

Evergy Missouri West, Inc.

**Unaudited Consolidated Financial Statements for the Three Months Ended
and Year to Date September 30, 2021 and 2020**

EVERGY MISSOURI WEST, INC.

TABLE OF CONTENTS

Unaudited Consolidated Financial Statements for the Three Months Ended and Year to Date September 30, 2021 and 2020:

Unaudited Consolidated Balance Sheets	4
Unaudited Consolidated Statements of Comprehensive Income	6
Unaudited Consolidated Statements of Cash Flows	7
Unaudited Consolidated Statements of Changes in Equity	8
Notes to Unaudited Consolidated Financial Statements	9
1. Organization and Basis of Presentation	9
2. Revenue	11
3. Receivables	11
4. Rate Matters and Regulation	12
5. Goodwill	13
6. Short-Term Borrowings and Short-Term Bank Lines of Credit	13
7. Long-Term Debt	14
8. Fair Value Measurements	14
9. Commitments and Contingencies	15
10. Related Party Transactions and Relationships	18
11. Taxes	19

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
CCRs	Coal combustion residuals
CO₂	Carbon dioxide
COVID-19	Coronavirus
CPP	Clean Power Plan
CSAPR	Cross-State Air Pollution
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)

	September 30 2021	December 31 2020
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2.2	\$ 28.0
Receivables, net of allowance for credit losses of \$3.7 and \$3.7, respectively	49.2	36.8
Related party receivables	1.6	1.6
Accounts receivable pledged as collateral	65.0	50.0
Fuel inventory and supplies	69.6	57.5
Income taxes receivable	—	26.8
Regulatory assets	58.5	21.3
Prepaid expenses and other assets	8.0	5.8
Total Current Assets	254.1	227.8
PROPERTY, PLANT AND EQUIPMENT, NET	2,883.3	2,652.9
OTHER ASSETS:		
Regulatory assets	607.1	323.0
Goodwill	351.6	351.6
Other	24.6	27.9
Total Other Assets	983.3	702.5
TOTAL ASSETS	\$ 4,120.7	\$ 3,583.2

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

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

	September 30 2021	December 31 2020
LIABILITIES AND EQUITY		
(millions, except share amounts)		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 468.4	\$ 429.4
Notes payable and commercial paper	95.5	65.0
Collateralized note payable	65.0	50.0
Accounts payable	84.2	115.6
Related party payables	386.6	236.1
Accrued taxes	59.4	7.4
Accrued interest	11.4	6.8
Regulatory liabilities	3.0	6.2
Asset retirement obligations	3.2	7.8
Other	4.1	6.6
Total Current Liabilities	1,180.8	930.9
LONG-TERM LIABILITIES:		
Long-term debt, net	752.3	642.3
Deferred income taxes	391.9	305.7
Unamortized investment tax credits	2.5	2.6
Regulatory liabilities	283.2	282.3
Retirement benefits	24.3	23.8
Asset retirement obligations	16.0	11.7
Other	18.3	21.6
Total Long-Term Liabilities	1,488.5	1,290.0
Commitments and Contingencies (Note 9)		
EQUITY:		
Common shareholder's equity		
Common stock-1,000 shares authorized, \$0.01 par value, 10 shares issued, stated value	1,257.7	1,257.7
Retained earnings	196.3	107.7
Accumulated other comprehensive loss	(2.6)	(3.1)
Total Shareholder's Equity	1,451.4	1,362.3
TOTAL LIABILITIES AND EQUITY	\$ 4,120.7	\$ 3,583.2

