

Evergy Missouri West, Inc.

**Unaudited Consolidated Financial Statements and Management's Narrative Analysis
of the Results of Operations for the Three Months Ended
March 31, 2023 and 2022**

EVERGY MISSOURI WEST, INC.

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GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report.

<u>Abbreviation or Acronym</u>	<u>Definition</u>
AAO	Accounting authority order
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AROs	Asset retirement obligations
BSER	Best system of emission reduction
CAA	Clean Air Act Amendments of 1990
CCN	Certificate of Convenience and Necessity
CCRs	Coal combustion residuals
CO₂	Carbon dioxide
CPP	Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
ELG	Effluent limitations guidelines
EPA	Environmental Protection Agency
Evergy	Evergy, Inc.
Evergy Kansas Central	Evergy Kansas Central, Inc., a wholly-owned subsidiary of Evergy
Evergy Metro	Evergy Metro, Inc., a wholly-owned subsidiary of Evergy
Evergy Missouri West	Evergy Missouri West, Inc., a wholly-owned subsidiary of Evergy
February 2021 winter weather event	Significant winter weather event in February 2021 that resulted in extremely cold temperatures over a multi-day period across much of the central and southern United States
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
KDHE	Kansas Department of Health & Environment
MECG	Midwest Energy Consumers Group
MDNR	Missouri Department of Natural Resources
MPSC	Public Service Commission of the State of Missouri
NAAQS	National Ambient Air Quality Standards
NAV	Net asset value
OCI	Other comprehensive income
OPC	Office of the Public Counsel
SERP	Supplemental Executive Retirement Plan
SIP	State implementation plan
SPP	Southwest Power Pool, Inc.

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31	December 31
	2023	2022
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2.7	\$ 2.2
Receivables, net of allowance for credit losses of \$3.8 and \$5.2, respectively	42.5	49.5
Related party receivables	2.0	1.9
Accounts receivable pledged as collateral	50.0	50.0
Fuel inventory and supplies	96.1	82.7
Income taxes receivable	20.4	14.0
Regulatory assets	174.0	198.8
Prepaid expenses and other assets	8.8	9.4
Total Current Assets	396.5	408.5
PROPERTY, PLANT AND EQUIPMENT, NET	3,274.3	3,237.2
OTHER ASSETS:		
Regulatory assets	707.6	718.4
Goodwill	351.6	351.6
Other	22.5	21.9
Total Other Assets	1,081.7	1,091.9
TOTAL ASSETS	\$ 4,752.5	\$ 4,737.6

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31	December 31
	2023	2022
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 10.0	\$ 10.0
Notes payable and commercial paper	605.5	449.2
Collateralized note payable	50.0	50.0
Accounts payable	48.1	120.3
Related party payables	130.0	213.8
Accrued taxes	20.7	7.3
Accrued interest	13.7	11.1
Regulatory liabilities	29.6	28.0
Asset retirement obligations	2.1	2.1
Other	8.8	9.5
Total Current Liabilities	918.5	901.3
LONG-TERM LIABILITIES:		
Long-term debt, net	1,286.9	1,287.2
Deferred income taxes	455.5	445.7
Unamortized investment tax credits	2.5	2.5
Regulatory liabilities	304.3	327.6
Retirement benefits	17.2	17.0
Asset retirement obligations	22.7	22.5
Other	18.8	18.7
Total Long-Term Liabilities	2,107.9	2,121.2
Commitments and Contingencies (Note 7)		
EQUITY:		
Common shareholder's equity		
Common stock-1,000 shares authorized, \$0.01 par value, 10 shares issued, stated value	1,457.7	1,457.7
Retained earnings	266.2	255.2
Accumulated other comprehensive income	2.2	2.2
Total Shareholder's Equity	1,726.1	1,715.1
TOTAL LIABILITIES AND EQUITY	\$ 4,752.5	\$ 4,737.6

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Comprehensive Income
(Unaudited)

Three Months Ended March 31	2023	2022
	(millions)	
OPERATING REVENUES	\$ 222.1	\$ 193.7
OPERATING EXPENSES:		
Fuel and purchased power	104.9	75.2
Operating and maintenance	41.6	45.7
Depreciation and amortization	38.1	27.6
Taxes other than income tax	13.2	13.9
Total Operating Expenses	197.8	162.4
INCOME FROM OPERATIONS	24.3	31.3
OTHER INCOME (EXPENSE):		
Investment earnings	6.2	0.6
Other income	0.2	1.0
Other expense	(2.2)	(4.0)
Total Other Income (Expense), Net	4.2	(2.4)
Interest expense	20.5	10.6
INCOME BEFORE INCOME TAXES	8.0	18.3
Income tax expense (benefit)	(3.0)	1.4
NET INCOME	\$ 11.0	\$ 16.9
COMPREHENSIVE INCOME		
NET INCOME	\$ 11.0	\$ 16.9
OTHER COMPREHENSIVE INCOME		
Defined benefit pension plans		
Amortization of net losses (gains) included in net periodic benefit costs	(0.1)	0.1
Income tax expense	0.1	—
Amortization of net losses included in net periodic benefit costs, net of tax	—	0.1
Change in unrecognized pension expense, net of tax	—	0.1
Total other comprehensive income	—	0.1
COMPREHENSIVE INCOME	\$ 11.0	\$ 17.0

