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EVRG.OQ - Q2 2025 Evergy Inc Earnings Call

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

**Pete Flynn** *Evergy Inc - Director, Investor Relations*

**David Campbell** *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

**Bryan Buckler** *Evergy Inc - Executive Vice President, Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Nathan Richardson** *Barclays Services Corp - Analyst*

**Tanner James** *Jefferies LLC - Analyst*

**Travis Miller** *Morningstar Inc - Analyst*

**Paul Patterson** *Glenrock Associates LLC - Analyst*

**Ryan Levine** *Citi Infrastructure Investments LLC - Analyst*

## PRESENTATION

### Operator

Good day, and thank you for standing by. Welcome to the Q2 2025 Evergy, Inc., earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Peter Flynn, Senior Director of Investor Relations and Insurance. Please go ahead.

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### **Pete Flynn** - *Evergy Inc - Director, Investor Relations*

Thank you, Shannon. Good morning, everyone. Welcome to Evergy's second-quarter 2025 earnings conference call. Our webcast slides and supplemental financial information are available on our Investor Relations website at [investors.evergy.com](https://investors.evergy.com).

Today's discussion will include forward-looking information. Slide 2 in the disclosures in our SEC filings contain a list of some of the factors that could cause future results to differ materially from our expectations. They also include additional information on our non-GAAP financial measures.

Joining us on today's call are David Campbell, Chairman and Chief Executive Officer; and Bryan Buckler, Executive Vice President and Chief Financial Officer. David will cover second-quarter highlights and provide updates on economic development activities, recent regulatory outcomes, and our generation plans. Bryan will cover in more detail our second-quarter results, retail sales trends, and our financial outlook. Other members of management are with us and will be available during the Q&A portion of the call.

I will now turn the call over to David.

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### **David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Thanks, Pete, and good morning, everyone.

I will begin on slide 5. This morning, we are pleased to report second-quarter adjusted earnings of \$0.82 per share, exceeding our internal budget for the quarter and overcoming approximately \$0.09 of unfavorable weather. Our results through June put us on target for the midpoint of full-year 2025 adjusted EPS guidance of \$3.92 to \$4.12 per share. Bryan will discuss the year-over-year quarterly earnings drivers in more details in his remarks.

In terms of reliability, we have demonstrated strong performance through the first half of the year. Our average outage duration or frequency, as measured by SAIDI and SAIFI, are trending favorably relative to our targets, demonstrating the benefits of our continued grid investments and the hard work of our transmission and distribution teams. I'd also like to recognize our generation team for the strong operational performance of the nuclear, fossil, and renewable fleet during the first six months of the year.

We achieved several important regulatory milestones in the second quarter, demonstrating the collaborative regulatory environments in which we operate. In Kansas, the Kansas Corporation Commission approved settlement agreements and our predetermination requests to construct new natural gas plants and a solar farm, and we filed a unanimous settlement agreement in our Kansas Central rate case.

In Missouri, the Missouri Public Service Commission approved settlement agreements for our certificates of convenience and necessity, or CCNs, for new natural gas plants and two solar farms. These outcomes reflect continued success in finding broad-based alignment with stakeholders to support economic development and advance our all-of-the-above generation strategy, always with a focus on our strategic pillars of affordability, reliability, and sustainability for our customers and communities.

We are reaffirming our long-term growth target of 4% to 6% through 2029 based on the 2025 midpoint of \$4.02 per share. From 2026 to 2029, we anticipate being in the top half of this guidance range relative to the 2025 baseline, with significant additional tailwinds from potential large new customers and investments to serve them.

Moving on to slide 6. We were pleased to reach a unanimous settlement agreement with stakeholders in our pending Kansas Central rate case, which, if approved by the KCC, would provide a balanced outcome for customers and for all parties. The settlement provides for a net revenue increase of \$128 million. While the black-box settlement does not explicitly address return on equity or capital structure, it specifies a 9.7% return on equity to be utilized in transmission delivery charge filings.

The settlement also includes the provision implementing earnings review surveillance reports. Beginning in March of next year and until the next rate case, Evergy will file annually a surveillance report detailing Kansas Central's earned return. Similar to the mechanism in place after the 2018 merger, if our earned return is higher than authorized, excess earnings will be shared 50-50 between customers and the company. While the returns at Kansas Central have historically been below authorized levels, this provision reflects the potential for improvement in earned ROEs as Panasonic ramps up its production.

