

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

DIRECT TESTIMONY OF

DARRIN R. IVES

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

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

Docket No. 23-EKCE-775-RTS

April 25, 2023

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
4 64105.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory Affairs for
7 Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“EKM”), Evergy Kansas Central, Inc. and
8 Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“EKC”), Evergy Metro,
9 Inc. d/b/a as Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a Evergy
10 Missouri West (“EMW”), the operating utilities of Evergy, Inc.

11 **Q. On whose behalf are you testifying?**

12 A. I am testifying on behalf of EKM and EKC (collectively, “Evergy” or “the Company”).

13 **Q. What are your responsibilities?**

14 A. My responsibilities include oversight of Evergy’s Regulatory Affairs Department, as well
15 as all aspects of regulatory activities including policy, cost of service, rate design, revenue
16 requirements, regulatory reporting, and tariff administration.

17 **Q. Please describe your education, experience, and employment history.**

18 A. I graduated from Kansas State University in 1992 with a Bachelor of Science in Business
19 Administration with majors in Accounting and Marketing. I received my Master of
20 Business Administration degree from the University of Missouri-Kansas City in 2001. I
21 am a Certified Public Accountant holding certificates from Kansas and Missouri. From
22 1992 to 1996, I performed audit services for the public accounting firm Coopers & Lybrand
23 LLP. I was first employed by Kansas City Power & Light Company (“KCP&L”) in 1996

1 and held positions of progressive responsibility in Accounting Services and was named
2 Assistant Controller in 2007. I served as Assistant Controller until I was named Senior
3 Director – Regulatory Affairs in April 2011. I have held my current position as Vice
4 President – Regulatory Affairs since August 2013.

5 **Q. Have you previously testified in a proceeding at the Kansas Corporation Commission**
6 **(“Commission” or “KCC”) or before any other utility regulatory agency?**

7 A. Yes, I have testified before the Commission and the Missouri Public Service Commission
8 (“MPSC”) on a number of occasions. I have also provided written testimony to the Federal
9 Energy Regulatory Commission (“FERC”) and testified before Kansas and Missouri
10 legislative committees.

11 **II. PURPOSE AND SUMMARY OF TESTIMONY**

12 **Q. What is the purpose of your testimony?**

13 A. I will provide an overview of Evergy’s filing from a regulatory policy perspective,
14 including,

15 (1) a discussion of the benefits from the merger of Westar Energy, Inc. (“Westar”) and
16 Great Plains Energy, Inc. (“GPE”), including significant cost-saving efficiencies,
17 Evergy’s achievement of those efficiencies, the resulting benefits to customers, and
18 how those benefits have impacted the requests in this docket;

19 (2) how Evergy’s proposals in this docket support its focus on affordability, reliability,
20 and sustainability;

21 (3) a discussion of the principal drivers of our request for a rate adjustment;

22 (4) an overview of our proposals to simplify and modernize rates to make them easier
23 and more consistent for our Kansas customers;

- 1 (5) an overview of proposals we are making to address and advance past ratemaking
- 2 treatment to a reasonable conclusion for our customers and the Company;
- 3 (6) Evergy’s tracking of and compliance with merger commitments; and
- 4 (7) a description of Evergy’s request for approval to file an abbreviated rate case after
- 5 the conclusion of this general rate case.

6 **Q. How have you organized your testimony?**

7 A. My testimony is organized as follows:

- 8 I. INTRODUCTION
- 9
- 10 II. PURPOSE AND SUMMARY OF TESTIMONY
- 11
- 12 III. EVERGY’S DELIVERY OF MERGER BENEFITS AND
- 13 COMMITMENTS
- 14
- 15 IV. BUILDING AN AFFORDABLE, RELIABLE AND SUSTAINABLE
- 16 ELECTRIC SYSTEM FOR KANSAS
- 17
- 18 V. DRIVERS OF THE REQUESTED RATE ADJUSTMENTS
- 19
- 20 VI. PROPOSALS TO ADDRESS PAST RATEMAKING ITEMS
- 21
- 22 VII. PROPOSALS TO MAKE THE REGULATORY PROCESS EASIER
- 23 FOR ALL STAKEHOLDERS AND CONSISTENT FOR OUR KANSAS
- 24 CUSTOMERS
- 25
- 26 VIII. MERGER COMMITMENTS
- 27
- 28 IX. ABBREVIATED RATE CASE REQUEST
- 29
- 30 X. CONCLUSION
- 31

1 **III. EVERGY’S DELIVERY OF MERGER BENEFITS AND COMMITMENTS**

2 **Q. How did Evergy anticipate the merger between Westar and GPE would impact the**
3 **combined companies and their Kansas customers?**

4 A. When the merger was presented to the Commission for approval in Docket No. 18-KCPE-
5 095-MER (“Merger Docket”), Westar and GPE explained that it would be a vehicle to
6 better manage rising costs in an environment of flat to declining energy sales. We explained
7 that the merger was a logical next step in an industry under pressure to control costs while
8 keeping electric service reliable and affordable. We emphasized that the merger of two
9 local companies that have been integral parts of the Kansas economy for over a century
10 would harness the size, scale, complementary operational strengths and substantial
11 experience of both companies for the benefit of customers, shareholders, local
12 communities, and the state. Finally, we told the Commission that the merger would yield
13 additional savings, and that future rates would be lower than they would be if the companies
14 continue operating as separate entities.

15 As demonstrated in our filing in this case, Evergy has exceeded its merger goals.
16 Combined as Evergy in Kansas, we reduced annual operating costs by approximately
17 \$128.5 million, surpassing the savings projected when the merger was approved. Those
18 savings have resulted in a concomitant reduction in the rate increase requested in this
19 proceeding and are in addition to the over \$232 million in merger savings and bill credits
20 we have already provided Kansas customers from 2019 through 2023.

21 **Q. Why has Evergy not filed a general rate case in the past five years?**

22 A. As a condition of the Commission’s merger approval, Evergy agreed to a five-year base
23 rate moratorium. The moratorium was set to expire five years from the final order date of

1 EKC's 2018 base rate review, subject to extension by approval of KCC Staff. EKC and
2 EKM were required to make a mandatory base rate review filing so that rates would
3 become effective the day after the moratorium expired, which is the driver for the timing
4 of this filing.

5 **Q. Does your testimony address how Evergy complied with the commitments it made in**
6 **connection with the merger?**

7 A. Yes. We took our commitments very seriously, and in Section VIII of my testimony, I
8 discuss in detail our compliance with those commitments.

9 **Q. Did the Commission have other methods of monitoring Evergy's performance and**
10 **compliance with the commitments made in the Merger Docket?**

11 A. Yes. Evergy provided quarterly and semi-annual updates to Staff and CURB regarding
12 merger integration, merger savings, and compliance with merger commitments. The
13 quarterly updates were provided for the first year of the moratorium and then semi-annually
14 for the remaining years. Additionally, for a two-year period, Evergy provided semi-annual
15 updates to the Commission regarding merger integration. The Company also filed quarterly
16 quality-of-service and reliability reports which tracked compliance with the metrics agreed
17 to in the merger docket.

18 For each year of 2019-2022 (on March 31 of the following year), Evergy filed
19 earnings surveillance reports with the Commission for review by Staff and CURB as part
20 of the Earnings Review and Sharing Plan ("ERSP") agreed to in the merger. Under that
21 plan, if either EKM's or EKC's earned ROE exceeded a certain level, the operating
22 company would provide additional bill credits to its customers. The ERSP resulted in
23 additional bill credits for EKM in two of the four plan years, including the most recent

1 filing on March 31, 2023, providing additional value to EKM customers during the rate
2 moratorium.

3 For EKC, however, the ERSP reports show that the company has consistently
4 underearned compared to its authorized ROE. In fact, the most recent ERSP for EKC -
5 which is calculated based on a formula agreed to by Staff, CURB, and other parties and
6 approved by the Commission in the Merger Docket - shows that EKC underearned its
7 allowed return of 9.3% by more than 3.5%. In other words, based on the ERSP formula,
8 EKC's earned return in 2022 was only about 5.8%, despite the significantly favorable
9 weather conditions that occurred that year. The reasons for this result are similar to and
10 consistent with the major drivers behind EKC's rate request in this proceeding.

11 **Q. What benefits from the merger have customers already seen over the past five years?**

12 A. Upfront bill credits were provided to customers with over \$23 million going to EKC
13 customers and over \$7.5 million going to EKM customers. In 2019-2022, significant
14 annual bill credits were provided. The total amount of these credits was approximately
15 \$34.6 million for EKC customers and approximately \$11.3 million for EKM customers.
16 EKM customers also received bill credits related to the ERSP in the amount of \$81,198 in
17 2022 and will receive an additional \$5.6 million of ERSP credits in 2023. Additionally,
18 annual merger savings in the amount of \$22.5 million for EKC customers and \$7.5 million
19 for EKM customers were already included in rates in the 2018 rate cases and have provided
20 benefits to customers each year those rates have been in effect. By the end of 2023 the
21 aggregate amount of these merger benefits to Kansas customers will be over \$232 million.
22 Table 1 below summarizes the benefits Kansas customers have received from the merger.

Table 1

	Evergy Kansas Central	Evergy Kansas Metro	Evergy Kansas Total
Total amount of savings flowing through rates from 2018 through 2023 based on rates set in 2018 cases*	\$112,500,000	\$37,500,000	\$150,000,000
Upfront bill credits	\$23,000,000	\$7,500,000	\$30,500,000
Total Annual bill credits	\$34,600,000	\$11,300,000	\$45,900,000
2021 ERSP credits (paid in 2022)	\$0	\$81,198	\$81,198
2022 ERSP credits (paid in 2023)**	\$0	\$5,565,537	\$5,565,537
Total Credits to Customers	\$57,600,000	\$24,446,735	\$82,046,735
Total Benefit to Customers prior to 2023 cases	\$170,100,000	\$61,946,735	\$232,046,735

*Annual amount of savings included in rates in 2018 was \$22.5 million for EKC and \$7.5 million for EKM.

**This number reflects the amount Evergy proposed for 2022 ERSP credits in its filing currently pending before the Commission. That filing has not yet been accepted by the Commission.

2

3 **Q. How has the merger impacted Evergy's request in this proceeding?**

4 A. In addition to the benefits already provided to Kansas customers that I just discussed, as
5 Mr. David Campbell testifies and as shown in the figures below, the increases requested

1 for EKM and EKC in this rate review have been significantly offset by customer savings
2 and cost reductions achieved as a result of the merger.

3 **Q. How have the merger commitments Evergy made related to its presence in downtown
4 Topeka benefited the community?**

5 A. Evergy committed to maintaining a certain number of employees in its downtown Topeka
6 headquarters for at least five years and to maintaining its charitable giving in the legacy
7 KCP&L and Westar service territories at 2015 levels (or higher) for at least five years after
8 the close of the merger. Evergy has exceeded the expectations for both commitments.