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Cash Flows
(Unaudited)

Three Months Ended March 31	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(millions)	
Net income	\$ 11.0	\$ 16.9
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	38.1	27.6
Net deferred income taxes and credits	3.4	8.0
Allowance for equity funds used during construction	—	(0.9)
Payments for asset retirement obligations	(0.1)	(0.3)
Changes in working capital items:		
Accounts receivable	7.0	(0.6)
Fuel inventory and supplies	(13.4)	(5.9)
Prepaid expenses and other current assets	26.9	(16.1)
Accounts payable	(95.5)	(56.6)
Accrued taxes	7.0	7.2
Other current liabilities	6.5	2.6
Change in other assets	(8.6)	5.2
Changes in other liabilities	(5.6)	5.3
Cash Flows used in Operating Activities	<u>(23.3)</u>	<u>(7.6)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(71.4)	(131.7)
Cash Flows used in Investing Activities	<u>(71.4)</u>	<u>(131.7)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	156.3	(151.3)
Proceeds from long-term debt	—	247.4
Retirements of long-term debt	—	(100.0)
Net money pool borrowings	(60.5)	(57.0)
Equity contribution	—	200.0
Other financing activities	(0.6)	—
Cash Flows from Financing Activities	<u>95.2</u>	<u>139.1</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.5	(0.2)
CASH AND CASH EQUIVALENTS:		
Beginning of period	2.2	1.8
End of period	<u>\$ 2.7</u>	<u>\$ 1.6</u>

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Changes in Equity
(Unaudited)

	Common stock shares	Common stock	Retained earnings	AOCI - Defined benefit pension plans	Total equity
	(millions, except share amounts)				
Balance as of December 31, 2021	10	\$ 1,257.7	\$ 194.8	\$ (2.1)	\$ 1,450.4
Net income	—	—	16.9	—	16.9
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Equity contribution	—	200.0	—	—	200.0
Balance as of March 31, 2022	10	\$ 1,457.7	\$ 211.7	\$ (2.0)	\$ 1,667.4
Balance as of December 31, 2022	10	\$ 1,457.7	\$ 255.2	\$ 2.2	\$ 1,715.1
Net income	—	—	11.0	—	11.0
Balance as of March 31, 2023	10	\$ 1,457.7	\$ 266.2	\$ 2.2	\$ 1,726.1

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.**Notes to Unaudited Consolidated Financial Statements**

The term "Evergy Missouri West" is used throughout this report and refers to Evergy Missouri West, Inc. and its consolidated subsidiaries, unless otherwise indicated. Evergy Missouri West is a wholly-owned subsidiary of Evergy, Inc. (Evergy). Evergy also owns Evergy Metro, Inc. (Evergy Metro) and Evergy Kansas Central, Inc. (Evergy Kansas Central), both integrated, regulated electric utilities.

1. ORGANIZATION AND BASIS OF PRESENTATION**Organization**

Evergy Missouri West is an integrated, regulated electric utility that provides electricity to customers in the state of Missouri. Evergy Missouri West conducts business in its service territory using the name Evergy.

Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information. Accordingly, these unaudited consolidated financial statements do not include all of the information and notes required by GAAP for annual financial statements and should be read in conjunction with Evergy Missouri West's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

These unaudited consolidated financial statements, in the opinion of management, reflect all normal recurring adjustments necessary to fairly present the unaudited consolidated financial statements of Evergy Missouri West for these interim periods. In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Principles of Consolidation

Evergy Missouri West's unaudited consolidated financial statements include the accounts of its subsidiaries. Undivided interests in jointly-owned generation facilities are included on a proportionate basis. Intercompany transactions have been eliminated.

Subsequent events have been evaluated through May 12, 2023, the date the unaudited consolidated financial statements were available to be issued.

Fuel Inventory and Supplies

Evergy Missouri West records fuel inventory and supplies at average cost. The following table separately states the balances for fuel inventory and supplies.

	March 31 2023	December 31 2022
	(millions)	
Fuel inventory	\$ 34.3	\$ 24.5
Supplies	61.8	58.2
Fuel inventory and supplies	\$ 96.1	\$ 82.7

Property, Plant and Equipment

The following table summarizes Evergy Missouri West's property, plant and equipment.

	March 31 2023	December 31 2022
	(millions)	
Electric plant in service	\$ 4,533.7	\$ 4,499.9
Accumulated depreciation	(1,396.4)	(1,381.7)
Plant in service, net	3,137.3	3,118.2
Construction work in progress	137.0	119.0
Property, plant and equipment, net	\$ 3,274.3	\$ 3,237.2

Other Income (Expense), Net

The table below shows the detail of other expense for Evergy Missouri West.