If approved, we believe this settlement achieves a balanced outcome. And as we enter a new era of growth and investment, we remain committed to affordability and reliability. There is a clear need to invest in grid modernization to replace aging infrastructure and support reliability, as well as the new generation resources that support higher capacity margin requirements in the Southwest Power Pool and coincide with load ramps from potential large new customers. These load profiles will allow us to spread system costs over a broader base.

Appropriately timing our requests to recover our investments remains critical to our success as a company, and we will continue to be thoughtful in our pace of capital expenditures relative to our peers and in relation to load growth coming onto our system. We'd like to thank KCC staff, curb, industrial customers, and many others for their participation and willingness to work toward this agreement. We anticipate an order from the KCC by September 29.

Slide 7 describes our expanding 15-gigawatt-plus economic development pipeline in greater detail. Reflecting the geographic advantages of our region, the overall pipeline is strong in both Kansas and Missouri. We are well positioned to continue to track economic development. Relative to our size, our backlog is one of the most robust in the country, a testament to the competitiveness and vitality of our states.

Focusing on the top three categories from the pipeline, we outline a 4- to 6-gigawatt opportunity of new large customer load that represents the most active part of our queue. Serving these customers will provide regional and community benefits in Kansas and Missouri through a robust digital economy, construction jobs, permanent jobs, and a significantly expanded tax base. And by attracting and serving these large load customers, we can further enhance affordability by distributing system costs across a broader load base.

Our team is working closely with these customers to develop and implement transmission and generation solutions to serve their expected ramp rates over the coming years. We are confident that we will be successful in winning and serving a large portion of this queue which will, in turn, transform the size and growth of our company and enhance the economic prosperity of our region.

The remaining balance of our pipeline of over 10 additional gigawatts demonstrates the significant activity and continued strong interest in Kansas and Missouri. Many of these customers have acquired land or land rights, completed their site plans, and are engaging in capacity studies with our utility companies and are eager to move up in our queue.

Slide 8 takes a closer look at the 4 to 6 gigawatts in our Tier 1 large customer load pipeline. Beginning with the actively building category, two of these customers, Panasonic and Meta, have now completed construction and are ramping up their facilities. Third customer is making steady progress through a heavy construction phase and expects to commence operations in the first half of 2026. Based on the latest schedules from these customers, we continue to anticipate peak demand of 1.1 gigawatts, with 500 megawatts online by 2029, supporting our estimated demand forecast of 2% to 3% through 2029.

Regarding Panasonic, we were excited to attend their grand opening in July in DeSoto, Kansas. Their facility stands as the largest EV battery factory in the world. Many of you may have seen headlines from various news outlets regarding production targets and timelines for Panasonic. Importantly, Panasonic's latest schedule is substantially consistent with the load ramp reflected in our existing five-year forecast.

Moving to the finalizing agreements category, we are in the final stages of negotiations with large customers for two data center projects representing 1 to 1.5 gigawatts of peak load. In the first half of 2025, we executed various service agreements with significant financial commitments and credit support from these customers. We are very excited about the economic development that these customers will deliver to our region and remain on track to share our announcements regarding their plans later this year. Subject to final agreements and project announcements, we expect to see an impact on our demand growth from these customers in 2027 and 2028 and into the next decade, potentially raising the overall company demand forecast of 4% to 5% through 2029.

We also remain in advanced discussions with multiple customers whose load would represent approximately 2 to 3.5 gigawatts of peak demand. Although these customer projects aren't as far along as others in the pipeline, they have already secured land or land rights, shared site plans, and in some cases, reached letters of agreement and provided financial commitments to move the evaluation forward.

Overall, we see an incredible level of interest in our service territories and we are making progress with potential new large customers across all stages of discussions. Each category reflects strong customer interest and increasing commitments that will empower growth, investment, and drive prosperity and affordability for our region.

We achieved several important regulatory milestones that I'll describe in more detail on slide 9. As previously discussed, we anticipate an order on our unanimous Kansas Central rate case settlement by September 29. On July 7, the KCC approved settlement agreements in our predetermination requests to own partial shares of two new combined cycle natural gas units and a solar farm at Kansas Central. These projects were identified in our IRP preferred plan and reflect our all-of-the-above approach to meeting growing customer demand and capacity margin requirements in the SPP. We're excited to advance the construction phase and appreciate the feedback and dialog with interveners throughout the approval process.