9 Furthermore, Evergy recently chose to purchase its downtown Topeka headquarters
10 after previously leasing the high-rise building for a number of years. The Company is in
11 the early stages of approximately \$20 million of renovations to complete necessary updates
12 that will ensure the building remains usable for the foreseeable future. Evergy has invested
13 in other facilities in the downtown Topeka area as well, including a significant investment
14 of about \$2.5 million to support the completion of Evergy Plaza. The Company also
15 invested in Plug & Play to create and attract new businesses in downtown Topeka, it
16 supports GO-Topeka, and it commissioned a 2021 study to support downtown businesses
17 during the COVID-19 pandemic.

18 Evergy's employees provide significant support to the Topeka community through
19 volunteer hours, service on nonprofit boards, support of the TOP City Intern Program, and
20 participation in special projects like Heat Relief Fan distribution and the Green Team

1 Falcon Restoration. Our employees have donated approximately \$2.1 million to Topeka
2 community organizations since the merger, and that amount was matched by Evergy.

3 **Q. Although Evergy has been under a rate case moratorium for the past 5 years, has the**
4 **Company filed other applications with the Commission during that time to help**
5 **customers take greater control over their energy use and bills?**

6 A. Yes, we did not sit idle during the moratorium when it comes to seeking ways to address
7 the needs and desires of our customers. For example, in 2022 Evergy proposed a portfolio
8 of Demand Side Management programs that would give all customer classes the
9 opportunity to participate in energy efficiency to better control their usage and bills.¹
10 Additionally, in 2021 Evergy obtained approval from the Commission to enhance its
11 program offerings for electric vehicle customers and expand its Clean Charge Network
12 deployment.² Not only do the programs and activities approved in these two dockets
13 provide direct support to our customers, but in the longer run, they also contribute toward
14 a more efficient use of Evergy’s system and, thus, lower costs for customers.

15 **IV. BUILDING AN AFFORDABLE, RELIABLE AND SUSTAINABLE ELECTRIC**
16 **SYSTEM FOR KANSAS**

17 **Q. Provide an overview of the investments Evergy is making in its system in order to**
18 **improve reliability and resiliency and to ensure it is capable of serving customers as**
19 **Kansas continues to have economic development opportunities.**

20 A. The merger built the foundation for the development of such a system for the benefit of
21 Kansas, and continued investment will ensure these benefits carry on into the future. The

¹ Docket No. 22-EKME-254-TAR, “In the Matter of the Application of Evergy Kansas Metro, Inc., Evergy Kansas South, Inc. and Evergy Kansas Central, Inc. for Approval of its Demand-Side Management Portfolio Pursuant to the Kansas Energy Efficiency Investment Act (“KEEIA”), K.S.A. 66-1283”.

² Docket No. 21-EKME-320-TAR – “In the Matter of the Application of Evergy Metro, Inc., Evergy Kansas Central, Inc., and Evergy Kansas South, Inc. for Approval of Transportation Electrification Portfolio”.

1 merger created a platform for the future; however, this rate case is important to support the
2 realization of these benefits while still maintaining competitive rates.

3 The investments that impact rates in this proceeding will enable Evergy to serve
4 customers reliably in the future and will support future customer benefits. For example, the
5 investments we are making in our distribution system and grid modernization will improve
6 the resiliency and reliability of our system. Mr. Ryan Mulvany provides a description of
7 how investment levels are managed and selected for affordability and maximum customer
8 value along with examples of some of the projects we have completed that have provided
9 significant customer benefits.

10 We are also requesting approval of a storm reserve for EKM, which allows us to
11 fund necessary repair and replacement work done on our distribution system to restore
12 service after a storm. This request aligns with EKC, which has successfully utilized a storm
13 reserve over the past several years for the benefit of its customers.

14 From a generation and resource planning investment perspective, Kansas is
15 currently experiencing some of the most expansive and exciting economic development
16 opportunities in many years, including the new Panasonic plant that will be located in
17 DeSoto, Kansas. However, these development opportunities coupled with recent market
18 changes, are creating new resource adequacy challenges for Kansas. Evergy stands with
19 Kansas to plan for and meet the current and future energy needs of the state. As detailed in
20 the direct testimony of Ms. Kayla Messamore, there is a need for creative solutions to
21 ensure there is adequate capacity and energy available to serve current and future Kansans.
22 One of those solutions is to utilize the previously excluded 8% interest of Jeffrey Energy
23 Center (“JEC”) to serve customers. We are therefore proposing to include the costs

1 associated with the JEC 8% interest in base rates for the service of Kansas retail customers.
2 As Ms. Messamore explains, Evergy expects to have revenue from sales of the capacity
3 and energy from that 8% interest over the next few years that will help offset the impact of
4 the inclusion of the costs in rates at this time. Another solution I discuss below is the
5 addition of the Persimmon Creek Wind Farm to EKC's generating fleet.

6 While not a component of our requests in this rate review, we anticipate our
7 Integrated Resource Plan ("IRP") will continue to recognize the near- and long-term need
8 for renewable resource additions as we continue our balanced efforts to reliably transition
9 to cleaner electricity supply. The results of our updated IRP are expected in June 2023. We
10 are currently evaluating results from a Request for Proposal ("RFP") to assess opportunities
11 to add additional generating resources to our supply mix in 2024 through 2026. As Ms.
12 Messamore describes in more detail, resource adequacy will continue to be a significant
13 consideration as we plan for the future. The energy needs of Kansans, coupled with the
14 increasing complexity of the energy and capacity markets, will require consideration of all
15 generation options and ongoing dialogue with the Commission and our stakeholders.
16 Collaboration will be imperative to serving Kansans affordably, reliably and sustainably.

17 **Q. Please provide a description of the Persimmon Creek Wind Farm.**

18 A. The Persimmon Creek Wind Farm ("Persimmon Creek") is a 199 MW wind generating
19 facility located in western Oklahoma built in 2018 by Scout Clean Energy. In August 2022,
20 Evergy entered into an agreement with Scout to purchase Persimmon Creek for \$250
21 million. Mr. Jason Humphrey includes a comprehensive description of the Persimmon
22 Creek project, the process utilized to select the project, and the details of the project
23 purchase agreement. Along with the 8% interest in JEC, Persimmon Creek will help

1 address EKC's capacity and energy needs in the coming years. It is an existing wind farm
2 with a proven track record, and with favorable economics to newer renewable projects, it
3 is expected to yield lower long-term costs and other benefits to customers.

4 **Q. What is Evergy's request regarding the Persimmon Creek in this docket?**

5 A. We are asking the Commission, upon close of the transaction, to approve inclusion of the
6 cost of this generation resource in EKC's rates in the true-up to this proceeding to meet
7 changing circumstances occurring over the next few years as we address the need for
8 additional resources to meet the needs of our Kansas customers. As Mr. John Grace
9 explains in his direct testimony, we are proposing a levelized revenue requirement for
10 Persimmon Creek, aligned with the approach approved by the Commission for the Western
11 Plains Wind Farm in Docket No. 18-WSEE-328-RTS. Under this approach, we propose
12 that customers will pay a stable price for this generation resource over the remaining initial
13 life of the wind farm, approximately 15.67 years. This would effectively treat the wind
14 farm like a purchase power agreement for the benefit of our customers and remove the
15 drastic swing in revenue requirements when the production tax credits ("PTC") expire.

16 **Q. How will the inclusion of Persimmon Creek impact your rate request in this**
17 **proceeding?**

18 A. The revenue requirement of Persimmon Creek using the levelized approach is \$24.4
19 million. Because of the timing of our decision to utilize Persimmon Creek for EKC
20 customers, we were not able to include this amount in our revenue requirement models or
21 rate design which show a net requested increase for EKC of \$204.2 million. Our proposal
22 is to incorporate the revenue requirement impact into the total revenue requirement at the
23 time true-up information is provided to the parties and when the revenue requirement is

1 allocated to the classes and rates are designed at the conclusion of the proceeding, either
2 through a settlement or a Commission order. We have determined that the impact of
3 Persimmon Creek on EKC's revenue requirement, by itself, would be an increase of 1.17%.

4 **Q. What benefits will customers receive if Persimmon Creek is included in EKC's rates?**

5 A. As Ms. Messamore discusses in her direct testimony, Persimmon Creek is expected to bring
6 approximately \$190 million in Net Present Value Revenue Requirement ("NPVRR")
7 benefits over the 20-years studied in the 2022 Change-In-Plan modeled from adding wind
8 and specifically Persimmon Creek as a source of both energy and capacity. In the 2022
9 IRP, EKC has 350 MW of wind identified to be added in 2025 and Persimmon Creek
10 satisfies approximately 57% of that identified need.

11 Additionally, our customers will begin receiving the benefits of Persimmon Creek
12 through reduced fuel costs in the Retail Energy Cost Adjustment ("RECA"), even before
13 we begin to recover our \$250 million investment when rates are adjusted in this case.
14 Customers will begin receiving those benefits as soon as we close on the purchase of the
15 wind farm, which is expected to be over seven months before customers begin paying for
16 the asset in rates set in this docket.

17 **Q. Please discuss Evergy's smart investment in technology on behalf of its customers.**

18 A. Evergy has invested millions of dollars over the last decade in advanced metering
19 technology and customer information and services platforms to increase efficiencies,
20 enhance Evergy's customers' ability to make informed decisions about their energy
21 consumption and enhance their experience with their utility. In addition, Automated Meter
22 Infrastructure ("AMI") and customer information systems are core platform investments

1 that also serve as a foundation for unlocking additional customer benefits over time as new
2 use cases continue to be developed and adopted in the industry.

3 In the past several years, Evergy has completely converted and upgraded many core
4 computer and customer information systems intended to meet consumer expectations by
5 enhancing customer service and experience. An additional benefit of these technological
6 upgrades is that they will allow Evergy to maintain automated support and fewer
7 customized solutions. That foundation has allowed us to migrate our EKC customers into
8 the core customer information systems, completing the consolidation of billing and
9 metering systems. The entire multi-year project addressed the technological limitations that
10 have kept us from pursuing much needed customer enhancements. Historically, customer
11 expectations have revolved around reliable service and fair pricing. While those
12 expectations remain paramount, customers now expect service features like proactive
13 notifications, personalized interactions, and connected experiences across channels.
14 Transforming Evergy's customer experience to inform and empower Kansas consumers is
15 key to being the energy company Kansans deserve. Now that nearly all of our legacy and
16 unsupported technology has been modernized, we are transitioning to a technology
17 roadmap that keeps these systems up to date in order to continually expand benefits for
18 customers. In fact, our customers are already receiving benefits from customer service
19 enhancements such as enhanced customer notifications and improved Intelligent Virtual
20 Assistance ("IVA") interactions. These enhancements give both business and residential
21 customers the ability to start service and perform other self-service functions.