Three Months Ended March 31	2023	2022
	(millions)	
Non-service cost component of net benefit cost	\$ (2.0)	\$ (3.8)
Other	(0.2)	(0.2)
Other expense	\$ (2.2)	\$ (4.0)

Supplemental Cash Flow Information

Three Months Ended March 31	2023	2022
	(millions)	
Cash paid for (received from):		
Interest, net of amounts capitalized	\$ 17.7	\$ 10.2
Non-cash investing transactions:		
Property, plant and equipment additions	16.3	42.1

Renewable Generation Investment

In August 2022, Evergy Missouri West entered into an agreement with a renewable energy development company to purchase for approximately \$250 million an operational wind farm located in the state of Oklahoma with a generating capacity of approximately 199 MW. Pursuant to the agreement, Evergy Missouri West is permitted to assign its right to purchase the wind farm to another entity, including to other Evergy affiliated companies.

Evergy Missouri West's purchase is subject to regulatory approvals and closing conditions, including the granting of a Certificate of Convenience and Necessity (CCN) by the Public Service Commission of the State of Missouri (MPSC). In April 2023, the MPSC issued a final order granting the CCN pursuant to certain conditions related to the sharing of operational costs between ratepayers and shareholders.

Evergy Missouri West is currently evaluating the assignment of its right to purchase the wind farm to Evergy Kansas Central, which has included the purchase of the wind farm in its rate case application to the State Corporation Commission of the State of Kansas (KCC) which was filed in April 2023. The purchase of the wind farm is expected to close in the second quarter of 2023.

2. REVENUE

Evergy Missouri West's revenues disaggregated by customer class are summarized in the following table.

Three Months Ended March 31	2023	2022
Revenues	(millions)	
Residential	\$ 108.5	\$ 95.8
Commercial	76.0	64.3
Industrial	22.2	20.7
Other retail	4.3	2.3
Total electric retail	\$ 211.0	\$ 183.1
Wholesale	1.9	0.7
Transmission	1.4	5.1
Industrial steam and other	7.5	4.6
Total revenue from contracts with customers	\$ 221.8	\$ 193.5
Other	0.3	0.2
Operating revenues	\$ 222.1	\$ 193.7

3. RECEIVABLES

Evergy Missouri West's receivables are detailed in the following table.

	March 31 2023	December 31 2022
	(millions)	
Customer accounts receivable - billed	\$ 4.7	\$ 8.9
Customer accounts receivable - unbilled	35.2	40.0
Other receivables	6.4	5.8
Allowance for credit losses	(3.8)	(5.2)
Total	\$ 42.5	\$ 49.5

As of March 31, 2023 and December 31, 2022, other receivables for Evergy Missouri West included receivables from contracts with customers of \$1.3 million and \$0.9 million, respectively.

The change in Evergy Missouri West's allowance for credit losses is summarized in the following table.

	2023	2022
	(millions)	
Beginning balance January 1	\$ 5.2	\$ 6.7
Credit loss expense	(0.7)	(1.2)
Write-offs	(1.3)	(1.4)
Recoveries of prior write-offs	0.6	0.7
Ending balance March 31	\$ 3.8	\$ 4.8

Sale of Accounts Receivable

Evergy Missouri West sells an undivided percentage ownership interest in its retail electric accounts receivable to an independent outside investor. This sale is accounted for as a secured borrowing with accounts receivable pledged as collateral and a corresponding short-term collateralized note payable recognized on the balance sheets. At March 31, 2023 and December 31, 2022, Evergy Missouri West's accounts receivable pledged as collateral and the corresponding short-term collateralized note payable were \$50.0 million. Evergy Missouri West's receivable sales facility expires in 2024 and allows for \$50.0 million in aggregate outstanding principal amount of borrowings from mid-November through mid-June and then \$65.0 million from mid-June through mid-November.

4. RATE MATTERS AND REGULATION

MPSC Proceedings

February 2021 Winter Weather Event Securitization

In February 2021, much of the central and southern United States, including the service territory of Evergy Missouri West, experienced a significant winter weather event that resulted in extremely cold temperatures over a multi-day period (February 2021 winter weather event).

In November 2022, the MPSC issued a revised financing order authorizing Evergy Missouri West to issue securitized bonds to recover its extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. As part of this order, the MPSC found that Evergy Missouri West's costs were prudently incurred, that it should only be allowed to recover 95% of its extraordinary fuel and purchased power costs consistent with the 5% sharing provision of its fuel recovery mechanism, that it should be allowed to recover carrying costs incurred since February 2021 at Evergy Missouri West's long-term debt rate of 5.06% and approved a 15 year repayment period for the bonds with a 17 year legal maturity. As of March 31, 2023 and December 31, 2022, the value of Evergy Missouri West's February 2021 winter weather event regulatory asset was \$313.0 million and \$309.0 million, respectively. Evergy Missouri West will continue to record carrying charges on its February 2021 winter weather event regulatory asset until it issues the securitized bonds.