In our Kansas large load power service tariff proceeding, we continue advanced settlement discussions. Staff recently requested an extension for several dates on the procedural schedule to facilitate continued dialog. If the new schedule is approved, KCC staff and intervener testimony would be due August 25, with a second settlement agreement date of September 22, followed by hearings running October 8 and 9.

Pivoting to Missouri, the Missouri Public Service Commission approved settlements for our CCN requests related to two solar farms, partial ownership and two combined cycle natural gas units, and full ownership of a simple cycle natural gas plant. We'd like to thank MPSC staff, OPC, and other interveners for their collaboration. We believe these projects form a cost-effective package of reliable energy solutions for our customers, and this positive outcome demonstrates alignment with the Public Service Commission's interest in securing additional generation resources for our Missouri utilities.

Similar to Kansas, the large load power service tariff proceeding in Missouri continues to progress. [Server bottle] testimony is due by September 12, followed by a settlement conference on September 23, and hearings from September 29 to October 3. We look forward to ongoing collaboration with the parties as we work toward a solution that supports economic development and is fair and reasonable for all customers.

On slide 10, we highlight legislation and regulatory mechanisms that firmly position Kansas and Missouri as premier destinations for infrastructure investment in support of new advanced manufacturing facilities and data centers. The PISA and natural gas CWIP provisions serve to mitigate regulatory lag and support our strong credit profile as we execute on our long-term capital investment plan, while data center incentives packages bolster the business-friendly environments for which Kansas and Missouri are already known, which have been instrumental in attracting new customers.

All told, the supportive backdrop will continue to attract investment of major industry players and prove that Kansas and Missouri are top destinations for new business and growth. For our part, Evergy remains committed to investing to provide safe, affordable, and reliable electric service to our 1.7 million existing customers and the new customers we are bringing online. All of our stakeholders stand to benefit from this unprecedented economic development and investment opportunity.

On slide 11, we provide a summary of our new generation resources under development in Kansas and Missouri. Overall, our approach is aligned with our 2025 IRP preferred plan. It reflects an all-of-the-above strategy for new generation development that will allow Evergy to take advantage of best-in-class efficiency and ensure a balanced generation portfolio for current and future generations of Kansas and Missouri customers. These projects will expand the tax base of our communities and bring both construction and permanent jobs in our local economies. These investments are critical to ensuring we can affordably and reliably serve our customers and support growth in our region.

Regarding impacts of the One Big Beautiful Bill Act, we believe that we are well positioned to realize the solar tax credits for the benefit of our customers on all three of our approved solar farms. For future unannounced renewables projects that were identified in our 2025 IRP, over the balance of the year, we will continue to evaluate a robust set of options, including the results of our pending all-source RFP. As part of this review, we will also assess the additional natural gas and storage additions that were identified in the most recent IRP, as well as retirement timelines.

Our expectations for the Go Forward plan will be reflected in the capital plan update that we will provide during the year-end call in February and in future IRP updates. As we develop solutions to meet the generation capacity needs of our customers, we are committed to a flexible approach that evaluates multiple scenarios and incorporates stakeholder feedback, with an ultimate goal of ensuring reliability and affordability for our customers.

I'll conclude my remarks with slide 12, which highlights the core tenets of our strategy. By prioritizing affordability, we contribute to a robust economic development pipeline ahead of us and lay the groundwork for continued support of the substantial economic potential within our states. Ensuring reliability is also a core element of our strategy, as reflected by SAIDI and SAIFI, grid resiliency, and generation fleet availability. This also includes a focus on metrics relating to customer service, safety in all facets of our operations, and infrastructure investment.

With respect to sustainability, about half the power generated by Evergy comes from emission-free resources. Since 2005, we have reduced carbon emissions by 57% and reduced sulfur dioxide and nitrogen oxide emissions by 98% and 90%, respectively. Our integrated resource plan embraces an all-of-the-above strategy for future resource additions, supporting a responsible transition of our generation portfolio. We look forward to continuing to advance a balanced mix of resource additions over the coming years as part of our constant focus on affordability, reliability, and sustainability.

I will now turn the call over to Bryan.