22 **Q. How does smart investment in technology and customer optionality and choice**
23 **support the affordability and cost competitiveness of Evergy's service?**

1 A. They work together to create incremental value and a much better overall experience for
2 customers. It is imperative that we not only look at improving customer experience, but
3 that we also prioritize cost-effectiveness and cost reduction. In addition to the cost
4 efficiencies targeted in the merger, we will be pursuing incremental hard-cost reductions
5 over the coming years to improve our per-customer interaction cost and to continue to
6 prioritize regional rate competitiveness. Our areas of focus will include increasing
7 automation; increasing digital external and internal functionality; universal customer
8 service (i.e., customer service employees located in Wichita, Topeka, Raytown, or Kansas
9 City can handle any customer issue regardless of rate jurisdiction or state); and streamlining
10 cross-functional customer service processes. These savings, in turn, will be used to fund
11 or offset rate impacts of investment in our customer experience improvement strategy.

12

13 V. **DRIVERS OF THE REQUESTED RATE ADJUSTMENTS**

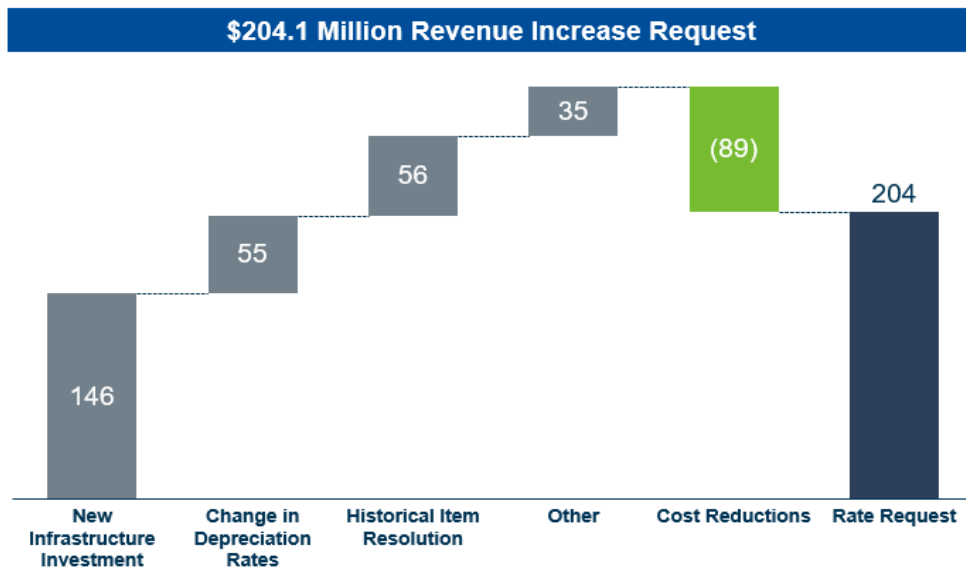
14 **EKC:**

15 **Q. Please provide an overview of EKC's request to increase its rates and the key drivers**
16 **of that request.**

17 A. The request, its major drivers and key attributes of the case are highlighted in Figure 1.

1

Figure 1



2

3 As Mr. Campbell explains in his direct testimony, a major driver of EKC's request is the
 4 increase in its rate base that has occurred since the 2018 rate case and the Company's
 5 request to have the opportunity to earn a fair and reasonable return on its plant investment.

6 **Q. Please explain how depreciation contributes to this rate request.**

7 A. There are three components to depreciation as a driver of EKC's rate request, (1) increased
 8 plant investments, which can only be recovered over time through depreciation; (2) the
 9 results of a periodic Commission-required³ study of depreciation rates to ensure they
 10 reflect reasonable levels consistent with fully and appropriately recovering investments we
 11 have made to serve our customers; and (3) accounting for dismantlement costs in
 12 estimating net salvage value. An important part of a depreciation study is that it ensures
 13 depreciation expenses do not unduly burden one generation of customers (e.g., future
 14 customers) because rates today may not be set correctly. In other words, the goal when

³ The Commission requires that "the natural gas and public utilities shall file a depreciation study on their assets every five to seven years. These depreciation studies should be filed either concurrent with or just before a rate case." Order Closing Docket, ¶ 8, Docket No. 08-GIMX-1142-GIV (Aug. 1, 2013).

1 considering the depreciation study presented by Evergy in this proceeding should be to
2 eliminate or minimize intergenerational inequity.

3 With respect to dismantlement, Evergy is submitting a study, sponsored by Burns
4 & McDonnell engineer, Mr. Jeffrey Kopp, that estimates the costs associated with
5 dismantling retired plants. Mr. Kopp proposes to recover such costs escalated for inflation
6 to the anticipated plant retirement dates over the remaining service lives of the plants
7 identified in the depreciation study. This is similar to the method the Company uses in its
8 nuclear power plant decommissioning study.

9 It is appropriate for current customers to pay for the cost of dismantling these plants
10 because these costs are directly related to plant ownership and operation for the benefit of
11 these customers. It is also appropriate to include in depreciation rates the net cost of making
12 each plant site safe at the end of its operating life. If these costs are not recovered from
13 current customers (who receive the plant benefits), then the costs must be borne by future
14 customers (who will not receive the plant benefits), resulting in intergenerational
15 inequities. It is a fundamental regulatory premise that customers who receive the benefits
16 of a plant should be the customers who pay the costs associated with operating and retiring
17 the plant, including dismantling costs.

18 **Q. Why has EKC's depreciation expense for existing plant increased so significantly?**

19 A. The increase in EKC's depreciation expense for existing plant is largely the result of the
20 adjustment of the depreciable lives for generating assets to make them consistent with the
21 lives included in Evergy's annual IRP process. This is a recognition that the transition to
22 cleaner generating resources is advancing and that fossil plant retirements are anticipated
23 to occur earlier than projected in the depreciation rates currently in effect.

1 **Q. Please expand on how common use billings contribute to this rate request.**

2 A. Common use billings are really just one component of the plant additions that have
3 occurred for EKC since the last rate case; however, they are reflected on the books in a
4 different manner because they represent EKC's share of common use facilities owned by
5 Evergy Metro, Inc.

6 As EKC and EKM have integrated their operations since the merger, the companies
7 have been able to achieve efficiencies, in part, through consolidation of various IT systems
8 and the shared use of assets and facilities owned by one of the three operating utilities. For
9 example, the companies told the Commission in the Merger Docket that they had,

10 developed an IT Roadmap that examined each system at both utilities and
11 presented a plan, supported by the associated project business cases that
12 would optimize the IT capital plan across both utilities. In some cases, we
13 plan to take a better and/or recently updated system at either Westar or GPE
14 and invest as necessary to expand and/or modify the system to address the
15 needs of both companies.⁴

16 In other words, investment in these shared facilities was necessary to achieve the merger
17 savings that will be reflected in customer rates in this proceeding. The Commission
18 recognized that these types of efficiencies would result in the need for costs to be allocated
19 among the operating utilities when it said that “[b]illings for common-use assets shall be
20 permitted consistent with GPE’s current practices” and required EKC and EKM to file an
21 updated edition of their Cost Allocation Manual (“CAM”) within six months of the closing
22 of the merger.⁵

23 Since the merger, Evergy has proceeded with the consolidation of a number of IT
24 systems, to achieve significant savings for customers. This means that a number of our

⁴ Direct Testimony of Steven P. Busser, p. 33, Docket No. 18-KCPE-095-MER.

⁵ Order Approving Merger, Docket No. 18-KCPE-095-MER, ¶¶ 45 and 48 (May 24, 2018).

1 core systems – like PeopleSoft, Customer Forward, and EMS – are technically owned by
2 and recorded as assets on the books of Evergy Metro, Inc. but are utilized by all three of
3 the operating companies. Thus, EKC is allocated its proportional share of the costs of those
4 assets through common use billings.

5 However, EKC has also seen a significant level of savings from the retirement of
6 the IT assets it was using prior to integration with the other operating utilities and from
7 savings achieved, in part, as a result of the consolidation of systems, in labor and non-labor
8 O&M expenses. As a result, the overall impact on EKC’s rates in this proceeding is
9 positive for customers because it reflects the achievement of those savings – over \$100
10 million for EKC customers – which greatly outweigh the cost of the common use facilities
11 included in rates.

12 The allocation of the costs of these shared assets was done pursuant to the terms of
13 Evergy’s CAM, which has been filed with the Commission, and is consistent with the
14 allocation process that was used by GPE prior to the merger.

15 **Q. Are there other drivers of the EKC rate request?**

16 A. Yes. Expiration of wholesale contracts, COLI, and COVID lost revenues are also drivers.
17 I describe those in more detail below.

18 **Q. Please expand on how savings achieved by Evergy offset this rate request.**

19 A. As is reflected in Figure 1, increases in EKC’s revenue requirement from infrastructure
20 investments and other cost drivers are partially offset by savings we have achieved in labor
21 costs and non-fuel operating and maintenance (“NFOM”) expenses. As promised, Evergy
22 successfully captured these efficiencies and will continue to operate our business as
23 efficiently and cost effectively as practicable.

1 **Q. What is the magnitude of the rate increase EKC is requesting?**

2 A. EKC is requesting an approximately \$279 million increase in base rates, with about \$74.8
3 million of that amount representing amounts currently collected from customers through
4 other bill line items and ***not*** impacting customers' total bill. This results in a net increase
5 to overall rates \$204.2 million or 9.77%. This equates to an average annual increase of
6 1.95% over the five years of the base rate moratorium, which is under the average inflation
7 rate over that timeframe.

8 However, as I discussed above, EKC's request includes a number of unique,
9 historical clean-up items and the impact of the adjustment to depreciation rates to match
10 the IRP. When those unique items are removed in order to assess the impact of EKC's new
11 investments and ongoing operating costs, the requested increase is approximately 4.31%,
12 or an average annual increase of 0.86% over the five years of the base rate moratorium.
13 After considering the unique impacts of the historical clean-up of end of life customer
14 credits and similar items, the requested increase for investments and cost of service to
15 customers is in line with EKM, reflects increases well under the rate of inflation over the
16 moratorium period and supported in this filing as just and reasonable for serving our EKC
17 customers.

18 If the Commission grants EKC's net increase request of \$204.2 million, this equates
19 to an increase of \$14.24 per month for the typical residential customer, or a daily increase
20 of \$0.47. The investments and strategic initiatives this increase will support will create
21 operational and reliability benefits for customers that justify the increase in electric
22 charges.

