited as a product of the weakness of its standalone credit metrics, elevated capital expenditures, higher debt issuances, and lack of timely cost recovery mechanisms.[3]

The second issue is that Mr. Gatewood implies Evergy, Inc.'s holding company debt causes an interrelationship under the Moody's rating methodology which increases the risk of downgrade, which increases the cost of short- and long-term debt that EKC issues. *He presents no evidence of such a linkage*. Further, in none of Evergy, Inc.'s or EKC credit reports has Evergy, Inc's holding company debt been cited among the myriad of ratings factors the rating agencies describe as risks to Evergy's or EKC's ratings. Instead, the issues that are cited are the companies' operating risk profile, ownership of coal and nuclear assets, carbon transition risks, and physical climate risks.[4] Only Moody's, in its Evergy, Inc. credit reports, discusses any potential linkage between Evergy, Inc.'s holding company debt as possibly affecting ratings, and that statement is listed as a positive factor. In their latest Credit Opinion, Moody's states that Evergy, Inc.'s credit rating could be upgraded if, in addition to other things, holding company debt as a percentage of consolidated debt was maintained below 20%. There is no such statement of a potential downgrade condition related to Evergy, Inc.'s holding company debt, and Moody's later states in its report that the current rating incorporates a view that holding company debt will be maintained at 20-25% of consolidated debt.[5]

[3] Moody's Press Release, April 29, 2025, p. 1
[4] Moody's Credit Opinion, Evergy, Inc., May 21, 2025, p. 1.
[5] Moody's Credit Opinion, Evergy, Inc., May 21, 2025, pp. 2-3 and 6

Q. While you have been clear that you do not agree with Mr. Gatewood's attribution of Evergy holding company long-term debt to EKC, do you need to provide a correction to Mr. Gatewood's cost of Evergy holding company debt that he used in his analysis?

A. Yes. While I reiterate there should be no Evergy holding company long-term debt attributed to EKC, in his analysis Mr. Gatewood understates the cost of Evergy holding company long-term debt at 5.03%, using that incorrect number in calculating his recommended weighted-average cost of capital.

Q. Please describe Mr. Gatewood's error and what should be the corrected Evergy holding company cost of long-term debt.

A. Mr. Gatewood's computation of the weighted average cost of long-term debt for Evergy, Inc. neglects the financial impact evident in Evergy, Inc's financial statements of the $1.4 billion convertible bond issued in December 2023. This convertible bond issued by Evergy, Inc. differs from other forms of long-term debt in that the redemption amount increases if the stock price increases above a certain threshold level called the Conversion Premium. For the Evergy, Inc. convertible bond, the Conversion Premium was set at $61.80. The total redemption premium paid to investors can be settled in equity or cash at maturity, and accounting guidance requires that this premium is converted into diluted shares that the company reports in its quarterly financial filings.

As of March 31, 2025, Evergy, Inc. reported 1.3 million shares in its diluted average shares outstanding which were directly attributable to this convertible bond issuance.[6] These diluted shares outstanding were based on the $65.44 average closing price of Evergy, Inc.'s common stock during Q1 2025 and translate to $82.5 million of additional value on

[6] Evergy, Inc. Form 10-Q as of March 31, 2025, p. 26.

the convertible bonds which would be paid to investors at maturity. This redemption value is a cost affecting Evergy, Inc's earnings per share today and needs to be reflected in its weighted average cost of long-term debt calculation. Adding this $82.5 million redemption premium as of March 31, 2025, into the yield to maturity calculation increases the convertible bond's effective yield to 6.26% compared to the 4.93% cited and used in Mr. Gatewood's workpapers. This increases Evergy, Inc.'s weighted average cost of long-term debt to 5.73% (from 5.03% in Mr. Gatewood's testimony).

Q. Although you are correcting the record for the Evergy holding company cost of debt, you still recommend the Commission reject Mr. Gatewood's recommended capital structure for EKC, correct?

A. Yes, I do. The Commission should accept EKC's submitted March 31, 2025, actual capital structure of 52.05% equity capitalization as discussed and presented by Ms. Bulkley and supported by the direct and rebuttal testimonies of myself, Ms. Bulkley and Mr. Ives, and the rebuttal testimony of Ms. Nelson.

Q. Does that conclude your rebuttal testimony?

A. Yes.

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Geoffrey Ley, being duly sworn upon his oath deposes and states that he is the Vice President, Corporate Planning and Treasurer, for Evergy, Inc., that he has read and is familiar with the foregoing Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Geoffrey Ley

Subscribed and sworn to before me this 3rd day of July 2025.