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**Bryan Buckler** - *Evergy Inc - Executive Vice President, Chief Financial Officer*

Thank you, David. Thank you, Pete. And good morning, everyone. I'll start by saying this was a quarter of strong execution. And given our results through June, we are firmly on plan and forecasting to be at the midpoint of our \$3.92 to \$4.12 of adjusted EPS guidance.

Let's now begin on slide 14 with a review of our results for the quarter. For the second quarter of 2025, Evergy delivered adjusted earnings of \$191 million, or \$0.82 per share, compared to \$207 million, or \$0.90 per share, in the second quarter of 2024. As we disclosed in our first-quarter slides, we had forecasted approximately \$0.76 to \$0.84 of adjusted EPS for the second quarter of 2025, and thus our results for this quarter came in a bit higher than the midpoint of our forecast, overcoming the mild weather.

As shown on the slide from left to right, the year-over-year drivers are as follows. First, a cooler start to the summer led to a 26% decrease in cooling degree days, which drove a \$0.15 decrease in EPS when compared to the prior year. By normalizing weather in both Q2 2024 and Q2 2025, you can see we experienced solid year-over-year total company earnings growth in second quarter 2025.

Next, the net impact of pricing and weather normalized demand, which grew 1.4%, added \$0.08 per share. Recovery of and return on regulated investments contributed \$0.09 of EPS, driven by new rates in Missouri West that were effective in January of this year.

Higher O&M drove a \$0.05 variance in EPS compared to Q2 2024. It is important to note that O&M came in on plan in the second quarter, and we expect to come in under budget for O&M for the full year 2025. Infrastructure investment resulted in higher depreciation and interest expense, leading to a \$0.07 decrease in EPS. And finally, other items netted to a positive \$0.02 variance.

I'd also like to touch on our decision to exit our Evergy Ventures business that holds small, non-regulated investments in early-stage clean energy and energy solution companies. This business was launched in 2015, and the majority of investment commitments were made in the first five years. Given Evergy's focus on our regulated utilities, we have made limited new investments in recent years, and in the second quarter, we initiated a process to sell the portfolio.

We recorded losses related to these investments of approximately \$0.08 in the second quarter, which are excluded from adjusted earnings. The remaining book value of these investments was approximately \$100 million as of June 30, and cash proceeds from the sale of this portfolio will be used to reduce holding company debt. Importantly, we assume no annual earnings contributions from these investments in our five-year plan.

Turning to slide 15, I'll provide more detail on our sales trends. On the left-hand side of the screen, you'll see weather normalized demand increased by 1.4% in the second quarter as compared to last year. This growth was primarily driven by increases in both residential and commercial usage. Looking ahead, we continue to expect strong commercial load growth for the remainder of the year, supported by Meta's data center ramping its operations.

Additionally, as David mentioned earlier, Panasonic's latest load ramp schedule remains largely consistent with our assumptions in our five-year forecast, which should support a pickup in industrial demand through the balance of the year. In fact, for the month of June, we saw a year-over-year increase in industrial sales, which we hope portends well for the rest of 2025.

I will close on slide 16 with a recap of our long-term financial expectations. As I previously mentioned, with solid second-quarter results and strong operational execution through the first half of the year, we are reaffirming our 2025 adjusted EPS guidance range of \$3.92 to \$4.12. And with normal weather the remainder of the year, we believe we are on track to achieve the midpoint of that range.

We are also reaffirming our long-term adjusted EPS growth target of 4% to 6% through 2029, and we continue to expect to grow in the top half of that range off of the 2025 adjusted midpoint of \$4.02. And I want to reiterate that we continue to see strong tailwinds to our forecast, including potential additional large customer announcements. Lastly, we expect to provide an update on our five-year load forecast, capital and financing plans, and our earnings outlook on our year-end call in February.

Evergy's employees and leaders remain focused on consistent business execution of our operational and financial goals as we advance our strategic objectives of affordability, reliability, and sustainability for our customers.

And with that, we will open up the call for your questions.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Nicholas Campanella, Barclays.

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### Nathan Richardson - Barclays Services Corp - Analyst

Hi, everybody. Good morning. It's Nathan Richardson on for Nick. I was just wondering if you could expand a little bit on how you're thinking about the timing to derisk equity needs beyond '25. And would you do something this year, like a forward or something along those lines, if you saw the opportunity?