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 September 30		Year to Date September 30	
	2021	2020	2021	2020
	(millions)			
OPERATING REVENUES	\$ 268.3	\$ 256.9	\$ 664.7	\$ 630.0
OPERATING EXPENSES:				
Fuel and purchased power	81.0	77.1	246.7	200.6
Operating and maintenance	48.0	54.0	140.6	150.9
Depreciation and amortization	27.3	26.3	85.6	79.0
Taxes other than income tax	12.9	12.4	38.6	36.6
Total Operating Expenses	169.2	169.8	511.5	467.1
INCOME FROM OPERATIONS	99.1	87.1	153.2	162.9
OTHER INCOME (EXPENSE):				
Investment earnings	1.0	0.5	2.2	3.1
Other income	0.7	0.4	1.6	0.6
Other expense	(3.6)	(3.4)	(11.1)	(10.8)
Total Other Expense, Net	(1.9)	(2.5)	(7.3)	(7.1)
Interest expense	12.8	13.8	40.4	42.6
INCOME BEFORE INCOME TAXES	84.4	70.8	105.5	113.2
Income tax expense (benefit)	16.3	13.6	16.9	(45.3)
NET INCOME	\$ 68.1	\$ 57.2	\$ 88.6	\$ 158.5
COMPREHENSIVE INCOME				
NET INCOME	\$ 68.1	\$ 57.2	\$ 88.6	\$ 158.5
OTHER COMPREHENSIVE INCOME				
Defined benefit pension plans				
Amortization of net losses included in net periodic benefit costs	0.2	0.2	0.5	0.4
Income tax expense	—	(0.1)	—	(0.2)
Amortization of net losses included in net periodic benefit costs, net of tax	0.2	0.1	0.5	0.2
Change in unrecognized pension expense, net of tax	0.2	0.1	0.5	0.2
Total other comprehensive income	0.2	0.1	0.5	0.2
COMPREHENSIVE INCOME	\$ 68.3	\$ 57.3	\$ 89.1	\$ 158.7

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)

Year to Date September 30	2021	2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(millions)	
Net income	\$ 88.6	\$ 158.5
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	85.6	79.0
Net deferred income taxes and credits	77.1	(38.3)
Allowance for equity funds used during construction	(0.5)	—
Payments for asset retirement obligations	(3.0)	(6.1)
Changes in working capital items:		
Accounts receivable	(6.2)	(4.3)
Accounts receivable pledged as collateral	(15.0)	(15.0)
Fuel inventory and supplies	(12.1)	(6.9)
Prepaid expenses and other current assets	(40.0)	17.1
Accounts payable	(45.6)	(1.4)
Accrued taxes	78.9	59.1
Other current liabilities	3.9	(7.0)
Change in other assets	(263.6)	8.1
Changes in other liabilities	8.6	10.3
Cash Flows from (used in) Operating Activities	(43.3)	253.1
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(313.8)	(178.9)
Cash Flows used in Investing Activities	(313.8)	(178.9)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	29.5	(93.4)
Collateralized short-term borrowings, net	15.0	15.0
Proceeds from long-term debt	497.3	—
Retirements of long-term debt	(348.5)	(1.1)
Net money pool borrowings	138.0	78.0
Cash dividends paid	—	(35.0)
Cash flows from (used in) Financing Activities	331.3	(36.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(25.8)	37.7
CASH AND CASH EQUIVALENTS:		
Beginning of period	28.0	1.2
End of period	\$ 2.2	\$ 38.9

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, 2019	10	\$ 1,276.9	\$ 6.2	\$ (1.7)	\$ 1,281.4
Net income	—	—	9.2	—	9.2
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Balance as of March 31, 2020	10	1,276.9	15.4	(1.6)	1,290.7
Net income	—	—	92.1	—	92.1
Dividend declared on common stock	—	(19.2)	(15.8)	—	(35.0)
Balance as of June 30, 2020	10	1,257.7	91.7	(1.6)	1,347.8
Net income	—	—	57.2	—	57.2
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Balance as of September 30, 2020	10	\$ 1,257.7	\$ 148.9	\$ (1.5)	\$ 1,405.1
Balance as of December 31, 2020	10	\$ 1,257.7	\$ 107.7	\$ (3.1)	\$ 1,362.3
Net loss	—	—	(4.5)	—	(4.5)
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Balance as of March 31, 2021	10	1,257.7	103.2	(3.0)	1,357.9
Net income	—	—	25.0	—	25.0
Change in unrecognized pension expense, net of tax	—	—	—	0.2	0.2
Balance as of June 30, 2021	10	1,257.7	128.2	(2.8)	1,383.1
Net income	—	—	68.1	—	68.1
Change in unrecognized pension expense, net of tax	—	—	—	0.2	0.2
Balance as of September 30, 2021	10	\$ 1,257.7	\$ 196.3	\$ (2.6)	\$ 1,451.4

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, 2020 and 2019.