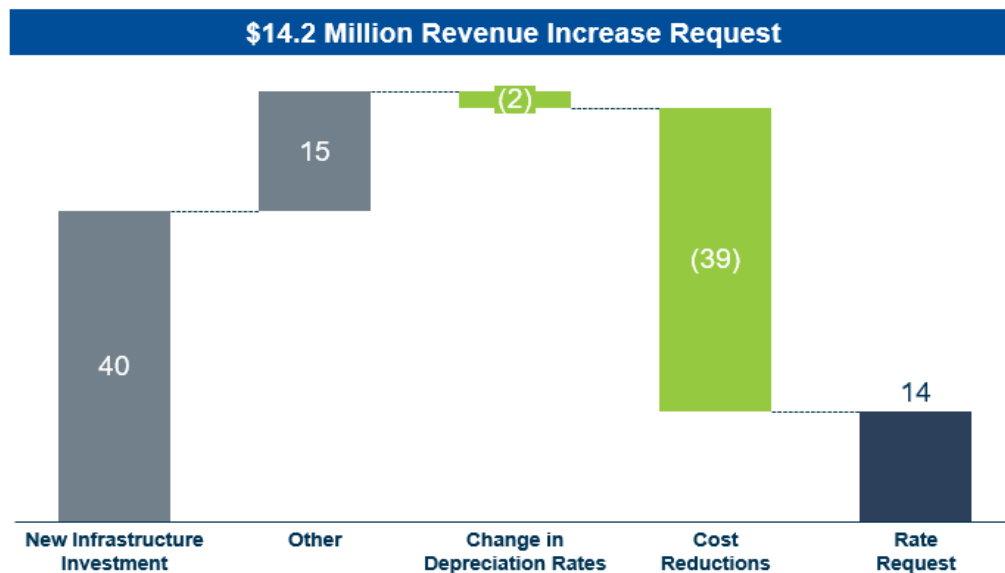
1 **EKM:**

2 **Q. Please provide an overview of EKM’s request to increase its rates and the key drivers**
3 **of that request.**

4 A. The request, its major drivers and key attributes of the case are highlighted in Figure 2.

5

Figure 2



6

7 Similar to EKC, EKM has not had an increase in its rate base since the 2018 rate case and
8 is requesting the opportunity to earn a fair and reasonable return on its plant investment.

9 **Q. Please expand on how depreciation contributes to this rate request.**

10 A. The depreciation study completed for EKM results in an overall increase in depreciation
11 expense, similar to EKC, although the depreciation rates for existing plant did decrease
12 slightly. The total increase reflects depreciation on new plant added since the last rate case
13 and the inclusion of dismantlement costs for EKM.

14 **Q. Please expand on how savings achieved by Evergy offset this rate request.**

1 A. As is reflected in Figure 2, increases in EKM’s revenue requirement from infrastructure
2 investments and other cost drivers are partially offset by savings we have achieved in labor
3 costs and non-fuel operating and maintenance (“NFOM”) expenses. As promised, Evergy
4 successfully captured these efficiencies and will continue to operate our business as
5 efficiently and cost effectively as practicable.

6 **Q. What is the magnitude of the rate increase EKM is requesting?**

7 A. EKM is requesting an approximately \$25.1 million increase in base rates, with about \$10.9
8 million of that amount representing amounts currently collected from customers through
9 other bill line items and ***not*** impacting customers’ total bill. This results in a net increase
10 to overall rates of 1.95%. If the Commission grants EKM’s request, this equates to an
11 increase of \$3.47 per month for the typical residential customer, or a daily increase of
12 \$0.12. The investments and strategic initiatives this increase will support will create
13 operational and reliability benefits for customers that justify the increase in electric
14 charges.

15 **Rate of Return:**

16 **Q. What return on equity (“ROE”) is EKC and EKM requesting in this case?**

17 A. We are requesting an ROE of 10.25% percent. Ms. Ann Bulkley, Principal with The Brattle
18 Group, presents in her direct testimony the results of her expert analysis of equity costs and
19 recommendations in support of an ROE range of 9.90% to 11%. With the operating
20 utilities’ proposed capital structures and actual cost of debt, this results in a requested rate
21 of return of 7.4189% for EKC and 7.4282% for EKM. The capital structure, cost of debt,
22 and the requested ROE - which is in the bottom third of Ms. Bulkley’s ROE range - are

1 supported by the direct testimony of Evergy's Chief Financial Officer, Mr. Kirkland
2 Andrews.

3 An authorized ROE of 10.25% is reasonable, supported by the standard application
4 of several ROE models, and consistent with recently authorized ROEs for vertically
5 integrated electric utilities and with the guidelines and requirements in the Merger Order.
6 When making its decision regarding Evergy's authorized return in this case, I ask that the
7 Commission consider not only the substantial support provided by Ms. Bulkley and Mr.
8 Andrews but also the impact the Commission's decision regarding ROE has on investors'
9 perceptions of the regulatory environment in Kansas and their decisions regarding whether
10 or not to invest in Evergy. Authorized returns consistent with other investment
11 opportunities of similar risks provide adequate access to cost-effective capital which is
12 critical to Evergy's goals of advancing affordable, reliable, and sustainable electric service
13 to Kansans at a critical time of necessary updates to Evergy's system.

14 **Q. What capital structures are EKC and EKM requesting in this case?**

15 A. Evergy is requesting that the Commission approve the use of the projected capital
16 structures through the expected true-up date in this proceeding, which is June 30, 2023, for
17 each of the individual operating utilities. For EKC that capital structure is 52.04% equity
18 and 47.96% long-term debt. For EKM, the requested capital structure is 52% equity and
19 48% long-term debt.

20 **Q. Why is it appropriate for the Commission to approve capital structures for the**
21 **separate operating utilities based on their actual capital structures as opposed to a**
22 **consolidated capital structure for the entire Evergy portfolio?**

1 A. First, the use of the operating utilities’ capital structures is consistent with the financial and
2 ring-fencing commitments Evergy made in the Merger Docket. As Mr. Andrews explains
3 in greater detail, the purpose of those commitments was to isolate the regulated operating
4 utilities from any potential financial risk that might occur at the holding company level and
5 to ensure that Kansas customers are only paying for funds necessary to serve them. Those
6 commitments require the operating utilities to maintain financial separation from the
7 holding company and from each other, with separate capital structures, among other things.
8 They also provide that “future cost of service and rates will be set commensurate with
9 financial and business risks attendant to their individual regulated utility operations.”⁶ Use
10 of the individual operating utilities’ capital structures is undoubtedly consistent with and
11 was contemplated by these provisions of the Commission’s order approving the merger.

12 Furthermore, this Commission has consistently recognized the importance of
13 ensuring that the ratemaking capital structure reflects the nature of utility operations and
14 has made it clear that the ratemaking capital structure should be based on the capital used
15 to fund the assets enabling the provision of utility service. Consequently, long-standing
16 practice among utility commissions across the country is to establish rates based on
17 operating company capital structures, not consolidated capital structures. This precedent
18 avoids the potential mismatch that could result from the application of a consolidated
19 capital structure and supports the use of the operating companies’ separate capital
20 structures. Further, as Ms. Bulkley explains, the use of the operating subsidiary’s actual
21 capital structure – the capital funding the utility plant and equipment that enables utility

⁶ Order Approving Merger, Docket No. 18-KCPE-095-MER, Attachment 1 to Attachment A (Non-Unanimous Settlement Agreement), Merger Commitment No. 17 (May 24, 2018).

1 service – is also consistent with FERC’s precedent. FERC uses the utility operating
2 company’s capital structure if it meets three criteria:

- 3 (1) it issues its own debt without guarantees;
- 4 (2) it has its own bond rating; and
- 5 (3) it has a capital structure within the range of capital structures approved by
6 the Commission.

7 All three of these conditions are met for EKC and EKM. As a result, the proposed capital
8 structures for EKC and EKM are reasonable and should be approved.

9 **Property Taxes:**

10 **Q. How do property taxes impact the rate request made by Evergy in this proceeding?**

11 A. Both EKC and EKM have Commission-approved property tax surcharge tariffs that allow
12 the utilities to adjust their rates annually to collect property taxes they are assessed. Those
13 tariffs provide that the amount included in the rider at the time of a general rate case should
14 be moved from the rider into base rates. As a result, a large portion of the requested increase
15 to base rates for both companies – over \$33 million for EKC and \$10.9 million for EKM –
16 is actually just the movement of an amount already being collected in the PTS rider into
17 base rates. In other words, this portion of our rate request reflects the movement of property
18 taxes from a surcharge to base rates and is, therefore, net neutral in terms of customer
19 impact. There is no net impact on customers’ rates as a result of this “rebasing” property
20 taxes.

1 **Disparity of Increase Between EKC and EKM:**

2 **Q. Why is the increase for EKC so much greater than for EKM?**

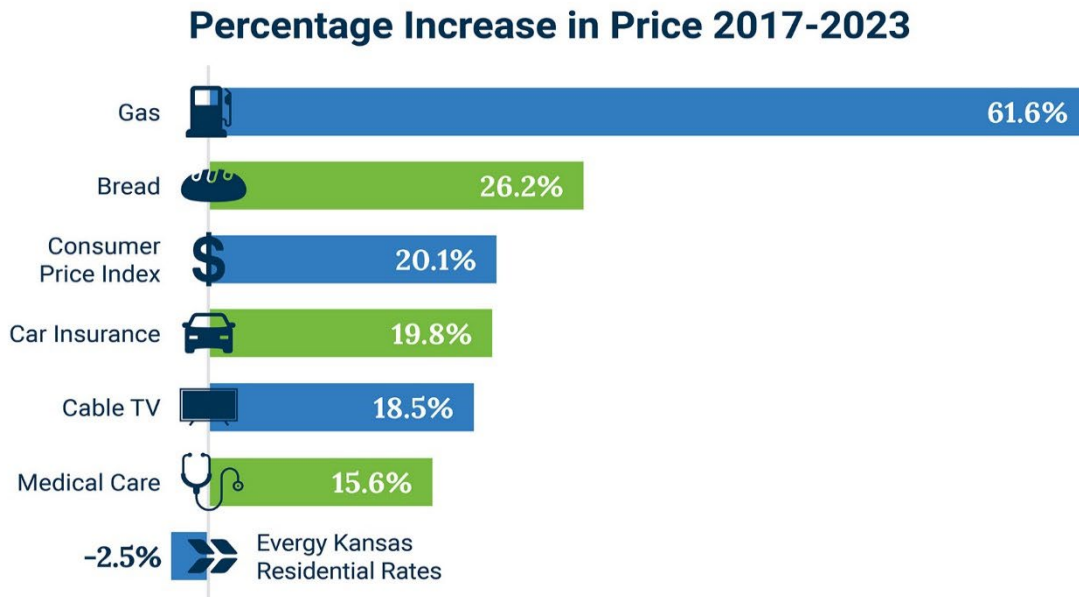
3 A. When compared to EKM, EKC serves significantly more customers in Kansas over a more
4 rural area – which requires more investment to serve customers over a broader, more
5 dispersed customer base. Additionally, as I discuss throughout my testimony, EKC’s
6 request is impacted by several unique ratemaking items – COLI, the expiration of
7 wholesale contracts, and the need to adjust depreciation rates to reflect the plant lives
8 contemplated by our IRP. While these are impactful to EKC, they are not factors in EKM’s
9 case. Without these unique items impacting ratemaking for EKC, the request in this case
10 would be much closer to what we are requesting for EKM. Most importantly, the service
11 we provide and investments we make on behalf of our customers are the same for all of
12 our Kansas customers, regardless of which operating utility provides them service.
13 Moreover, as I mentioned earlier and Mr. Campbell discusses in his testimony, even with
14 these unique factors, the request for EKC remains below the rate of inflation and ensures
15 that our rates will remain competitive when compared to our regional peers. Finally, the
16 need for a greater increase for EKC is also consistent with the ERSP report filed with the
17 Commission earlier this year that demonstrated that EKC was underearning by a substantial
18 amount.