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### David Campbell - Evergy Inc - Chairman of the Board, President, Chief Executive Officer

Sure. I'll open and hand it to Bryan. You'll recall from our last quarter call that we described that no planned equity raise in 2025 and roughly \$600 million per year in '26 and '27. And we laid out in this slide deck, again, the anticipated cumulative \$2.8 billion need. Obviously, we've seen that our peers have used a variety of tools, including ATMs and others. So we think we have a lot of flexibility in how we approach it. We'll probably continue to think about it in terms of that size and timeline.

But Bryan, anything you'd add?

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### Bryan Buckler - Evergy Inc - Executive Vice President, Chief Financial Officer

Yeah. No, I think that's absolutely right. We have been patient accessing the equity markets until we made progress on our 2025 initiatives and continue to feel confident in the tailwinds for our stock valuation. But as David said, all that being said, we'll consider chipping away at our equity needs in the months ahead, kind of under our preferred routable ATM program that would have forward sales. And as David mentioned, just as a reminder, we have no need to settle equity here in 2025.

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### Nathan Richardson - Barclays Services Corp - Analyst

Thank you. That's helpful. And then on Panasonic, you mentioned in the prepared remarks that the schedule is on track with your expectations. But if they were to not ramp within your expectations, how could that impact 4% to 5% load growth? And is that still achievable if they were to ramp at a lower level than you expect currently?

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### David Campbell - Evergy Inc - Chairman of the Board, President, Chief Executive Officer

So I attended the grand opening of Panasonic in July. It's an extremely impressive facility. They describe it as the largest EV battery plant in the world. And having seen it, I believe it.

Our forecast is in line with what they've described with us recently and affirmed. It's a very big investment that they've made. So obviously, they want to start generating from there. But to get at your question, we've got, as we've described, a very robust economic development pipeline. And when you look across the broad set of our customer base, we've only included in our forward outlook and the guidance we've provided up to now a 2% to 3% of load growth through 2029. We've described how the second category of customers, finalizing agreements, if we add those, would get us to 4% to 5% that we have not yet included them in our forward outlook.

So overall, what I describe is that we've got a lot of tailwinds overall with respect to demand growth potential. And any given customer, if it has a shift in its ramp rates or otherwise, we've got a robust portfolio and a lot of customers in the queue, of course, who are standing ready and eager,

hoping to move up if they can. But overall, I described that we see tailwinds for overall load forecast on M-size. And what we've included up to now is only the 2% to 3% load growth through '29.

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**Nathan Richardson** - *Barclays Services Corp - Analyst*

Understood. Thank you very much for the time.

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**Operator**

Julien Smith, Jefferies.

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**Tanner James** - *Jefferies LLC - Analyst*

Hi, team. This is Tanner on for Julien. Good morning. Just a question here on the balance of the large load customer pipeline. You point to the potential to address a portion of that 10 gig before 2030. Is the governing factor here the expected development timelines of the customers within this portion of the pipeline? Or is it your ability to process and serve? Thank you.

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

It's kind of a balance to both what I described, because a number of these customers -- well, first, we're obviously focused on the 4 to 6 gigawatts that we described and the Tier 1 large load customers. These are complicated, often multi-billion-dollar facilities, so there's a lot of work that we've advanced and that they've advanced in moving these forward. So partially, this is a stage of development reflecting the different parts of our queue, and partly it's based on who we've kind of advanced to further up in the queue.

But different customers may, for example, be bringing with them potential generation resources, the more flexibility they have, that raises potential. So I describe it as the first 4 to 6 gigawatts are the ones we're in the most advanced discussions there. We've reached agreements with them. They're advancing their infrastructure. We're advancing ours. They've posted significant financial commitments to us with significant credit support.

And the remainder of the pipeline are folks who stand ready if, for whatever reason -- we don't expect it to happen -- if any of those customers are unable to move forward. But the more flexibility they bring, the more resource potential they have, that's potential upside from there.

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**Tanner James** - *Jefferies LLC - Analyst*

Great. And then just lastly, on the earnings review surveillance with the Kansas Central rate case, as you're improving your earned return profile in the state, prospectively, should we view this kind of 50-50 proportionate share for over-earnings as precedent-setting for future proceedings? Or is this a near-term mechanism for this very current high-load growth stage you're in?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

It's an astute question. So it is -- the way the mechanism formally works is it's established between now and the next rate case. So within the four walls of the agreement, it applies between the next rate case. Sort of inarguably, it is a settlement and it reflects a precedent. It doesn't mean that it's going to dictate what's going forward.