In January 2023, the Office of the Public Counsel (OPC) filed an appeal with the Missouri Court of Appeals, Western District, challenging the financing order regarding the treatment of income tax deductions, carrying costs and discount rates related to the financing of the extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. A final nonappealable financing order is required prior to the issuance of securitized bonds. A decision by the Missouri Court of Appeals, Western District, is currently expected in the second half of 2023, though the timeline for the decision is uncertain.

5. SHORT-TERM BORROWINGS AND SHORT-TERM BANK LINES OF CREDIT

Evergy's \$2.5 billion master credit facility expires in 2026. Evergy Missouri West has borrowing capacity under the master credit facility with a current sublimit of \$700.0 million. This sublimit can be unilaterally adjusted by Evergy provided the sublimit remains within minimum and maximum sublimits as specified in the facility. The applicable interest rates and commitment fees of the facility are subject to upward or downward adjustments, within certain limitations, if Evergy achieves, or fails to achieve, certain sustainability-linked targets based on two key performance indicator metrics: (i) Non-Emitting Generation Capacity and (ii) Diverse Supplier Spend (as defined in the facility).

A default by Evergy Missouri West or one of its significant subsidiaries on other indebtedness totaling more than \$100.0 million constitutes a default by Evergy Missouri West under the facility. Under the terms of this facility, Evergy Missouri West is required to maintain a total indebtedness to total capitalization ratio, as defined in the facility, of not greater than 0.65 to 1.00 at all times. As of March 31, 2023, Evergy Missouri West was in compliance with this covenant.

At March 31, 2023, Evergy Missouri West had \$605.5 million of commercial paper outstanding at a weighted-average interest rate of 5.42%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility. At December 31, 2022, Evergy Missouri West had \$449.2 million of commercial paper outstanding at a weighted-average interest rate of 4.84%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility.

6. FAIR VALUE MEASUREMENTS

GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy levels. Further explanation of these levels is summarized below.

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on public exchanges.

Level 2 - Pricing inputs are not quoted prices in active markets but are either directly or indirectly observable. The types of assets and liabilities included in Level 2 are certain marketable debt securities or financial instruments traded in less than active markets.

Level 3 - Significant inputs to pricing have little or no transparency. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation.

Evergy Missouri West records cash and cash equivalents, accounts receivable and short-term borrowings on its consolidated balance sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Fair Value of Long-Term Debt

Evergy Missouri West measures the fair value of long-term debt using Level 2 measurements available as of the measurement date. The book value and fair value of Evergy Missouri West's long-term debt is summarized in the following table.

	March 31, 2023		December 31, 2022	
	Book Value	Fair Value	Book Value	Fair Value
	(millions)			
Long-term debt ^(a)	\$ 1,296.9	\$ 1,194.9	\$ 1,297.2	\$ 1,155.8

^(a)Includes current maturities.

Supplemental Executive Retirement Plan

At March 31, 2023 and December 31, 2022, Evergy Missouri West's SERP rabbi trusts included \$9.3 million and \$9.2 million of core bond funds, respectively. The core bond funds are Level 1 investments.

7. COMMITMENTS AND CONTINGENCIES

Environmental Matters

Set forth below are descriptions of contingencies related to environmental matters that may impact Evergy Missouri West's operations or its financial results. Management's assessment of these contingencies, which are based on federal and state statutes and regulations, and regulatory agency and judicial interpretations and actions, has evolved over time. These laws, regulations, interpretations and actions can also change, restrict or otherwise impact Evergy Missouri West's operations or financial results. The failure to comply with these laws, regulations, interpretations and actions could result in the assessment of administrative, civil and criminal penalties and the imposition of remedial requirements. Evergy Missouri West believes that all of its operations are in substantial compliance with current federal, state and local environmental standards.

There are a variety of final and proposed laws and regulations that could have a material adverse effect on Evergy Missouri West's operations and consolidated financial results. Due in part to the complex nature of environmental laws and regulations, Evergy Missouri West is unable to assess the impact of potential changes that may develop with respect to the environmental contingencies described below.

Clean Air Act - Startup, Shutdown and Malfunction (SSM) Regulation

In 2015, the Environmental Protection Agency (EPA) issued a final rule addressing how state implementation plans (SIPs) can treat excess emissions during SSM events. This rule was referred to as the 2015 SIP Call Rule. The rule required 36 states to submit SIP revisions by November 2016 to remove certain exemptions and other discretionary enforcement provisions that apply to excess emissions during SSM events. Legal challenges ensued and the case was eventually placed in abeyance. In December 2021, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit) restarted the litigation and oral arguments were held in March 2022. An additional case was also taking place in the U.S. District Court for the Northern District of California (District Court of Northern California) and in June 2022, the District Court of Northern California entered a final consent decree establishing deadlines for the EPA to take final action on SIP revisions that were submitted in response to the 2015 SIP Call Rule. Deadlines for 26 states and air districts, including Kansas, Missouri and Oklahoma, are listed in the final consent decree. Final action from the EPA could result in required SIP revisions in Oklahoma, Kansas and Missouri which could have a material impact on Evergy Missouri West. If the D.C. Circuit overturns the EPA's 2015 SIP Call Rule, the final consent decree's deadlines will no longer be valid.