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 November 12, 2021, 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.

	September 30 2021	December 31 2020
	(millions)	
Fuel inventory	\$ 23.2	\$ 20.8
Supplies	46.4	36.7
Fuel inventory and supplies	\$ 69.6	\$ 57.5

Property, Plant and Equipment

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

	September 30 2021	December 31 2020
	(millions)	
Electric plant in service	\$ 3,955.5	\$ 3,750.5
Accumulated depreciation	(1,271.9)	(1,228.1)
Plant in service, net	2,683.6	2,522.4
Construction work in progress	199.7	130.5
Property, plant and equipment, net	\$ 2,883.3	\$ 2,652.9

Other Income (Expense), Net

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

	Three Months Ended September 30		Year to Date September 30	
	2021	2020	2021	2020
	(millions)			
Non-service cost component of net benefit cost	\$ (3.6)	\$ (3.3)	\$ (10.7)	\$ (10.3)
Other	—	(0.1)	(0.4)	(0.5)
Other expense	\$ (3.6)	\$ (3.4)	\$ (11.1)	\$ (10.8)

Supplemental Cash Flow Information

Year to Date September 30	2021	2020
	(millions)	
Cash paid for (received from):		
Interest, net of amounts capitalized	\$ 35.1	\$ 44.3
Income taxes, net of refunds	(99.7)	(31.2)
Non-cash investing transactions:		
Property, plant and equipment additions	45.0	21.6

February 2021 Winter Weather Event

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). The February 2021 winter weather event resulted in an increase in the demand for natural gas used by Evergy Missouri West for generating electricity and also contributed to the limited availability of other generation resources, including coal and renewables, within the Southwest Power Pool, Inc. (SPP) Integrated Marketplace. Evergy Missouri West is a member of the SPP and, as a result, principally sells and purchases power for Evergy Missouri West's retail electric customers through the SPP Integrated Marketplace. These circumstances resulted in higher than normal market prices for both natural gas and power for the duration of the February 2021 winter weather event. These higher than normal market prices also included make-whole payments calculated by the SPP to compensate natural gas generators within the SPP Integrated Marketplace for costs incurred in excess of revenues. As part of the February 2021 winter weather event and inclusive of the aforementioned items, Evergy Missouri West incurred natural gas and purchased power costs, net of wholesale revenues, of \$293.4 million. The amount of purchased power costs incurred by Evergy Missouri West during the February 2021 winter weather event is subject to resettlement activity and further review by the SPP. This review and any subsequent resettlement activity could result in increases or decreases to the final amount of purchased power costs incurred by Evergy Missouri West during the February 2021 winter weather event and these changes could be material.

Evergy Missouri West has a fuel recovery mechanism that allows it to defer substantially all of any increased fuel and purchased power costs, net of wholesale revenues, to a regulatory asset for future recovery from customers. In June 2021, Evergy Missouri West and Evergy Metro filed a joint request for an Accounting Authority Order (AAO)

with the Public Service Commission of the State of Missouri (MPSC) that would allow for the extraordinary costs to provide service during the February 2021 winter weather event, including carrying costs, to be deferred to a regulatory asset for consideration in future proceedings. See Note 4 for additional information regarding the AAO.

As of September 30, 2021, Evergy Missouri West had deferred substantially all of its fuel and purchased power costs, net of wholesale revenues, related to the February 2021 winter weather event to a regulatory asset pursuant to the mechanisms discussed above. While Evergy Missouri West expects to recover substantially all of any increased fuel and purchased power costs related to the February 2021 winter weather event from customers, the timing of the cost recovery could be delayed or spread over a longer than typical recovery timeframe by the MPSC to help moderate monthly customer bill impacts given the extraordinary nature of the February 2021 winter weather event.