What I say is a positive is that historically, Kansas Central has been a jurisdiction that has not achieved its authorized returns. It's had some lag. And in the post-merger phase, for example, we had a mechanism like this in place that didn't end up being operative for Kansas Central because it

wasn't earning. So it would be a real positive for that jurisdiction to achieve its authorized levels. So it's a win-win for all concerned if we end up in a 50-50 sharing posture.

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**Tanner James** - *Jefferies LLC - Analyst*

Fantastic. Thank you very much.

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**Operator**

Travis Miller, Morningstar.

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**Travis Miller** - *Morningstar Inc - Analyst*

Good morning. Thank you. Just a quick one, I think, in terms of the numbers. The 8.5% rate base growth, does that now include those gas plants and solar? Or is there upside to 8.5%?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

So it's a good question. The 8.5% reflects the rate base growth associated with the \$17.5 billion capital plan that we've laid out, and the details of that by year are laid out in the appendix. You'll see that the relative share of that capital plan is a little more weighted towards the out years as we ramp up some of our investments.

But relative to our most recent integrated resource plan, it only includes a discrete number of investments. And to make that clear to everyone, we've actually laid it out on the slide. It's on slide 21, which lays out the different generation projects in our IRP, and there's actually a column specifying whether it's in the capital plan or not. And as I described, and as Bryan mentioned, as we get to the end of the year, we finalize agreements with additional customers. We'll also finalize the plans relating to what investments are required to serve them. We'll look at the retirement scenarios that were also included in the last IRP, because it's a little bit different environment for some of the assumptions relating to retirements as well.

But overall, we expect as part of the year-end update and the year-end call in February to talk about our new load forecast, the incremental investments that will be required to serve them, so it's part of an updated five-year capital plan, and the related earnings impact. So there's -- it'll change some from what's on the slide in 21, because we'll look at that full set of inputs.

But as Bryan described, there's significant additional tailwinds with respect to load growth, and there'll be investments to serve that load. And overall, it's a great story, we think, for the prosperity of our region, the growth of our company, and the growth of our communities.

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**Travis Miller** - *Morningstar Inc - Analyst*

Okay. So just to summarize here, if I'm looking at those two slides, the gas plants and the solar plants are included.

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

The ones for which -- yeah, the ones for which we received predetermination, favorable outcome, and predetermination. Yeah, those are in there. And some other plants that have not yet gone through the proceedings are also included in the plan. The bulk of the resources that haven't yet gone through approvals are not yet in the plan.

**Travis Miller** - *Morningstar Inc - Analyst*

Okay, very good. And then just conceptually, and I know you're going to -- you've said multiple times here that you'll update all this. But just conceptually, the difference between that 8.5% rate base growth and the 4% to 6% EPS growth, is there a big piece missing? And obviously, there's a finance drag, but should we anticipate an update that brings those closer, obviously the earnings going up?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah. We've described that from this year onward, we expect to be in the top half of the 4% to 6% range. You'll see in our capital plan, as I mentioned, that the level of capital investment ramps '27, '28, '29 in particular. That's also laid out year by year in the appendix in slide 22. So our overall average 8.5% rate base growth is higher. That's the average rate, but it's lower in the early years and higher in the out years.

So it's partly a reflection of our earnings growth target. We haven't described kinks in the line or otherwise. But we do think, as Bryan described, between the additional customers, we'll see the investments to serve them, some tailwinds that we are hopeful we'll be able to describe in that year-end call, all reflecting growth and opportunities for our customers and communities.

So it's a dynamic that reflects sort of the pacing and schedule of capital investments and our wanting to make sure we've got high confidence that we're achieving them and having, we've shown an integrated growth rate. But we look forward to giving you an update on that in the year-end call.

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**Travis Miller** - *Morningstar Inc - Analyst*

Sure. Okay. I appreciate that. And then one higher level one, you've got a couple different moving parts here in terms of the load coming on. Now, you've got this pretty good site on the generation build. At what point is the system -- does this now balance the entire system? You perhaps said the generation shortage, maybe you had a demand over coming on faster than expected. Do you now see the system balanced over the next three to four years?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Well, we're in a really dynamic environment. So obviously, even in a range of 4 to 6 gigawatts, we're a company that total peak demand in the summer is in the 10.5-gigawatt range. So even a 2-gigawatt range is a pretty dynamic element.