19 **Q. How does the requested increase for EKC and EKM compare to the rate of inflation**
20 **generally and to the change in the cost of other household goods since 2018?**

21 A. The requested increase compares favorably to the rate of inflation and the change in the
22 cost of other household goods. Figure 3 illustrates the comparison of the change in bills
23 for Evergy’s Kansas residential customers from 2017-2023 to these other items.

1

Figure 3



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As Figure 3 demonstrates, the cost of electricity service from Evergy has not increased as a percentage of the average household income since 2017. In fact, the information shows that Evergy electricity prices and electricity’s relative share of customer household income have declined over the period. Our continued focus on affordability has benefited customers relative to other uses of their household income. Mr. Campbell discusses Evergy’s regional rate competitiveness in greater detail in his direct testimony.

9

VI. PROPOSALS TO ADDRESS PAST RATEMAKING ITEMS

10

11

Q. What are the areas in which Evergy is making proposals to bring past ratemaking items to conclusion in this case?

12

13

A. Evergy is making proposals in several areas, including clean-up of revenue credits related to wholesale contracts, the credit provided to customers for COLI, accounting authority orders related to COVID-19, allocation issues, and commitments made in prior rate cases.

14

15

16

Q. What is Evergy’s overall goal with these proposals?

1 A. Our goal is to ensure that the ratemaking treatment adopted in this case is reasonable for
2 both Evergy and our customers. Additionally, we are seeking to help smooth the impacts
3 of any significant ratemaking items on customers over time.

4 **Expiration of Wholesale Contracts:**

5 **Q. What are the proposals related to revenue credits for wholesale contracts?**

6 A. First, in EKC's last rate case, the parties dealt with a revenue credit that had been in base
7 rates for a wholesale agreement with Mid-Kansas Electric Company ("MKEC"). That
8 wholesale agreement was expiring shortly after the rate case, so the parties agreed to leave
9 the revenue credit in base rates but to amend the RECA tariff to allow the lost revenue from
10 the MKEC agreement to flow through at the time it expired. In this case, Evergy is
11 proposing to remove the revenue credit from base rates and to stop collecting the offsetting
12 amount for the lost revenue through the RECA. This will essentially reset rates to reflect
13 the expiration of the MKEC wholesale agreement. This change will not increase customers'
14 total rates, but instead, will just shift recovery that is currently occurring from the RECA
15 to base rates.

16 Second, EKC is removing the credit currently in base rates for a wholesale
17 agreement with the Kansas Power Pool ("KPP"). This relates to a revenue credit – an offset
18 to the cost of service. This is the credit associated with the wholesale agreement with KPP
19 that has expired. This has benefited customers with lower rates for many years; however,
20 because EKC will no longer receive this benefit, it will no longer exist as an offset to the
21 cost of service. Ms. Linda Nunn describes these changes in more detail in her direct
22 testimony.

1 **COLI:**

2 **Q. What is Evergy’s proposal related to COLI and how does it impact rates for EKC’s**
3 **customers?**

4 A. As Mr. Grace explains in detail, the COLI program was initiated by Evergy Kansas South's
5 predecessor, Kansas Gas & Electric Company (“KG&E”) following the commercial
6 operation of Wolf Creek in 1985 and the KCC’s subsequent general rate order. The
7 program involved the purchase by KG&E of life insurance policies on a number of key
8 Company individuals and the utilization of an actuarially estimated income stream from
9 those benefits to help meet the utility’s jurisdictional cost of service for the then-anticipated
10 useful life of Wolf Creek. In all general rate cases since the program was approved, KG&E
11 and now EKC (acting on behalf of Evergy Kansas South) has proposed and the KCC has
12 incorporated actuarially projected revenues in determining the jurisdictional cost of service
13 to be reflected in retail rates.

14 The COLI program is scheduled to end in March 2025. At that time, the imputation
15 of COLI revenues should terminate and the amount of EKC’s jurisdictional cost of service
16 to be recovered in retail rates would immediately increase by the amount of the COLI credit
17 in rates at that time. However, instead of imposing a sudden, substantial rate increase on
18 customers, Evergy is proposing to smooth the impacts to customers by determining the
19 amount of COLI revenues left to be imputed to customers between the expected order date
20 in this case and the termination of the COLI program in March 2025 and spread that amount
21 over a four-year period as a credit to customers. At the conclusion of the COLI credit
22 amortization period, Evergy requests approval to track any over return to customers until
23 such time as rates are set in a general rate case removing the expired credit as a regulatory

1 asset to be recovered from customers over an appropriate timeframe to be determined in
2 the next general rate case.

3 As proposed and approved, the plan for the COLI program was that customers
4 would receive the actuarial projected revenues through March 2025 and then, after that
5 date, the Company would be able to retain those revenues. This approach will ensure that
6 customers receive the expected value from the COLI program, but that EKC will not have
7 to credit to its rates more than the amount of revenues contemplated by the order originally
8 establishing the COLI program. It will also help smooth the impacts of the removal of the
9 COLI credit from rates on customers by spreading it over a four-year period, rather than
10 making an immediate adjustment and abruptly increasing rates in March 2025.

11 **COVID-19:**

12 **Q. How does Evergy propose to handle the AAO related to COVID-19 previously**
13 **authorized by the Commission?**

14 A. There are several components – involving both costs and lost revenues – to the COVID-19
15 AAO authorized by the Commission in Docket No. 20-EKME-454-ACT. Mr. Ron Klote
16 discusses the costs and foregone late fee revenue included in detail in his direct testimony
17 and Mr. Grace discusses the lost revenues. Evergy’s recovery of these deferred amounts
18 over four years is consistent with the Commission’s order in the COVID-19 docket and a
19 reasonable approach to spread out the cost impacts of the pandemic for customers.

20 Moreover, Evergy’s request for inclusion of lost revenues as part of the COVID-19
21 AAO to be recovered in rates is appropriate. Evergy experienced a reduction in
22 consumption by commercial and industrial customers and that resulted in a significant net
23 negative impact on revenues systemwide. These impacts could not have been anticipated

1 and were not included in the Company’s pre-pandemic rate structure. Providing electric
2 service is largely a fixed-cost enterprise, which means the Company could not have scaled
3 back costs to mitigate the pandemic related demand shock. Further, during the timeframe
4 impact by COVID-19, Evergy was in a five-year rate moratorium restricting our ability to
5 adjust rates in response to the pandemic.

6 **Allocations:**

7 **Q. Are there also allocation issues before the Commission in this rate case?**

8 A. Yes. The allocation issues before the Commission in this case exist because of differences
9 between the allocation methods utilized by the Kansas and Missouri Commissions. Those
10 differences are: (1) a difference in the allocation of the costs associated with the utility’s
11 generation and transmission plant which KCC Staff calls “capacity-related” costs and
12 Missouri Commission Staff calls “demand-related” costs; and (2) a difference in the
13 allocation of the fuel, purchased power costs and off-system sales recovered from
14 customers through the fuel clauses. Both differences have historically caused Evergy
15 Metro, Inc. to under-recover its prudently incurred costs.

16 With respect to the allocation of capacity-related costs, this Commission and its
17 Staff have traditionally used a 12 Coincident Peak (“12-CP”) methodology that measures
18 the peaks that a utility experiences during each of the twelve months of a year. On the other
19 hand, the Missouri Commission has analyzed this system peak demand using a 4
20 Coincident Peak (“4-CP”) methodology that measures demand factors for the four summer
21 months (June-September). Both Commissions have previously recognized the negative

1 impact for Evergy caused by this difference.⁷ As a result, as discussed in detail by Mr. John
2 Wolfram of Catalyst Consulting LLC, we are requesting that Kansas adopt the 4-CP
3 methodology. As Mr. Wolfram explains, this method is consistent with traditional
4 ratemaking principles, is objective, is consistent with the treatment afforded other utilities
5 that operate in multiple retail jurisdictions and is appropriate for the paradigm in which
6 Evergy operates as a member of SPP. This methodology will also help eliminate the gap
7 between the jurisdictional history of Evergy Metro, Inc. operating in both Kansas and
8 Missouri.

9 Similarly, the allocation issue related to fuel, purchased power, and off-system
10 sales, also negatively affects EKM's ability to fully recover its costs under the Energy Cost
11 Adjustment ("ECA"). More specifically, Kansas uses the Unused Energy ("UE1")
12 Allocator and Missouri uses an Energy Allocator. Application of these different allocation
13 methodologies result in an under-recovery of purchased power expenses and an over
14 recovery of fuel expenses incurred to serve Kansas and Missouri customers. This difference
15 in methodology also results in customer credits for off-system sales that are in excess of
16 actual sales. In other words, although Evergy Metro, Inc. should be allowed to recover
17 100% of its prudently incurred fuel and purchased power costs and provide customers a
18 credit for 100% of its off-system sales, the use of different allocation methods by the
19 Missouri and Kansas Commissions results in *less than* 100% recovery with a customer off-
20 system sales credit of *greater than* 100% of actual off-system sales. This anomaly

⁷ See Order Directing Filing at 1, In re Exploration of a Joint Proceeding with the Kan. Corp. Comm'n to Investigate Off-System Sales Methods of KCP&L, No. EO-2012-0020 (July 22, 2011); Correspondence between Commission Chairman Kevin Gunn (dated and filed on Sept. 15, 2011) and KCC Chairman Mark Sievers (dated Oct. 17, 2011; filed Oct. 4, 2012) & Notice Closing Case (Oct. 5, 2012), In re Exploration of a Joint Proceeding with the Kan. Corp. Comm'n to Investigate Off-System Sales Methods of KCP&L, No. EO-2012-0020 (July 22, 2011); Order on KCP&L's Application for Rate Change at 4, In re Kansas City Power & Light Co., No. 12-KCPE-764-RTS (Dec. 13, 2012).