Mercury and Air Toxics Standards (MATS)

In April 2023, the EPA released a proposal to tighten certain aspects of the MATS rule. The EPA is proposing to lower the emission limit for particulate matter (PM), require the use of PM continuous emissions monitors (CEMS) and lower the mercury emission limit for lignite coal-fired electric generating units (EGUs). The EPA is also soliciting comment on further strengthening of the PM emission limitation. Due to uncertainty regarding final actions on the MATS rule, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with the emission limitations as proposed do not appear to be material.

Ozone Interstate Transport State Implementation Plans (ITSIP)

In 2015, the EPA lowered the Ozone National Ambient Air Quality Standards (NAAQS) from 75 ppb to 70 ppb. Impacted states were required to submit ITSIPs in 2018 to comply with the "Good Neighbor Provision" of the Clean Air Act (CAA). The EPA did not act on these ITSIP submissions by the deadline established in the CAA and entered consent decrees establishing deadlines to take final action on various ITSIPs. In February 2022, the EPA published a proposed rule to disapprove of ITSIPs submitted by nineteen states including Missouri and Oklahoma. In April 2022, the EPA published a final approval of the Kansas ITSIP in the Federal Register. MDNR submitted a supplemental ITSIP to the EPA on November 1, 2022. In February 2023, the EPA published a final rule disapproving the ITSIPs submitted by 19 states, including the final disapproval of the Missouri and Oklahoma ITSIPs. In April 2023, the Attorneys General of Missouri and Oklahoma filed Petitions for Review in the U.S. 8th and 10th Circuit Courts of Appeals, respectively, challenging the EPA disapproval.

Ozone Interstate Transport Federal Implementation Plans (ITFIP)

In April 2022, the EPA published in the Federal Register the proposed ITFIP to resolve outstanding "Good Neighbor" obligations with respect to the 2015 Ozone NAAQS for 26 states including Missouri and Oklahoma. This ITFIP would establish a revised Cross-State Air Pollution Rule (CSAPR) ozone season nitrogen oxide (NO_x) emissions trading program for electric generating units (EGUs) beginning in 2023 and would limit ozone season NO_x emissions from certain industrial stationary sources beginning in 2026. The proposed rule would also establish a new daily backstop NO_x emissions rate limit for applicable coal-fired units larger than 100 MW, as well as unit-specific NO_x emission rate limits for certain industrial emission units, and would feature "dynamic" adjustments of emission budgets for EGUs beginning with ozone season 2025. The proposed ITFIP includes reductions to the state ozone season NO_x budgets for Missouri and Oklahoma beginning in 2023 with additional reductions in future years. Evergy Missouri West provided formal comments as part of the rulemaking process. In March 2023, the EPA issued the final ITFIPs for twenty-three states, including Missouri and Oklahoma. While Evergy Missouri West is continuing to evaluate the impacts of the ITFIP, there are uncertainties beginning in 2030 regarding the implementation of dynamic budgeting and reduced banking that could have an impact on its operations and the cost to comply could be material.

Particulate Matter and Ozone National Ambient Air Quality Standards

In January 2023, the EPA proposed strengthening the primary annual PM_{2.5} (particulate matter less than 2.5 microns in diameter) NAAQS. The EPA is proposing to lower the primary annual PM_{2.5} NAAQS from 12.0 µg/m³ (micrograms per cubic meter) to a level that would be between 9.0 and 10.0 µg/m³. The EPA is proposing to retain the other PM NAAQS at their current levels. The EPA is also in the process of reconsidering its December 2020 decision to retain each of the Ozone NAAQS at the level set in 2015. Due to uncertainty regarding the potential lowering of the ozone and PM_{2.5} NAAQS, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with lower future ozone or PM_{2.5} NAAQS could be material.