2. REVENUE

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

	Three Months Ended September 30		Year to Date September 30	
	2021	2020	2021	2020
Revenues	(millions)			
Residential	\$ 140.6	\$ 132.3	\$ 326.0	\$ 315.9
Commercial	85.1	81.0	214.2	203.8
Industrial	25.1	24.5	64.7	62.5
Other retail	1.9	2.4	5.5	7.0
Total electric retail	\$ 252.7	\$ 240.2	\$ 610.4	\$ 589.2
Wholesale	5.7	8.0	27.0	14.8
Transmission	4.1	4.3	12.4	12.9
Industrial steam and other	5.6	4.1	14.2	12.2
Total revenue from contracts with customers	\$ 268.1	\$ 256.6	\$ 664.0	\$ 629.1
Other	0.2	0.3	0.7	0.9
Operating revenues	\$ 268.3	\$ 256.9	\$ 664.7	\$ 630.0

3. RECEIVABLES

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

	September 30 2021	December 31 2020
	(millions)	
Customer accounts receivable - billed	\$ 9.5	\$ 2.0
Customer accounts receivable - unbilled	35.8	31.4
Other receivables	7.6	7.1
Allowance for credit losses	(3.7)	(3.7)
Total	\$ 49.2	\$ 36.8

As of September 30, 2021 and December 31, 2020, other receivables for Evergy Missouri West included receivables from contracts with customers of \$1.0 million and \$0.8 million, respectively.

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

	2021	2020
	(millions)	
Beginning balance January 1	\$ 3.7	\$ 2.2
Credit loss expense	1.6	3.2
Write-offs	(3.3)	(4.6)
Recoveries of prior write-offs	1.7	2.3
Ending balance September 30	\$ 3.7	\$ 3.1

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 September 30, 2021 and December 31, 2020, Evergy Missouri West's accounts receivable pledged as collateral and the corresponding short-term collateralized note payable were \$65.0 million and \$50.0 million, respectively. 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

Evergy Missouri West Other Proceedings

In December 2018, the Office of the Public Counsel (OPC) and the Midwest Energy Consumers Group (MECG) filed a petition with the MPSC requesting an AAO that would require Evergy Missouri West to record a regulatory liability for all revenues collected from customers for return on investment, non-fuel operations and maintenance costs, taxes including accumulated deferred income taxes, and all other costs associated with Sibley Station following the station's retirement in November 2018.

In October 2019, the MPSC granted OPC's and MECG's request for an AAO and required Evergy Missouri West to record a regulatory liability for the revenues discussed above for consideration in Evergy Missouri West's next rate case, which is expected to be completed no later than the end of 2022. Depending on the MPSC's decision in this next rate case, Evergy Missouri West could be required to refund to customers all or a portion of amounts collected in revenue for Sibley Station since December 2018 or, alternatively, could be required to make no refunds.

As a result of the MPSC order, Evergy Missouri West has recorded a regulatory liability of \$26.5 million as of September 30, 2021 for the estimated amount of revenues that Evergy Missouri West has collected from customers for Sibley Station since December 2018 that Evergy Missouri West has determined is probable of refund. Evergy Missouri West expects that it will continue to defer such amounts as collected from customers until new rates become effective in its next rate case.

The accrual for this estimated amount does not include certain revenues collected related to Sibley Station that Evergy Missouri West has determined to not be probable of refund in the next rate case based on the relevant facts and circumstances. Although Evergy Missouri West has determined these additional revenues to not be probable of refund, the ultimate resolution of this matter in the next Evergy Missouri West rate case is uncertain and could result in an estimated loss of up to approximately \$12 million per year in excess of the amount accrued until new rates become effective. Evergy Missouri West's regulatory liability for probable refunds as of September 30, 2021 and estimated loss in excess of the amount accrued represent estimates that could change significantly based on ongoing developments including decisions in other regulatory proceedings that establish precedent applicable to this matter and positions of parties on this issue in a future Evergy Missouri West rate case.

Evergy Missouri West February 2021 Winter Weather Event AAO

In June 2021, Evergy Missouri West and Evergy Metro filed a joint request for an AAO with the MPSC that would allow Evergy Missouri West to defer to a regulatory asset any extraordinary costs, including carrying costs, to provide electric service during the February 2021 winter weather event for consideration in future proceedings.