Leslie R. Wines
Notary Public

My Appointment Expires May 30, 2026

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
MY APPT. EXPIRES 5/30/2026

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed, this 3rd day of July 2025, to all parties of record as listed below:

USD 259
903 South Edgemoor Room 113
Wichita, KS 67218

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067-0017
jflaherty@andersonbyrd.com

ELIZABETH A. BAKER, ATTORNEY AT LAW
BAKER, STOREY, & WATSON
1603 SW 37TH STREET
TOPEKA, KS 66611
ebaker@bakerstorey.com

NICK SMITH, MANAGER OF KANSAS REGULATION
BLACK HILLS ENERGY CORPORATION
601 North Iowa Street
Lawrence, KS 66044
nick.smith@blackhillscorp.com

ROB DANIEL, Director of Regulatory
BLACK HILLS/KANSAS GAS UTILITY COMPANY LLC D/B/A Black Hills Energy
601 NORTH IOWA STREET
LAWRENCE, KS 66044
rob.daniel@blackhillscorp.com

DOUGLAS LAW, ASSOCIATE GENERAL COUNSEL
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC D/B/A BLACK HILLS ENERGY
1731 WINDHOEK DRIVE
LINCOLN, NE 68512
douglas.law@blackhillscorp.com

KURT J. BOEHM, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
kboehm@bkllawfirm.com

JODY KYLER COHN, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
jkylercohn@bkllawfirm.com

JOSEPH R. ASTRAB, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Joseph.Astrab@ks.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Todd.Love@ks.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Shonda.Rabb@ks.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Della.Smith@ks.gov

MELISSA M. BUHRIG, Exec. Vice President, Gen. Counsel & Secretary
CVR REFINING CVL, LLC
2277 Plaza Dr., Ste. 500
Sugar Land, TX 77479
mmbuhrig@CVREnergy.com

JASON T GRAY, ATTORNEY
DUNCAN & ALLEN
1730 Rhode Island Ave., NW
Suite 700
Washington, DC 20036
jtg@duncanallen.com

Justin Bieber
ENERGY STRATEGIES, LLC
PARKSIDE TOWERS
215 S STATE ST STE 200
SALT LAKE CITY, UT 84111
jbieber@energystrat.com

CATHRYN J. DINGES, SR DIRECTOR &

REGULATORY AFFAIRS COUNSEL
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
Cathy.Dinges@evergy.com

LESLIE WINES, Sr. Exec. Admin. Asst.
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
leslie.wines@evergy.com

COLE A BAILEY, CORPORATE COUNSEL DIRECTOR
EVERGY KANSAS SOUTH, INC. D/B/A EVERGY KANSAS CENTRAL
818 S KANSAS AVE, PO Box 889
TOPEKA, KS 66601-0889
cole.bailey@evergy.com

DARRIN IVES, VP - REGULATORY AFFAIRS
EVERGY METRO, INC D/B/A EVERGY KANSAS METRO
One Kansas City Place
1200 Main St., 19th Floor
Kansas City, MO 64105
DARRIN.IVES@EVERGY.COM

RONALD A. KLOTE, DIRECTOR, REGULATORY AFFAIRS
EVERGY METRO, INC D/B/A EVERGY KANSAS METRO
ONE KANSAS CITY PLACE
1200 MAIN, 19TH FLOOR
KANSAS CITY, MO 64105
ronald.klote@evergy.com

DAVID BANKS, CEM, CEP
FLINT HILLS ENERGY CONSULTANT
117 S PARKRIDGE
WICHITA, KS 67209
david@fheconsultants.net

DANIEL J BULLER, ATTORNEY
FOULSTON SIEFKIN LLP
7500 COLLEGE BOULEVARD, STE 1400
OVERLAND PARK, KS 66201-4041
dbuller@foulston.com

MOLLY E MORGAN, ATTORNEY
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
mmorgan@foulston.com

LEE M SMITHYMAN, ATTORNEY
FOULSTON SIEFKIN LLP
7500 COLLEGE BOULEVARD, STE 1400
OVERLAND PARK, KS 66201-4041
lsmithyman@foulston.com

C. EDWARD WATSON, ATTORNEY
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
CEWATSON@FOULSTON.COM

JAMES P ZAKOURA, ATTORNEY
FOULSTON SIEFKIN LLP
7500 COLLEGE BOULEVARD, STE 1400
OVERLAND PARK, KS 66201-4041
jzakoura@foulston.com