Regional Haze Rule

In 1999, the EPA finalized the Regional Haze Rule which aims to restore national parks and wilderness areas to pristine conditions. The rule requires states in coordination with the EPA, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. There are 156 "Class I" areas across the U.S. that must be restored to pristine conditions by the year 2064. There are no Class I areas in Kansas, whereas Missouri has two: the Hercules-Glades Wilderness Area and the Mingo Wilderness Area. States must submit revisions to their Regional Haze Rule SIPs every ten years and the first round was due in 2007. For the second ten-year implementation period, the EPA issued a final rule revision in 2017 that allowed states to submit their SIP revisions by July 31, 2021. The Missouri SIP revision does not require any additional reductions from Evergy Missouri West's generating units in the state. MDNR submitted the Missouri SIP revision to the EPA in August 2022, however, they failed to do so by the EPA's revised submittal deadline of August 15, 2022. As a result, on August 30, 2022, the EPA published "finding of failure" with respect to Missouri and fourteen other states for failing to submit their Regional Haze SIP revisions by the applicable deadline. This finding of failure established a two-year deadline for the EPA to issue a Regional Haze federal implementation plan (FIP) for each state unless the state submits and the EPA approves a revised SIP that meets all applicable requirements before the EPA issues the FIP. The Kansas SIP revision was placed on public notice in June 2021 and requested no additional emission reductions by electric utilities based on the significant reductions that were achieved during the first implementation period. The EPA provided comments on the Kansas SIP revision in June 2021 that each state is statutorily required to conduct a "four-factor analysis" on at least two sources within the state to help determine if further emission reductions are necessary. The EPA also stated it would be difficult to approve the Kansas SIP revision if at least two four-factor analyses are not conducted on Kansas emission sources. The Kansas Department of Health and Environment (KDHE) submitted the Kansas SIP revision in July 2021. If a Kansas generating unit of Evergy Missouri West is selected for analysis, the possibility exists that the state or the EPA, through a revised SIP or a FIP, could determine that additional operational or physical modifications are required on the generating unit to further reduce emissions. The overall cost of those modifications could be material to Evergy Missouri West. In March 2023, several environmental organizations notified the EPA of their intent to sue for failure of the EPA to timely approve or disapprove of the SIP revisions submitted by Kansas and seven other states.

Greenhouse Gases

Burning coal and other fossil fuels releases carbon dioxide (CO₂) and other gases referred to as greenhouse gases (GHG). Various regulations under the CAA limit CO₂ and other GHG emissions, and in addition, other measures are being imposed or offered by individual states, municipalities and regional agreements with the goal of reducing GHG emissions. In May 2023, the EPA proposed GHG regulations that would apply to new and existing EGUs.

Due to uncertainty regarding the future of the EPA's GHG regulations, Evergy Missouri West cannot determine the impacts on its operations or consolidated financial results, but the cost to comply with potential GHG rules could be material.

Water

Evergy Missouri West discharges some of the water used in generation and other operations containing substances deemed to be pollutants. A November 2015 EPA rule applicable to steam-electric power generating plants establishes effluent limitations guidelines (ELG) and standards for wastewater discharges, including limits on the amount of toxic metals and other pollutants that can be discharged. Implementation timelines for this 2015 rule

vary from 2018 to 2023. In April 2019, the U.S. Court of Appeals for the 5th Circuit (5th Circuit) issued a ruling that vacated and remanded portions of the original ELG rule. Due to this ruling, the EPA announced a plan in July 2021 to issue a proposed rule in the fall of 2022 to address the vacated limitations for legacy wastewater and landfill leachate. This proposed rule was issued in pre-publication format published in the Federal Register in March 2023. This proposed rulemaking establishes the requirement for zero liquid discharge of flue gas desulfurization (FGD) wastewater and bottom ash transport water as well as additional restrictions on coal combustion residual landfill leachate. Legacy wastewater is addressed in the proposal but referred to state regulators to enforce limitations according to the permit writers' best professional judgement. Evergy Missouri West has reviewed the proposed modifications to limitations on FGD wastewater and bottom ash transport water and if the regulation is finalized as proposed, Evergy Missouri West does not believe the impact to be material. Modifications for best available technology economically available for the discharge of landfill leachate could be material if the rulemaking is finalized as proposed.

In August 2021, based on an order issued by the U.S. District Court for the District of Arizona, which vacated and remanded the EPA's 2020 Navigable Waters Protection Rule (NWPR), the EPA and the U.S. Army Corps of Engineers announced that they had halted implementation of the NWPR nationwide, and were interpreting "Waters of the United States" consistent with the regulatory regime that was in place prior to 2015. In December 2021, the EPA and the Department of the Army published a proposed rule that would formally repeal the NWPR and revise the definition of "Waters of the United States." In December 2022, the EPA and the Department of the Army issued a final rule establishing a definition for "Waters of the United States." The final rule was published in the federal register in January 2023 and took effect in March 2023. A case is also pending in the Supreme Court regarding the proper scope of "Waters of the United States" that could affect the final rule. Evergy Missouri West is reviewing the final rulemaking and awaiting the Supreme Court's decision. The impact on Evergy Missouri West's operations or consolidated financial results are not expected to be material.

Regulation of Coal Combustion Residuals

In the course of operating its coal generation plants, Evergy Missouri West produces coal combustion residuals (CCRs), including fly ash, gypsum and bottom ash. The EPA published a rule to regulate CCRs in April 2015 that requires additional CCR handling, processing and storage equipment and closure of certain ash disposal units. In January 2022, the EPA published proposed determinations for facilities that filed closure extensions for unlined or clay-lined CCR units. These proposed determinations include various interpretations of the CCR regulations and compliance expectations that may impact all owners of CCR units. These interpretations could require modified compliance plans such as different methods of CCR unit closure. Additionally, more stringent remediation requirements for units that are in corrective action or forced to go into corrective action are possible. In April 2022, the Utility Solid Waste Activities Group (USWAG) and other interested parties filed similar petitions in the D.C. Circuit challenging the EPA's legal positions regarding the CCR rule determinations proposed in January 2022. Some CCR units at Sibley Station have moved into corrective action. The cost to comply with these proposed determinations by the EPA could be material.