1 effectively creates a compound under recovery for Evergy, with customers receiving
2 benefit for off-system sales that Evergy Metro, Inc. did not achieve.

3 To resolve this issue, EKM is proposing that the Kansas Commission move to an
4 Energy Allocator. As Mr. Wolfram explains, this change will provide the Company a fairer
5 opportunity to recover 100% of the costs incurred by the Company and will provide
6 customers the appropriate credit for off-system sales, reflecting sales that actually occurred.
7 EKM should not experience recovery shortfalls simply because it operates as one company
8 in two different states that use different allocation methods.

9 **Q. Did the use of the UE1 Allocator cause EKM to under-recover costs associated with**
10 **Winter Storm Uri?**

11 A. Yes. As I explained in my testimony in Docket No. 21-EKME-329-GIE, during Winter
12 Storm Uri, there was a significant amount of extraordinary off-system sales attributable to
13 the Evergy Metro, Inc. operations, which had to be allocated between the Kansas and
14 Missouri rate jurisdictions. Because of the different allocation methodologies used between
15 the states to allocate off-system sales, the credit provided to customers for Evergy Metro,
16 Inc.'s Kansas and Missouri jurisdictions combined totaled approximately 107% of Evergy
17 Metro, Inc.'s actual off-system sales. This resulted in a credit to be provided to customers
18 in the amount of \$11.2 million in excess of off-system sales actually occurring.

19 In the Non-Unanimous Stipulation and Agreement approved by the Commission in
20 Docket No. 21-EKME-329-GIE, the Parties agrees that,

21 Evergy Kansas Metro should not offset the regulatory liability to be returned
22 to customers with the under-recovery caused by the historically different
23 allocation methodologies that have been used by the Kansas and Missouri
24 Commissions. However, the Parties agree that Evergy Kansas Metro should
25 be permitted to defer as a regulatory asset that amount of that under-
26 recovery that is attributable to Kansas customers, approximately \$4.7

1 million at February 28, 2022, to be considered for recovery from customers
2 in Evergy Kansas Metro’s upcoming 2023 general rate case.⁸

3 Thus, EKM has included in its rate request in this proceeding recovery of this deferred
4 amount over a four-year period.

5 **Prior Rate Case Commitments:**

6 **Q. Has Evergy addressed the commitments made in prior rate cases in this filing?**

7 A. Yes. Mr. Bradley Lutz discusses our compliance with commitments made in prior rate
8 cases in detail in his testimony. Generally, for EKC, these relate to direct buried service
9 lines, residential peak efficiency and residential electric vehicle rates, lighting rates, and
10 residential distributed generation rates. For EKM, they relate to light emitting diode
11 lighting, the schools’ rate, and non-residential rate collaboration.

12 **VII. PROPOSALS TO MAKE THE REGULATORY PROCESS EASIER FOR ALL**
13 **STAKEHOLDERS AND CONSISTENT FOR OUR KANSAS CUSTOMERS**

14 **Q. Please describe the proposals Evergy is making in this rate case to make the**
15 **regulatory process easier and more consistent across operating utilities for Kansas**
16 **customers.**

17 A. We are proposing changes to align tariffs between jurisdictions to create a consistent
18 platform for Evergy customers in Kansas. For example, there are slight differences that
19 exist today between EKM’s and EKC’s RECA tariffs, their Transmission Delivery Charge
20 (“TDC”) tariffs, and their Energy Efficiency Rider (“EER”) tariffs. Consequently, we are
21 proposing changes that would make these tariffs more consistent for both operating
22 utilities. We are also proposing to align our treatment of Construction Work in Progress
23 (“CWIP”) in rates and various inputs to our revenue requirement model. We are proposing

⁸ Order Approving Non-Unanimous Stipulation and Agreement, Docket No. 21-EKME-329-GIE, Attachment A, ¶25 (June 23, 2022).

1 to implement a storm reserve and injuries and damages reserve for EKM, consistent with
2 the reserves in place today for EKC.

3 For EKM, we are also proposing to implement bright lines for our non-residential
4 classes. As Ms. Marisol Miller explains, bright lines are established thresholds which
5 define the utility classes. Bright lines already exist for EKC's non-residential classes and
6 our proposal in this docket will help move towards consistency between the jurisdictions.
7 It will also help minimize rate switching across classes within EKM. Establishing bright
8 lines will group similar customers together that share similar load and electric usage
9 characteristics, which will help ensure that similarly situated customers' rates are
10 consistently structured and priced based on cost causation.

11 **Q. Why is consistency between EKM's and EKC's tariffs important?**

12 A. While EKM and EKC are separate entities with separate service territory in Kansas, they
13 both operate under the Evergy umbrella and customers across the state see their electric
14 provider as "Evergy," not as the specific operating utility in whose territory they reside.
15 One of the benefits of the merger is that it allows the two utilities operating in Kansas to
16 adopt best practices from each other and improve the overall level of service for all Evergy
17 customers in Kansas. Ensuring that the provisions of our tariffs are consistent helps us
18 achieve this goal.

19 **Q. Please briefly describe the Company's Rate Modernization Plan and how it pertains
20 to this rate case.**

21 A. Evergy is proposing tariff changes, new tariffs, and programs to align tariffs between
22 jurisdictions to create a consistent platform for Evergy Kansas customers and to provide
23 customer choice for their electric service. In 2020, Evergy developed a Rate Modernization

1 Plan (“Rate Plan”) to guide the Company on several identified rate objectives over a period
2 of time. The Rate Plan provides a framework for Evergy that is not only responsive to its
3 historical regulatory obligations in Kansas and Missouri, but also provides a framework
4 for the Company’s future general rate case filings. The modifications to rates and the
5 creation of new rates or programs that Evergy is proposing in this rate case were born from
6 the Rate Plan, which was first shared with the Commission in January 2021,⁹ and reflect
7 initial steps in execution of the Rate Plan. Of course, implementation of the Rate Plan is
8 dependent, in part, on the results of this rate request but will also further develop over time
9 based on customer needs, new and changing technology, and evolving objectives and
10 policies. Ms. Kim Winslow further elaborates on how new technologies influence how
11 customers are utilizing electricity behind-the-meter, which is a significant contributor to
12 our Rate Plan.

13 **VIII. MERGER COMMITMENTS**

14 **Merger Commitments – Tracking:**

15 **Q. Did Evergy make specific financial, regulatory, or other commitments in the Merger**
16 **Docket?**

17 A. Yes, it did. Evergy made a number of commitments that apply to a variety of functional
18 areas including Regulatory, Finance and Administration, Human Resources, Customer and
19 Community Relations, Facilities, Operations, Legal, and Strategy/Merger Integration.
20 Evergy made these commitments to demonstrate its willingness to collaborate with
21 stakeholders to produce a merger that would provide direct, tangible benefits to customers
22 in the near-term and create long-term, sustainable value. These Merger Commitments may

⁹ Evergy’s Sustainability Transformation Plan Customer Experience Presentation by Charles A: Caisley, January 20, 2021.

1 be found in Attachment 1 to the Non-Unanimous Settlement Agreement approved by the
2 Commission in the merger proceeding, Docket No. 18-KCPE-095-MER.

3 **Q. How can stakeholders be assured that Evergy has honored the Merger**
4 **Commitments?**

5 A. Many of the Merger Commitments have strict reporting requirements, including quality of
6 service and reliability commitments. Other commitments can be easily verified. For
7 example, Evergy committed to maintaining its operating headquarters in downtown
8 Topeka and to maintaining no less than 500 employees in downtown Topeka for at least
9 five years. Evergy has now purchased the building where its downtown Topeka
10 headquarters is located after leasing the high-rise building for a number of years previously.

11 Some commitments would be triggered by events that have not occurred and are
12 not expected to occur. For example, if EKC's or EKM's credit ratings were to be
13 downgraded to below investment grade by either S&P or Moody's, the Company would
14 be required to notify the Commission within five business days with an explanation of why
15 the credit ratings had been downgraded.

16 **Q. Did Evergy formally track or verify its performance with respect to its Merger**
17 **Commitments?**

18 A. Yes. Evergy established a cross-functional internal team with the specific task of assessing
19 merger impacts, evaluating benefits that flow from the merger, and ensuring adherence to
20 regulatory requirements. Evergy also hired Concentric Energy Advisors, Inc.
21 ("Concentric") in 2022 to conduct an external review of the Company's management and
22 oversight of Merger Commitments. Concentric concluded that Evergy's merger monitoring
23 practices are consistent with industry best practices and are sufficient to ensure appropriate

1 adherence to the commitments made as conditions of the approval of the merger.
2 Concentric's report of its review can be found in **Exhibit DRI-1**.

3 **Merger Commitments – Specific to this Rate Filing:**

4 **Q. Are there merger conditions that Evergy is required to meet in this rate case filing?**

5 A. Yes – specifically, Merger Commitments 17, 22, 24, 28 and 31.

6 **Q. What was Merger Commitment 17?**

7 A. Merger Commitment 17 provides:

8 Holdco commits that future cost of service and rates of KCP&L and Westar
9 shall not be adversely impacted on an overall basis and as a result of the
10 Merger and that future cost of service and rates will be set commensurate
11 with financial and business risks attendant to their individual regulated
12 utility operations. Neither KCP&L nor Westar shall seek an increase to
13 their cost of capital as a result of (i.e., arising from or related to) the Merger
14 or KCP&L's and Westar's ongoing affiliation with Holdco and its affiliates
15 after the Merger.

16 The return of equity ("ROE") as reflected in Westar's and KCP&L's rates
17 will not be adversely affected as a result of the Merger. Holdco agrees the
18 ROE shall be determined in future rate cases, consistent with applicable law,
19 regulations and practices of the Commission.

20 **Q. Did the merger impact the cost of debt reflected in Evergy's rate case filing in any
21 way?**

22 A. No. In fact, the cost of debt reflected in the proposed rates for both EKC and EKM in this
23 case is lower than the cost of debt included in rates in the 2018 general rate cases. Factors
24 influencing the cost of debt for Evergy – including the interest rates as set by the federal
25 government – are discussed by Mr. Andrews and are completely unrelated to the merger.