Evergy Missouri West has currently deferred substantially all of its fuel and purchased power costs, net of wholesale revenues, related to the February 2021 winter weather event to a regulatory asset pursuant to its ability to recover these amounts through its fuel recovery mechanism, which allows for the recovery of 95% of increases in fuel and purchased power costs, net of wholesale revenues, to customers. This AAO request is intended to address the recovery of the February 2021 winter weather event amounts separate from the normal fuel recovery mechanism process given the extraordinary nature of the February 2021 winter weather event and to help moderate customer bill impacts. As of September 30, 2021, Evergy Missouri West had recognized a regulatory asset of \$278.7 million related to its costs incurred during the February 2021 winter weather event, primarily consisting of increased fuel and purchased power costs.

In the AAO filing, Evergy Missouri West requested to exclude its deferred February 2021 winter weather event amounts from recovery through its fuel recovery mechanism and indicated its intent to recover them through issuing securitized bonds pursuant to the securitization legislation signed into law in Missouri in July 2021. Evergy Missouri West also requested an approximately \$15 million increase to its February 2021 winter weather event recovery from Missouri customers, which is not currently reflected in its regulatory asset for the February 2021 winter weather event, for the portion of net fuel and purchased power costs not traditionally recoverable because of the 5% sharing provision of its fuel recovery mechanism. A decision by the MPSC regarding Evergy Missouri West's AAO request is expected by the end of 2021.

5. GOODWILL

Accounting rules require goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. The annual impairment test for the \$351.6 million of Evergy Missouri West acquisition goodwill was conducted as of September 1, 2021. The goodwill impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill, to identify potential impairment. In the event that the carrying amount exceeds the fair value of the reporting unit, an impairment loss is recognized for the difference between the carrying amount of the reporting unit and its fair value. Evergy Missouri West's regulated electric utility operations are considered one reporting unit for assessment of impairment, as they have similar economic characteristics. The determination of fair value of the reporting unit consisted of two valuation techniques: an income approach consisting of a discounted cash flow analysis and a market approach consisting of a determination of reporting unit invested capital using a market multiple derived from the historical earnings before interest, income taxes, depreciation and amortization and market prices of the stock of peer companies. The results of the two techniques were evaluated and weighted to determine a point within the range that management considered representative of fair value for the reporting unit. The fair value of the reporting unit exceeded the carrying amount, including goodwill. As a result, there was no impairment of goodwill.

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

In August 2021, Evergy amended and restated its \$2.5 billion master credit facility and extended the maturity until 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. Evergy adjusted Evergy Missouri West's sublimit to \$700.0 million from \$450.0 million in the first quarter of 2021. 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 September 30, 2021, Evergy Missouri West was in compliance with this covenant.

At September 30, 2021, Evergy Missouri West had \$95.5 million of commercial paper outstanding at a weighted-average interest rate of 0.17%, had not issued letters of credit and had no outstanding cash borrowings under the master credit facility. At December 31, 2020, Evergy Missouri West had \$65.0 million of commercial paper outstanding at a weighted-average interest rate of 0.36%, had issued letters of credit totaling \$2.0 million and had no outstanding cash borrowings under the master credit facility.

7. LONG-TERM DEBT

Senior Notes

In April 2021, Evergy Missouri West issued in a private placement \$350.0 million of 2.86% Series A Senior Notes, maturing in 2031, \$75.0 million of 3.01% Series B Senior Notes, maturing in 2033 and \$75.0 million of 3.21% Series C Senior Notes, maturing in 2036, pursuant to a note purchase agreement. In connection with the issuance, Evergy entered into an agreement to provide an unconditional guaranty of the Series A, B and C Senior Notes, and as required by certain existing note purchase agreements, also agreed to provide unconditional guaranty of the following series of outstanding Evergy Missouri West unsecured senior notes:

- \$36.0 million of 3.49% Series A, maturing in 2025;
- \$60.0 million of 4.06% Series B, maturing in 2033;
- \$150.0 million of 4.74% Series C, maturing in 2043; and
- \$100.0 million of 3.74% Series, maturing in 2022.