So we have a really thorough process in our company of looking at the related long-term elements that are going to be important for that balance. So total customer load, generation needed to serve, the transmission and distribution infrastructure to serve; those are three parallel long lead time paths that you want to get synced up. And I think we've got a robust process for looking at it. So yes, we anticipate what we described in the year-end call is going to reflect a balanced approach to serve the announced customers that we've seen. And we've built some flexibility in our system to accommodate the ranges that might result.

But that's the magic of the situation we're in. That's the reason why we're hired to do the jobs we do is to strike that balance. It's was a simpler process when load growth was 0.5% to 1% a year as it was for -- we were fortunate to have growth, but in some jurisdictions was flat. Now, it's a more dynamic environment with the level of growth we're seeing. But we absolutely believe that we can achieve that balance.

But we also know that we have to stay nimble and work with our customers at the same time to strike that balance. Because one of the exciting things is that customers, and you've seen one of our large customers announced, for example, a renewables investment they were supporting at the time. If we line up the capacity for it, that allows some balancing even as we work with our customers on it. And that will be an important feature, particularly for the folks who are in the balance of our pipeline as we look at options.

So yes, it's a system that will be in balance, but it's certainly a dynamic environment. But we believe that we have a plan, a robust plan that will be able to ensure that we can serve the new customers that come on.

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**Travis Miller** - *Morningstar Inc - Analyst*

Sure thing. Yes. No, I appreciate it. That's all I had. Thanks.

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**Operator**

Paul Patterson, Glenrock Associates.

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**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Hey. Good morning. On the large load slides that you provided, I'm just sort of wondering, in the finalizing agreements, I guess in advanced discussions, how much do these large load proceedings, the tariff ones, that the respective commissions play into the finalizing? Or how should we think of the pipeline and the potential impact? I noticed the staff, and I think it was Missouri, wasn't completely on board. I know you guys are in discussions, or it sounds like you guys are.

Somy question sort of is, A, how much do these large loads look at this thing as sort of a gating factor? And then B, how do you think about the settlement discussions that are underway in respective commissions?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

That's a great question, Paul. We are far advanced in discussions with, especially the customers in the actively building category, but also in the finalizing agreements category. We disclosed that we've had \$200 million of financial commitments from the customers in the finalizing agreements category. So they are advancing significant work, or advancing significant work with backing from the customer.

So it's not a gating item to starting anything. I think it's an important input, fair to say. We described it that way really for the last couple of calls. We always expected announcements from these additional customers by year-end, because one of the inputs they're looking at is a large load of power service tariff proceeding. But as you know from the broader environment that we're working under in the US, there's such high demand for power infrastructure to support data centers that they're not waiting, they're moving forward and we're seeing significant activity and the financial backing to support it on their side and supporting the work we're doing. So it's an important input, as it would be for any customer, but the work's advancing in parallel.

We still anticipate announcements by year-end, and we think one of the inputs to that timeline is the proceedings. We are in settlement discussions that are active in the Kansas side, promising discussions. And we laid out the schedule in the script and in the slides as to when those will proceed, but we think the discussions have been constructive and we're certainly going to push forward and seek to find a settlement.

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**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Okay, and Missouri is pretty similar?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

It is. Kansas is a little ahead in the settlement discussion timeline. If neither side reaches settlements, then the hearings will start getting on a pretty parallel path, but Kansas is first in terms of settlement discussion timeline.

**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Okay. And then with respect to renewables, I'm just wondering, as you know, there's been a lot of activity from the new administration in various agencies. Is there any of the stuff that's approved that's subject to any additional federal permitting or approvals, whether it's the Department of Interior, Transportation? If you follow me, it seems like there's a considerable effort at the administration that seems to be calling at least some of these projects into question, and it seems somewhat aggressive, frankly. So I'm just wondering if you could comment on how your projects are in that slide vis-a-vis --

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Sure. Vis-a-vis the OBBBA and federal?

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**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Well, vis-a-vis the federal activity that we're seeing. In other words, I mean, if there's any sort of permitting or approval process at any of the respective agencies, and with respect to the Treasury, I guess we'll find out what kind of guidance they're going to be giving. I'm sure you guys are aware of that as well. So just how should we think about that and your pipeline?