JAKE MILLER, COUNSEL
GRISSOM MILLER LAW FIRM LLC
1600 GENESSEE STREET
STE 460
KANSAS CITY, MO 64102
JAKE@GRISSOMMILLER.COM

Constance Chan, Senior Category Manager - Electricity & Business Travel
HF SINCLAIR EL DORADO REFINING LLC
2323 Victory Ave. Ste 1400
Dalla, TX 75219
constance.chan@hfsinclair.com

Jon Lindsey, Corporate Counsel
HF SINCLAIR EL DORADO REFINING LLC
550 E. South Temple
Salt Lake City, UT 84102
jon.lindsey@hfsinclair.com

CHRIS UBEL, BUSINESS MANAGER
IBEW LOCAL UNION NO. 304
3906 NW 16TH STREET
TOPEKA, KS 66615

BRIAN G. FEDOTIN, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Brian.Fedotin@ks.gov

PATRICK HURLEY, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION

1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Patrick.Hurley@ks.gov

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Carly.Masenthin@ks.gov

LORNA EATON, MANAGER OF RATES AND REGULATORY AFFAIRS
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W 129TH STREET
OVERLAND PARK, KS 66213
lorna.eaton@onegas.com

LORNA EATON, MANAGER RATES & REGULATORY - OKE01026
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W 129TH STREET
OVERLAND PARK, KS 66213
invoices@onegas.com

ROBERT E. VINCENT, MANAGING ATTORNEY
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W. 129TH STREET
OVERLAND PARK, KS 66213
robert.vincent@onegas.com

VALERIE SMITH, ADMINISTRATIVE ASSISTANT
MORRIS LAING EVANS BROCK & KENNEDY
800 SW JACKSON
SUITE 1310
TOPEKA, KS 66612-1216
vsmith@morrislaing.com

TREVOR WOHLFORD, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY
800 SW JACKSON
SUITE 1310
TOPEKA, KS 66612-1216
twohlford@morrislaing.com

GLENDA CAFER, MORRIS LAING LAW FIRM
MORRIS LAING EVANS BROCK & KENNEDY CHTD
800 SW JACKSON STE 1310
TOPEKA, KS 66612-1216
gcafer@morrislaing.com

RITA LOWE, PARALEGAL
MORRIS LAING EVANS BROCK & KENNEDY CHTD
300 N MEAD STE 200
WICHITA, KS 67202-2745
rlowe@morrislaing.com

WILL B. WOHLFORD, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY CHTD
300 N MEAD STE 200
WICHITA, KS 67202-2745
wwohlford@morrislaing.com

TIM OPITZ
OPITZ LAW FIRM, LLC
308 E. HIGH STREET
SUITE B101
JEFFERSON CITY, MO 65101
tim.opitz@opitzlawfirm.com

ANNE E. CALLENBACH, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
acallenbach@polsinelli.com

FRANK A. CARO, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
fcaro@polsinelli.com

JARED R. JEVONS, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
JJEVONS@POLSINELLI.COM

Greg Wright
Priority Power Mgt.
12512 Augusta Dr
Kansas City, KS 66109
gwright@prioritypower.com

KACEY S MAYES, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
ksmayes@twgfirm.com

TIMOTHY E. MCKEE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
TEMCKEE@TWGFIRM.COM

JOHN J. MCNUTT, General Attorney

U.S. ARMY LEGAL SERVICES AGENCY
REGULATORY LAW OFFICE
9275 GUNSTON RD., STE. 1300
FORT BELVOIR, VA 22060-5546
john.j.mcnutt.civ@army.mil

KEVIN K. LACHANCE, CONTRACT LAW ATTORNEY
UNITED STATES DEPARTMENT OF DEFENSE
ADMIN & CIVIL LAW DIVISION
OFFICE OF STAFF JUDGE ADVOCATE
FORT RILEY, KS 66442
kevin.k.lachance.civ@army.mil

KEVIN K. LACHANCE, CONTRACT LAW ATTORNEY
UNITED STATES DEPARTMENT OF DEFENSE
ADMIN & CIVIL LAW DIVISION
OFFICE OF STAFF JUDGE ADVOCATE
FORT RILEY, KS 66442
kevin.k.lachance.civ@army.mil

/s/ Cathy Dinges
Cathy Dinges