In April 2021, Evergy Missouri West redeemed its \$347.4 million of 4.97% Affiliated Notes Payable to Evergy, which had a maturity date of June 2021.

8. 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. In addition, Evergy Missouri West measures certain investments that do not have a readily determinable fair value at net asset value (NAV), which are not included in the fair value hierarchy. Further explanation of these levels and NAV 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, financial instruments traded in less than active markets or other financial instruments priced with models using highly observable inputs.

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.

NAV - Investments that do not have a readily determinable fair value are measured at NAV. These investments do not consider the observability of inputs and, therefore, they are not included within the fair value hierarchy. Evergy Missouri West includes in this category investments that do not have a readily determinable fair value.

Evergy Missouri West records cash and cash equivalents, accounts receivable and short-term borrowings on its 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.

	September 30, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
	(millions)			
Long-term debt ^(a)	\$ 1,220.7	\$ 1,297.3	\$ 1,071.7	\$ 1,156.6

^(a)Includes current maturities.

Supplemental Executive Retirement Plan

At September 30, 2021 and December 31, 2020, Evergy Missouri West's Supplemental Executive Retirement Plan (SERP) rabbi trusts included \$12.5 million of core bond funds and \$13.1 million of fixed income funds, respectively. The core bond funds are Level 1 investments and the fixed income funds are valued at NAV per share (or its equivalent) and are not categorized in the fair value hierarchy.

9. 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.

Cross-State Air Pollution Update Rule

In September 2016, the Environmental Protection Agency (EPA) finalized the Cross-State Air Pollution (CSAPR) Update Rule. The final rule addresses interstate transport of nitrogen oxides emissions in 22 states including Kansas, Missouri and Oklahoma during the ozone season and the impact from the formation of ozone on downwind states with respect to the 2008 ozone National Ambient Air Quality Standards (NAAQS). In December 2018, the EPA finalized a determination, known as the CSAPR Close-Out Rule, demonstrating the CSAPR Update Rule fully addressed certain upwind states' 2008 ozone NAAQS interstate transport obligations. Various states and others challenged both the CSAPR Update Rule and the CSAPR Close-Out Rule in the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit). In 2019, the D.C. Circuit granted these petitions and remanded a portion of the CSAPR Update Rule back to the EPA and vacated the CSAPR Close-Out Rule in its entirety.

In response to the remand by the D.C. Circuit, the EPA published the final Revised Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS in April 2021. The final rule finds that nine of the states that were subject to the CSAPR Update Rule do not significantly contribute to downwind states' nonattainment or maintenance issues during the ozone season and that there are no further reductions in allowance budgets for these states. These nine states are Alabama, Arkansas, Iowa, Kansas, Mississippi, Missouri, Oklahoma, Texas and Wisconsin. Evergy Missouri West will continue to monitor this rule as any future changes to its NO_x ozone season allowance allocations 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 two Class I areas in Missouri: the Hercules-Glades Wilderness Area and the Mingo Wilderness Area. States must submit revisions to their Regional Haze Rule state implementation plans (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. Evergy Missouri West has been in contact with the Kansas Department of Health and Environmental (KDHE) and the Missouri Department of Natural Resources (MDNR) as they worked to draft their SIP revisions. The Missouri SIP revision is still being drafted. MDNR has indicated they intend to submit the Missouri SIP revision in early 2022 which will not require any additional reductions from Evergy Missouri West's generating units in the state. 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. These sources could be from the electric utility industry or others. KDHE submitted the Kansas SIP revision in July 2021. If a generating unit of Evergy Missouri West is selected for analysis, the possibility exists that the state or EPA, through a federal implementation plan could determine that additional operational or physical modifications are required on the generating unit to further reduce emissions. If the EPA were to determine the emission reduction expenses are cost effective, the modifications could be required. The overall cost of those modifications could be material to Evergy Missouri West.