Evergy Missouri West has recorded AROs for its current estimates for the closure of ash disposal ponds and landfills, but the revision of these AROs may be required in the future due to changes in existing CCR regulations, the results of groundwater monitoring of CCR units or changes in interpretation of existing CCR regulations or changes in the timing or cost to close ash disposal ponds and landfills. The revision of AROs for regulated operations has no income statement impact due to the deferral of the adjustments through a regulatory asset. If revisions to these AROs are necessary, the impact on Evergy Missouri West's operations or consolidated financial results could be material.

8. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In the normal course of business, Evergy Missouri West, Evergy Kansas Central and Evergy Metro engage in related party transactions with one another. A summary of these transactions and the amounts associated with them is provided below.

Jointly-Owned Plants and Shared Services

Evergy Missouri West has no employees of its own. Employees of Evergy Kansas Central and Evergy Metro manage Evergy Missouri West's business and operate its facilities at cost, including Evergy Missouri West's 8% ownership interest in Jeffrey Energy Center (JEC), operated by Evergy Kansas Central, and an 18% ownership interest in Iatan Nos. 1 and 2, operated by Evergy Metro. Employees of Evergy Kansas Central and Evergy Metro also provide Evergy Missouri West with shared service support, including costs related to human resources, information technology, accounting and legal services.

The operating expenses and capital costs billed for jointly-owned plants and shared services are detailed in the following table.

Three Months Ended March 31	2023	2022
	(millions)	
Evergy Kansas Central billings to Evergy Missouri West	\$ 6.2	\$ 7.4
Evergy Metro billings to Evergy Missouri West	26.8	32.7

Affiliated Financing

Evergy Missouri West is authorized to participate in the Evergy, Inc. money pool, which is an internal financing arrangement in which funds may be lent on a short-term basis between Evergy Missouri West, Evergy Metro, Evergy Kansas Central and Evergy, Inc. Evergy, Inc. can lend but not borrow under the money pool.

As of March 31, 2023, Evergy Missouri West had no outstanding receivables or payables under the money pool. As of December 31, 2022, Evergy Missouri West had no outstanding receivables and \$29.5 million and \$31.0 million of outstanding payables to Evergy, Inc. and Evergy Metro, respectively, under the money pool.

Evergy Missouri West also has access to certain equity financing support from its parent company, Evergy, Inc. in the circumstance that such support would be needed.

Related Party Net Receivables and Payables

The following table summarizes Evergy Missouri West's related party net payables.

	March 31 2023	December 31 2022
	(millions)	
Net payable to Evergy	\$ 37.6	\$ 67.0
Net payable to Evergy Kansas Central	5.9	7.4
Net payable to Evergy Metro	84.5	137.5

Tax Allocation Agreement

Evergy files a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of income or loss. As of March 31, 2023 and December 31, 2022, Evergy Missouri West had income taxes receivable from Evergy of \$20.4 million and \$14.0 million, respectively.

9. TAXES

Components of income tax expense are detailed in the following table.

Three Months Ended March 31	2023	2022
Current income taxes	(millions)	
Federal	\$ (6.1)	\$ (6.2)
State	(0.3)	(0.4)
Total	(6.4)	(6.6)
Deferred income taxes		
Federal	4.7	7.4
State	(1.3)	0.6
Total	3.4	8.0
Income tax expense (benefit)	\$ (3.0)	\$ 1.4

Effective Income Tax Rates

Effective income tax rates reflected in the financial statements and the reasons for the differences from the statutory federal rates are detailed in the following table.

Three Months Ended March 31	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %
Effect of:		
State income taxes	(17.2)	1.3
Flow through depreciation for plant-related differences	(41.9)	(13.4)
Federal tax credits	(0.6)	(0.1)
AFUDC equity	—	(1.0)
Other	0.5	0.1
Effective income tax rate	(38.2)%	7.9 %

Evergy Missouri West, Inc. Management's Narrative Analysis of the Results of Operations

Year to Date March 2023 vs. 2022

Earnings Variances

		Change (millions)	
2022 Net income	\$	16.9	
		<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)		(1.3)	A
Operating and maintenance		4.1	B
Depreciation and amortization		(10.5)	C
Taxes other than income tax		0.7	
Total Other Income (Expense), Net		6.6	D
Interest expense		(9.9)	E
Income tax expense (benefit)		4.4	F
2023 Net income	\$	11.0	

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in net income -- Favorable/(Unfavorable)