It sounds like the stuff that you guys haven't, that's in the RFP process, et cetera, if I'm not wrong, is very flexible on. I mean, if things change, things change, and you'll address them accordingly. But I'm just sort of wondering about the stuff that sort of is kind of in the birthing process, for lack of a better word.

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah. We believe that the three solar projects that have been approved in the Kansas and Missouri proceedings will qualify under the OBBBA, given the work that's already advanced, so we believe they'll qualify under the rules. So the other projects that are listed on slide 21 in the renewables category, as you noted, and as I mentioned in my comments, we do think we have a robust set of options, so we'll respond to the evolving rules.

The executive order dictated a follow-up later this summer, so we'll see what comes out from the federal government and what the eligibility is. We have a range of projects that we think would qualify, but we've got some alternatives. And as you know, storage, for example, is -- it's got a little more likely to have more qualification criteria, so it's possible if the rules come out, there'll be more of a balance towards storage.

Our plan has got a pretty diverse mix, so we'll respond to what the rules are. We do feel good about those three solar projects that have been approved, and we think we've got a robust set of options to respond. So with respect to our forward plan, even in consideration of some of the uncertainties relating to renewables, we feel good about the prospects for serving large customers and the tailwinds overall with respect to the potential and the investments that will be needed to serve those customers and the overall impact on the plan.

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**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Okay. And so with respect to those solar projects that are approved, there's no more federal approvals or permitting or anything associated with that. Is that correct?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah. We believe they qualify under the rules they stand now, and I will not -- I suppose it's possible those could continue to evolve. But given the terms of the OBBBA and even of the executive order, we believe those three projects qualify. Of course, we'll respond to the environment, but we feel good about those three projects. And for the rest of the project, we'll respond to what the rules are, and we've got a lot of alternatives.

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**Paul Patterson** - *Glenrock Associates LLC - Analyst*

Awesome. Thanks so much, guys.

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**Operator**

Amber Zhao, Citi.

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**Ryan Levine** - *Citi Infrastructure Investments LLC - Analyst*

Hey. It's Ryan Levine with Citi. A couple quick questions just around your gas generation build-out. What's the labor ramp and EPC strategy for the new gas generation building? And any color you can share around confidence to achieve the COD target?

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**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

So we have -- some of those terms are confidential, but we're working with a leading EPC provider, and we feel good about our contractual terms and the overall approach to building these plants that were part of the predetermination process and laying those out and work closely with that EPC provider in their labor strategy. They're very seasoned, play with a lot of experience in building plants across the US.

We benefit in our region from access to a skilled workforce, a prospective workforce. And geographically, we're positioned in sort of the epicenter of EPC capability as Black & Veatch, Burns & McDonnell, and Kiewit's Power division are all headquartered here in Kansas City. So we have a group that's dedicated to -- that has advanced those projects moving forward, and we've worked closely with the EPC provider with the predetermination and CCN approvals in hand moving forward with them.

So we feel good about the COD dates. I've been around new construction build in my past, so you need to make sure you've got a robust partnership and oversight process with those EPC providers. I believe we have that. And these are technologies that are known, they are proven, they've been constructed by other parties, so that helps, including by our counterparty. So we feel good about the overall setup for the process, recognizing that large project execution is a core skill that we're going to have to demonstrate.

We think we've set ourselves up, we're contracting in a capability perspective, and in our selection of our technology that we're doing to be in a good position to manage these projects. So we're excited about those prospects and really grateful for the collaboration from staff in both states and the different parties in getting those approvals for the gas plants.

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**Ryan Levine** - *Citi Infrastructure Investments LLC - Analyst*

And then just one follow-up. In terms of the contractual arrangement, do the EPC companies have the ability to reprioritize resources if other generation, if they get contracted for other projects? Or do you have contractual prioritization that's already been pre-negotiated in this agreement that you already spoke to?

**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

We feel good about the overall contractual approach and commitment reflected in it from our EPC provider. So we feel good about the overall terms of the agreement that we have with our providers. There will be a partnership with them, but they're a seasoned enterprise that's built a lot of these. So we feel good about the protections that we built in the agreement.

**Ryan Levine** - *Citi Infrastructure Investments LLC - Analyst*

Thanks for the color.

**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you.

**Operator**

Thank you. This concludes the question-and-answer session. I would now like to turn it back to David Campbell for closing remarks.

**David Campbell** - *Evergy Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you for your interest in Evergy, and have a great day. This concludes our call.

**Operator**

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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