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 federal Clean Air Act Amendments of 1990 (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 July 2019, the EPA published the final Affordable Clean Energy (ACE) rule in the Federal Register. This rule contained (1) emission guidelines for GHG emissions from existing electric utility generating units (EGUs) and (2) revisions to emission guideline implementing regulations. This rule defined the "best system of emission reduction" (BSER) for GHG emissions from existing coal-fired EGUs as on-site, heat-rate efficiency improvements. The final rule also provided states with a list of candidate technologies that can be used to establish standards of performance and incorporate these performance standards into state plans. In conjunction with the finalization of the ACE rule, the EPA repealed its previously adopted Clean Power Plan (CPP). In January 2021, the D.C. Circuit vacated and remanded the ACE rule back to the EPA. In February 2021, the D.C. Circuit granted a motion filed by the EPA for a partial stay of its January 2021 vacatur discussed above. The partial stay leaves the vacatur of the ACE rule in place while staying the mandate that vacates the repeal of the CPP. As a result of the partial stay, neither the ACE rule nor the CPP will be in effect while the EPA forms a new rule to regulate GHG emissions. In April 2021, 18 states filed a petition for a writ of certiorari to the Supreme Court requesting review of the D.C. Circuit ruling. In October 2021, the Supreme Court granted petitions for certiorari to review the D.C. Circuit decision to vacate and remand the ACE rule.

Due to uncertainty regarding the future of the ACE rule or other potential GHG regulations, Evergy Missouri West cannot determine the impacts on its operations or consolidated financial results, but the cost to comply with the ACE rule or other 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 release a proposed rulemaking in September 2022 to address the vacated limitations for legacy wastewater and landfill leachate. Future ELG modifications for the best available technology economically achievable for the discharge of legacy wastewater and leachate are likely and could be material.

In October 2020, the EPA published the final ELG reconsideration rule. This rule adjusts numeric limits for flue gas desulfurization (FGD) wastewater and adds a 10% volumetric purge limit for bottom ash transport water. The timeline for final FGD wastewater compliance is as soon as possible on or after one year following publication of the final rule in the Federal Register but no later than December 31, 2025. In August 2021, the EPA published notice in the Federal Register that it is initiating a supplemental rulemaking to revise the ELG regulations after completing review of the reconsideration rule as a result of an executive order from President Biden. As part of the rulemaking process, the EPA will determine if more stringent limitations and standards are appropriate. The 2020 ELG reconsideration rules will remain in effect while the EPA undertakes this new rulemaking.

Evergy Missouri West has reviewed the 2020 ELG reconsideration regulation, and the costs to comply with these changes are not expected to be material. However, Evergy Missouri West cannot predict what revisions the EPA may make under its supplemental rulemaking to revise the ELG regulations and compliance costs associated with any revisions could be material.

In July 2021, the EPA and the Department of the Army released a pre-publication version of a notice announcing their intent to revise the definition of "Waters of the United States." After reviewing the Navigable Waters Protection Rule as directed by President Biden's administration, the EPA and Department of the Army have determined a need to revise the definition to prevent environmental degradation. Evergy Missouri West cannot predict the outcome of any new rulemaking but will be monitoring proposals on this topic for any impact to operations.

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 March 2019, the D.C. Circuit issued a ruling to grant the EPA's request to remand the Phase I, Part I CCR rule in response to a prior court ruling requiring the EPA to address un-lined surface impoundment closure requirements. In August 2020, the EPA published the Part A CCR Rule. This rule reclassified clay-lined surface impoundments from "lined" to "un-lined" and established a deadline of April 11, 2021 to initiate closure. In November 2020, the EPA published the final Part B CCR Rule. This rule includes a process to allow un-lined impoundments to continue to operate if a demonstration is made to prove that the un-lined impoundments are not adversely impacting groundwater, human health or the environment. Evergy Missouri West initiated closure of all un-lined impoundments by the deadline in the Part A CCR rule and therefore the Part B CCR rule is not expected to have a material impact.

Evergy Missouri West has recorded Asset Retirement Obligations (ARO) for its current estimate for the closure of ash disposal ponds, 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. If revisions to these AROs are necessary, the impact on Evergy Missouri West's operations or consolidated financial results could be material.