26 **Q. Did the merger impact the ROE requested by Evergy in this docket in any way?**

27 A. No. While Evergy is requesting a higher ROE than was approved by the Commission in
28 the 2018 general rate cases, that request is the result of market conditions and the analysis

1 conducted by Ms. Bulkley consistent with regulatory principles and the position that EKM
2 and EKC should be afforded the opportunity to earn a return commensurate with returns
3 earned by investors in other enterprises having similar risks.¹⁰

4 **Q. What was Merger Commitment 22?**

5 A. Merger Commitment 22 related to transaction costs. It provided a definition of transaction
6 costs and then provided:

7 Westar and KCP&L commit that they will not seek recovery through
8 recognition in retail rates of transaction costs, that they shall have the burden
9 of proof to clearly identify where all transaction costs related to this Merger
10 are recorded and shall be required to attest in all future rate proceedings
11 before the Commission that none of these costs are included in cost of
12 service and rates, and to provide a complete explanation of the procedures
13 used to ensure that these transaction costs are not included in cost of service
14 or rates. This commitment shall be required until transaction costs of this
15 Merger are no longer on Holdco's books in a test year for KCP&L and/or
16 Westar, as applicable. Transaction costs shall be recorded on Holdco's
17 books.

18 **Q. Do you attest that no transaction costs related to this Merger are included in cost of**
19 **service and rates?**

20 A. Yes.

21 **Q. Please provide a complete explanation of the procedures used to ensure that these**
22 **transaction costs are not included in cost of service or rates.**

23 A. There was a thorough accounting of transaction costs to accounts that are recorded below
24 the line. Specifically, these costs were recorded to account 426.5 in the FERC system of
25 accounts.

26 **Q. Will you continue to address this condition in future rate case proceedings?**

¹⁰ See *Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679, 689-90 (1923).

1 A. We believe this condition has expired as no merger transaction costs are reflected on
2 Evergy's books in the test year for this case. We attest that there will be no additional
3 transaction costs recorded after the test year.

4 **Q. What was Merger Commitment 24?**

5 A. Merger Commitment 24 provided that "Holdco commits that retail rates for KCP&L and
6 Westar customers shall not increase as a result of the Merger."

7 **Q. Did retail rates increase as a result of the Merger?**

8 A. No. To the contrary, the savings that resulted from the merger have reduced the requests
9 for rate increases being made in this docket. As Mr. Campbell discusses, Evergy's merger
10 savings significantly exceeded the projections provided in the Merger Docket and helped
11 to offset the requests being made in this docket. The rate increases we are requesting for
12 EKM and EKC are the result of investments that have been made to serve our customers
13 and changing economic circumstances, including inflation, interest rates, and economic
14 growth in Kansas.

15 **Q. What was Merger Commitment 28?**

16 A. Merger Commitment 28 provided, in part, that EKC and EKM would file with the
17 Commission "with the first post-closing rate case, an executed copy of all additional
18 relevant Affiliate Service Agreements related to the Merger, pursuant to K.S.A. 66-1402
19 and that includes the service agreement(s) between any service company or affiliate
20 allocating costs to a regulated utility affiliate."

21 **Q. Has Evergy complied with this requirement?**

1 A. Yes, the required copies of the three Affiliate Service Agreements under which each of the
2 operating utilities provide services to the other operating utilities are attached hereto as
3 **Exhibit DRI-2.**

4 **Q. What was Merger Commitment 31?**

5 A. Merger Commitment 31 related to intercompany charges (charges between companies for
6 employees' time and other expenses) and to common use billings (described earlier in my
7 testimony, related to investments made in shared assets). With respect to intercompany
8 charges, it provided that,

9 Holdco and its subsidiaries may seek recovery of intercompany charges to
10 regulated utility affiliates in their first general rate proceedings filed
11 following the closing of the Merger at levels equal to the lesser of actual
12 costs or the costs allowed related to such function in the cost of service of
13 their most recent rate case prior to the closing of the Merger, as adjusted for
14 inflation measure by the Gross Domestic Product Price Index.

15 As I indicated above, both EKC and EKM have achieved a significant amount of
16 savings in their labor costs, which will be reflected in rates in this proceeding. For EKC,
17 its NFOM-Labor expense has decreased over by \$29 million since the 2018 rate case and,
18 for EKM, NFOM-Labor expense has decreased by approximately \$16 million. The utilities
19 also achieved savings in the other non-labor expense categories, described above. As a
20 result, Evergy has clearly satisfied the portion of Merger Commitment 31 related to
21 intercompany charges, because the expense levels reflected in rates will be less than in
22 2018, even after intercompany billings are included.

23 With respect to common use billings, it provided that “[b]illings for common-use
24 assets shall be permitted consistent with GPE’s current practices. Holdco and its
25 subsidiaries shall have the burden of proof to demonstrate billings are prudent, in the usual
26 course of business, and consistent with past practice.” As I discussed above, all common

1 use billings reflected in the utilities' requested revenue requirements in this case have been
2 completed according to the procedures described in Evergy's CAM that is on-file with the
3 Commission. These procedures are consistent with the process GPE utilized for common
4 use billings prior to the merger, which resulted in the allocation of costs for shared facilities
5 between KCP&L (now Evergy Metro) and KCP&L-GMO (now Evergy Missouri West).

6 **Q. Are there other Merger Commitments that will sunset naturally at the conclusion of**
7 **this rate case or that Evergy is requesting be terminated since we are now five-years**
8 **post the closing of the merger?**

9 A. Yes. As part of its review of our compliance with the Merger Commitments, Concentric
10 also determined whether there are Merger Commitments that will naturally be concluded
11 after the passage of a certain amount of time or as a result of steps Evergy takes in this rate
12 proceeding. They also reviewed the list of commitments to determine whether any of them
13 should logically be terminated at this point in time, given the amount of time that has passed
14 since the merger and the Company's success in integrating and achieving substantial
15 merger savings for customers. This analysis is reflected in the memo attached as **Exhibit**
16 **DRI-1**. At the end of the memo, we have prepared a list of the commitments and the status
17 we would propose for each moving forward. We ask that the Commission clearly identify
18 in its order those commitments that are no longer applicable and those that continue to
19 apply.

1 **IX. ABBREVIATED RATE CASE REQUEST**

2 **Q. What is Evergy’s request regarding an abbreviated rate case?**

3 A. EKC and EKM request permission from the Commission to make an “abbreviated filing”
4 pursuant to K.A.R. 82-1-231(b)(3)(A) within 12 months of the Commission’s Order in this
5 docket. In such proceeding, Evergy proposes to update rates to:

6 (1) reflect investments necessary to serve the new load for Panasonic,

7 (2) reflect investment in a new renewable generating resource to serve Kansas
8 customers supported by the Company’s IRP and executed after negotiations
9 resulting from the 2023 RFP process undertaken to address 2024-2026 resource
10 requirements, and

11 (3) reflect any adjustment to rates necessary as a result of the Wolf Creek
12 Decommissioning Study triennial filing that will be made in September 2023.

13 In connection with this request, Evergy agrees that if it makes a filing pursuant to K.A.R.
14 82-1-231(b)(3)(A), it will adopt all the regulatory procedures, principles, and the rate of
15 return established by the Commission in the Order issued in this docket.

16 **Q. What are the investments to serve Panasonic and add additional renewable
17 generating resources that you want to include in the abbreviated rate case?**

18 A. Mr. Mulvany discusses the investments that will be required for Panasonic in greater detail
19 in his direct testimony and Ms. Messamore discusses the resource adequacy considerations
20 and need for additional generating resources including the RFP results currently under
21 evaluation for resource needs identified for 2024 through 2026.

22 **Q. Describe how the Wolf Creek Decommissioning Study impacts your abbreviated rate
23 proceeding.**

1 A. Evergy is required to make a triennial filing with the Commission with a study updating
2 the estimated cost for decommissioning the Wolf Creek nuclear plant. That triennial filing
3 will be made in September 2023. After the Commission issues an order on the cost estimate
4 provided in the triennial filing, EKM and EKC will both need to update the amount
5 recovered in base rates if the cost estimate changes from what is currently included. As a
6 result, it is reasonable for that issue to be addressed in Evergy’s abbreviated rate case.

7 **X. CONCLUSION**

8 **Q. How would you summarize your testimony and this rate case filing?**

9 A. As Mr. Campbell explains, Evergy remains committed to providing affordable, reliable,
10 and sustainable utility service to our customers. As I have described throughout my
11 testimony, we continue to make investments in programs and initiatives that are intended
12 to maintain and improve reliability, enhance customer service, and give customers more
13 choice in their electric rates, and continue to transition the Company’s generation fleet to
14 cleaner, more sustainable sources of energy at the appropriate pace to ensure affordability.

15 Making prudent investments to achieve these goals requires that Evergy has
16 adequate access to capital. The regulatory mechanisms and revenue requirements proposed
17 in this case are specifically designed to provide such access. These mechanisms include a
18 reasonable ROE and capital structure, but also the proposals Evergy has made to address
19 the historical ratemaking items I described above. These mechanisms will provide a
20 foundation on which Evergy will execute its strategic plans for the future.

21 **Q. Does this conclude your testimony?**

22 A. Yes, thank you.

Evergy’s Adherence to Merger Commitments

APRIL 2023

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I. EXECUTIVE SUMMARY

This memorandum documents the results of a review Concentric Energy Advisors (Concentric) conducted in 2023 of Evergy, Inc.'s management and oversight of the commitments made as conditions of the approval of the merger between Great Plains Energy and Westar Energy, Inc by Kansas and Missouri regulators.

Concentric reviewed each merger commitment, the tracking mechanisms used to monitor and report progress on the associated obligation, and the executive review and oversight processes in place to ensure that Evergy, Inc. complies with all commitments and regulatory requirements pertaining to the merger. The commitments range in topic from human resources to finance to operational matters.

Our conclusion is that Evergy's practical and methodical approach to tracking merger commitments have ensured that benefits have materialized for customers and other stakeholders throughout Evergy's service territory in Kansas. Concentric's review indicates that Evergy's approach is appropriate to ensure full compliance and is consistent with industry best practices.

Finally, Concentric recommends the elimination of certain commitments as ongoing tracking and reporting obligations. Five years have passed since the merger closed. These commitments are duplicative and/or no longer serving the same merger-oriented protection role for which they were initially designed.

II. INTRODUCTION

On August 31, 2017, Great Plains Energy (GPE), Kansas City Power & Light Company ("KCPL"), KCP&L Greater Missouri Operations Company, and Westar Energy, Inc. filed a joint application seeking approval from regulators in Missouri and Kansas for the merger between Westar and GPE. Evergy, Inc., the resulting holding company, continues to operate investor-owned utilities in Kansas and Missouri. The merger was approved by the Missouri Public Service Commission (MPSC) in May 2018¹ conditioned on 48 merger commitments and associated conditions. The

¹ Missouri Public Service Commission File No. EM-2018-0012, *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.* (MO Merger Proceeding), Report and Order (Issued May 24, 2018) (MPSC Merger Approval Order).



Kansas Corporation Commission (KCC) approved the merger the same day,² contingent on 55 merger commitments and conditions.