- A Due primarily to lower retail sales driven by warmer winter weather in 2023; partially offset by higher weather-normalized demand - (\$4.8M); and a decrease in transmission revenue - (\$3.6M); partially offset by an increase from new Evergy Missouri West retail rates effective in January 2023 - \$7.1M.
- B Due primarily to excess maintenance reserve previously recorded related to Sibley Station and ordered to be refunded to customers as part of Evergy Missouri West's 2022 rate case - \$1.9M; and a decrease in various administrative and general operating and maintenance expenses primarily driven by lower regulatory amortizations as a result of Evergy Missouri West's 2022 rate case - \$1.1M.
- C Due primarily to capital additions - (\$6.7M) and a change in depreciation rates as a result of Evergy Missouri West's 2022 rate case effective in January 2023 - (\$3.8M).
- D Due primarily to an increase in interest and dividend income primarily driven by an increase in carrying charges related to Evergy Missouri West's costs associated with the February 2021 winter weather event to be recovered through securitization financing - \$5.6M.
- E Due primarily to an increase in interest expense on short-term borrowings primarily due to higher short-term debt balances and weighted-average interest rates in 2023 - (\$7.0M).
- F Due primarily to lower pre-tax income in 2023 - \$2.7M and flow-through items primarily driven by higher amortization of excess deferred income taxes - \$2.4M.

The Notes to Evergy Missouri West's Unaudited Consolidated Financial Statements for the period ended March 31, 2023 should be read in conjunction with this financial information.

Evergy Missouri West, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results		
Three Months Ended March 31	2023	2022
	(dollars in millions)	
Operating revenues	\$ 222.1	\$ 193.7
Fuel and purchased power	104.9	75.2
Operating and maintenance	41.6	45.7
Depreciation and amortization	38.1	27.6
Taxes other than income tax	13.2	13.9
Income from operations	24.3	31.3
Other income (expense), net	4.2	(2.4)
Interest expense	20.5	10.6
Income tax expense (benefit)	(3.0)	1.4
Net income	11.0	16.9
Reconciliation of gross margin (GAAP) to utility gross margin (non-GAAP):		
Operating revenues	222.1	193.7
Fuel and purchased power	(104.9)	(75.2)
Operating and maintenance ^(a)	(16.5)	(15.9)
Depreciation and amortization	(38.1)	(27.6)
Taxes other than income tax	(13.2)	(13.9)
Gross margin (GAAP)	49.4	61.1
Operating and maintenance ^(a)	16.5	15.9
Depreciation and amortization	38.1	27.6
Taxes other than income tax	13.2	13.9
Utility gross margin (non-GAAP)	117.2	118.5
Revenues		
	(dollars in millions)	
Residential	108.5	95.8
Commercial	76.0	64.3
Industrial	22.2	20.7
Other retail revenues	4.3	2.3
Total electric retail	211.0	183.1
Wholesale revenues	1.9	0.7
Transmission	1.4	5.1
Other	7.8	4.8
Operating revenues	222.1	193.7
Electricity Sales		
	(MWh in thousands)	
Residential	960	1,003
Commercial	833	809
Industrial	345	344
Other retail revenues	5	6
Total electric retail	2,143	2,162
Wholesale revenues	151	100
Total electricity sales	2,294	2,262

^(a)Operating and maintenance expenses which are deemed to be directly attributable to revenue-producing activities include plant operating and maintenance expenses at generating units and transmission and distribution operating and maintenance expenses and have been separately presented in order to calculate gross margin as defined under GAAP. These amounts exclude general and administrative expenses not directly attributable to revenue-producing activities of \$25.1 million and \$29.8 million year to date March 31, 2023 and 2022, respectively.

Evergy Missouri West, Inc.
Non-GAAP Measures

Utility Gross Margin (non-GAAP)

Utility gross margin (non-GAAP) is a financial measure that is not calculated in accordance with GAAP. Utility gross margin (non-GAAP), as used by Evergy Missouri West, is defined as operating revenues less fuel and purchased power costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. Evergy Missouri West's definition of utility gross margin (non-GAAP) may differ from similar terms used by other companies.

Utility gross margin (non-GAAP) is intended to aid an investor's overall understanding of results. Management believes that utility gross margin (non-GAAP) provides a meaningful basis for evaluating Evergy Missouri West's operations across periods because utility gross margin (non-GAAP) excludes the revenue effect of fluctuations in fuel and purchased power costs. Utility gross margin (non-GAAP) is used internally to measure performance against budget and in reports for management and the Evergy Missouri West Board of Directors. Utility gross margin (non-GAAP) should be viewed as a supplement to, and not a substitute for, gross margin, which is the most directly comparable financial measure prepared in accordance with GAAP. Gross margin under GAAP is defined as the excess of sales over cost of goods sold.

Utility gross margin (non-GAAP) differs from the GAAP definition of gross margin due to the exclusion of operating and maintenance expenses determined to be directly attributable to revenue-producing activities, depreciation and amortization and taxes other than income tax. See Financial Results, Revenue and Sales above for a reconciliation of utility gross margin (non-GAAP) to gross margin, the most comparable GAAP measure, for the three months ended March 31, 2023 and 2022.