10. 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 Evergy Kansas Central's Jeffrey Energy Center (JEC) and an 18% ownership interest in Evergy Metro's Iatan Nos. 1 and 2. Employees of Evergy Kansas Central and Evergy Metro 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 September 30		Year to Date September 30	
	2021	2020	2021	2020
	(millions)			
Evergy Kansas Central billings to Evergy Missouri West	\$ 7.3	\$ 13.1	\$ 24.1	\$ 27.4
Evergy Metro billings to Evergy Missouri West	35.4	46.5	103.2	121.8

Money Pool

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. The Evergy, Inc. money pool was amended in July 2021 to include Evergy Kansas Central as a participant.

At September 30, 2021, Evergy Missouri West had no outstanding receivables and a \$238.0 million outstanding payable to Evergy Metro under the money pool. At December 31, 2020, Evergy Missouri West had no outstanding receivables and a \$100.0 million outstanding payable to Evergy Metro under the money pool.

Related Party Net Receivables and Payables

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

	September 30 2021	December 31 2020
	(millions)	
Net payable to Evergy	\$ 40.9	\$ 39.8
Net payable to Evergy Kansas Central	8.4	6.6
Net payable to Evergy Metro	335.7	188.1

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 September 30, 2021 and December 31, 2020, Evergy Missouri West had income taxes payable to Evergy of \$12.6 million and income taxes receivable from Evergy of \$26.8 million, respectively.

11. TAXES

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

	Three Months Ended September 30		Year to Date September 30	
	2021	2020	2021	2020
Current income taxes	(millions)			
Federal	\$ 1.6	\$ 14.1	\$ (57.4)	\$ (9.1)
State	0.1	0.8	(2.8)	2.1
Total	1.7	14.9	(60.2)	(7.0)
Deferred income taxes				
Federal	13.5	(1.6)	72.1	43.2
State	1.1	0.4	5.0	(81.4)
Total	14.6	(1.2)	77.1	(38.2)
Investment tax credit amortization	—	(0.1)	—	(0.1)
Income tax expense (benefit)	\$ 16.3	\$ 13.6	\$ 16.9	\$ (45.3)

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 September 30		Year to Date September 30	
	2021	2020	2021	2020
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Effect of:				
State income taxes	1.1	3.5	1.6	3.1
Flow through depreciation for plant-related differences	(2.7)	(3.0)	(6.5)	(5.6)
Federal tax credits	—	(0.1)	(0.1)	(0.1)
AFUDC equity	(0.1)	—	(0.1)	—
Amortization of federal investment tax credits	—	—	—	(0.1)
State tax rate change	—	—	—	(57.1)
Valuation allowance	—	(2.2)	—	(1.3)
Other	—	—	0.1	0.1
Effective income tax rate	19.3 %	19.2 %	16.0 %	(40.0)%

Kansas Tax Reform

In May 2020, the state of Kansas exempted certain public utilities, including Evergy Kansas Central and Evergy Metro, from Kansas corporate income tax beginning in 2021 and authorized the State Corporation Commission of the State of Kansas (KCC) to approve changes in rates related to increases or decreases in federal or state income tax rates. Evergy Missouri West is a member of Evergy's consolidated tax group and files consolidated tax returns with Evergy. Evergy allocates to Evergy Missouri West its pro rata portion of consolidated income taxes based on Evergy Missouri West's contribution to consolidated taxable income.

As a result of the exemption from Kansas corporate income tax of certain members of the Evergy consolidated tax group, Evergy Missouri West revalued its deferred income tax assets and liabilities in May 2020. Evergy Missouri West decreased its net deferred income tax liabilities by \$64.6 million offset by an income tax benefit primarily related to the revaluation of deferred income taxes that will not be refunded to customers in future rates.

The amount of income tax benefit related to the revaluation of deferred income taxes that will not be refunded to customers in future rates primarily pertains to deferred tax adjustments related to the difference between Evergy's

consolidated tax rate and the statutory tax rates used for setting rates at Evergy Missouri West as well as deferred income tax adjustments related to non-regulated operations.