This memo was prepared at the request of Evergy Kansas Central, Inc. and Evergy Metro, Inc. (referred to collectively herein as Evergy or the Company).³ Specifically, Evergy requested that Concentric document our assessment of Evergy's implementation and progress-tracking of merger commitments made in KCC Docket No. 18-KCPE-095-MER.

Concentric's review and conclusions are described in the sections that follow. Section III describes the methodology Concentric applied in conducting our review, which included a review of documentation, interviews with select Evergy leaders responsible for ensuring compliance with regulatory mandates, and validation of the executive review and oversight that guide the Company's practices with respect to merger commitments.

III. CONCENTRIC'S REVIEW OF EVERGY'S MERGER COMMITMENT ADHERENCE

Concentric has deep expertise in utility mergers and acquisitions. We have provided regulatory advisory expertise and support on a variety of transactions in the regulated utility industry. Our expertise included the design of merger commitments that are crafted to ensure that a merger meets or exceeds established policy and/or statutory requirements that are intended to protect the public interest.

Concentric is familiar with the merger standards that have been established by the KCC. From our work supporting utility sector consolidation in the State, we have a detailed understanding of the issues that have concerned the KCC in its deliberation over merger provisions and overall structure. In that 2018 merger proceeding Concentric provided support in the development of the merger commitments. We have a comprehensive understanding of the interests of the parties and the form and structure of the resulting commitments.

² Kansas Corporation Commission Docket No. 18-KCPE-095-MER, *In the Matter of the Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for Approval of the Merger of Westar Energy, Inc. and Great Plains Energy Incorporated* (Kansas Merger Proceeding), Order Approving Merger (May 24, 2018) (Merger Order).

³ Evergy Kansas Central is an integrated, regulated utility that provides electricity to customers in Kansas. Evergy Metro is an integrated, regulated electric utility that provides electricity to customers in Kansas and Missouri.



This experience served as a foundation for Concentric’s review of the mechanisms Evergy has created to monitor the commitments the Company made in the course of the merger proceeding. It allowed Concentric to accelerate the review and focus particular emphasis on aspects of the merger that are of significant interest to customers, KCC Regulatory Staff (Staff), and other stakeholders.

Concentric’s review encompassed an evaluation of the Company’s merger commitment monitoring structures, including the work of Evergy’s internal organization that was tasked with assessing merger impacts, evaluating benefits the merger has created, and ensuring adherence to regulatory requirements. Concentric reviewed these mechanisms critically to ensure that they are applied consistently to commitments that apply to all Evergy departments, all aspects of the firm’s operations. In this review, we interviewed senior management and line personnel responsible for accounting, management, operations, Human Resources, and other key features of business operations. These discussions with Evergy personnel were supported by a review of extensive documentation (i.e., meeting agendas, minutes, Internal Audit reports on merger tracking mechanisms, periodic reports made to the KCC, etc.) that describe and codify internal and external reporting related to the various commitments.

IV. EXECUTION AND TRACKING

Following the approval of the merger by regulators in Kansas and Missouri, Evergy established an internal organization that was initially called Integration Success. The team was tasked with several accountabilities, which included tracking merger benefits and monitoring progress toward the obligations established by regulatory orders and in formal merger commitments. The team that was focused on Integration Success, which is now officially called Continuous Improvement, had a core staff with support from a cross-functional team comprised of individuals from various corporate organizations. Each commitment was assigned to a specific corporate representative accountable for tracking adherence and reporting status on an ongoing basis to Evergy leaders.

The team focused on Integration Success met on a biweekly basis beginning in 2018 to review activities and resources and to plan and verify reporting on various merger commitments. After initial efforts focused on short-term obligations were complete, they shifted their meeting cadence to monthly meetings, which continue today among Regulatory personnel with updates to the Continuous Improvement team.



The team's activities and practices are consistent with industry standards for tracking progress and ensuring compliance with merger approval conditions.

Merger Commitments

Energy has organized and tracked merger commitments by category, which generally align to specific Energy business organizations. These categories are reviewed in the sections that follow, with specific descriptions of notable achievements and identification of activity and progress that continues today. In addition, we note merger commitments in each category that: (i) are no longer applicable; (ii) will sunset at specified times; and (iii) we recommend Energy propose to eliminate in its planned 2023 rate proceeding. We recommend that some commitments be eliminated for merger-related compliance purposes because, five years after the close of the merger, Energy's operating, financial, and regulatory context has evolved considerably. The Company should be required to operate in whatever manner it sees fit, subject to the appropriate oversight from its regulators. The full set of Merger Commitments approved in the KCC's Merger Order can be found in Attachment 1 to this memo.

Human Resources

Human Resources merger commitments apply to operational staffing requirements such as the tenure of corporate executive leadership, maintenance of compensation and benefits of utility employees for a period following merger close, a prohibition on involuntary severance programs, and adherence to collective bargaining agreements.

One Human Resources merger commitment, MC1, requires Energy to maintain a minimum staffing level of 500 employees its Topeka, KS headquarters through May 2023.⁴ MC1 also commits Energy to maintaining the Kansas headquarters in Topeka for an additional five years. The staffing level at the Topeka headquarters briefly fell below this threshold in 2022 but returned to a level above 500 employees by the end of the year. Energy has a number of open staffing requisitions and plans to maintain or grow its staffing levels moving forward.

⁴ Kansas Merger Proceeding, Merger Order, Attachment A, Merger Commitment (MC) 1 (p. 41).



Several Human Resources commitments have been completed or no longer apply.⁵ These include Merger Commitment 2 (MC2), which pertains to executive leadership, MC5 (collective bargaining agreements), and MC6 (employee compensation and benefits). Others will sunset under the terms of the KCC Order, including MC1's provisions pertaining to the Kansas headquarters location, and MC40 (merger integration). Commitments that remain in effect are being tracked and monitored effectively to ensure compliance with regulatory requirements. Concentric recommends that Evergy propose to end Human Resources MC7 (pertaining to employee headcounts and involuntary severance) as a compliance obligation. Five years have passed since the merger was approved. It is appropriate and in the best interest of customers for Evergy officers to manage the business in a manner that is prudent and that reflects economic and regulatory conditions that prevail over time. Preserving MC7 permanently could prevent Evergy from operating the public utilities efficiently and effectively.

Customer & Community Relations

Customer and Community Relations merger commitments apply primarily to charitable giving and Corporate Social Responsibility, customer assistance program funding, and other customer programs. The Continuous Improvement team has worked closely with subject matter experts from Evergy's Accounting and Finance departments to ensure timely payments are made to applicable charitable organizations and to fund customer programs specified by the KCC. In addition, Evergy reports made annually to the KCC Staff provide appropriate description of the spending by programs that benefit customers through weatherization and energy efficiency programs. Concentric's review has concluded that Evergy's corporate giving commitments are being tracked and monitored effectively to ensure compliance with regulatory requirements.

MC3 (Charitable Giving, Community Involvement) and MC4 (Low-Income Assistance Programs), will sunset later in 2023.

Facilities

Evergy made several commitments that apply to Facilities management. The first, MC1, applies to Evergy's corporate headquarters facilities in Kansas and Missouri. The holding company

⁵ *E.g.*, Evergy committed to honor collective bargaining contracts that existed at the time of the merger close. Evergy entered a series of new contracts with unions in 2021 and 2022, which effectively retires the applicable commitment.



headquarters is to remain in Kansas City, and the Company is to honor its existing lease for its headquarters location. In addition, Evergy will maintain its Kansas headquarters in the Topeka area through May 2028.⁶ MC12 prevents Evergy from selling or otherwise conveying any assets “necessary and useful in providing electric service” without consent from the KCC.

Evergy remains in compliance with each Facilities commitment. MC1 will sunset in 2028. Concentric recommends that Evergy propose to end MC12 (Asset Conveyance) as a compliance obligation. The commitment is duplicative of long-standing policies and regulations and creates an unnecessary burden that need not remain in place more than five years after the merger approval.

Operations

The KCC approved three Operations commitments focused on service quality levels. These commitments address assurances that power costs would not rise as a result of the merger, customer service quality indices, and a commitment to initiate a separate proceeding to monitor and evaluate service quality.

The requirement pertaining to fuel and purchased power costs (MC23) is addressed in periodic Fuel Adjustment Clause calibration proceedings. Evergy provides periodic reports to KCC Staff to document the status of performance on service quality in compliance with MC36. Evergy’s obligations under MC37 (Reliability Reporting) is complete.

Evergy’s adherence to the merger commitments meets or exceeds the industry standard for keeping regulators and other stakeholders informed of Operational performance. In fact, Concentric recommends that Evergy propose to end MC23 and MC36 as compliance obligations. Evergy’s Fuel Adjustment Clause and service quality performance are evaluated thoroughly in other regulatory proceedings. The merger commitments create duplicative obligations that provide no incremental benefit to customers.

⁶ In fact, the Company reached an agreement to purchase the Topeka, KS headquarters location as of the expiration of the current lease in 2023.



Finance & Administration

Evergy agreed to a number of Finance and Administration merger commitments, including many that apply if and when the rating on Evergy's senior secured debt is downgraded to below investment grade. This situation has not occurred, and there is no indication or expectation that this condition could materialize in the near future given current business and market conditions.

Other commitments pertain to general financial management and transactions among corporate affiliates within the Evergy, Inc. holding company. Requirements within these commitments stipulate that charges among affiliates not exceed actual costs in cost of service at the time of the merger. The Company has demonstrated that Administrative and General charges (and Operating and Maintenance expenses in general) have actually fallen over time.

Merger commitments also require that Evergy demonstrate that allocation of charges for common use assets is prudent and consistent with past practice. The allocation of shared charges among Evergy affiliates is completed in a manner consistent with Company policy and established practices, including the use of the corporate Cost Allocation Manual, which has been provided to parties through regulatory filings.

Additional Finance commitments require that accounting practices will be maintained and auditable. Evergy has conducted assessments and prepared annual filings to the Commission on its performance on these finance-oriented merger commitments.⁷

Finance and Administration merger commitments also require assurances about transition and transaction costs and the availability of accounting books to KCC Staff.

Evergy's performance following the GPE-Westar merger has meant that some Finance and Administration merger commitments have not been applied (e.g., commitments that would apply in the case of a credit rating downgrade). Concentric's review has indicated that the Company's performance on *all* Finance and Administration commitments meets the industry's standard for management and reporting vigilance and compliance.

Evergy was awarded the variance addressed in MC33 (Variance from Missouri Affiliate Accounting Rule). Similarly, the capital plan reporting process directed by MC38 has been

⁷ See, e.g., Evergy Metro Affiliate Transaction Report, March 15, 2023.



implemented and remains in place. Both of these Evergy compliance obligations no longer apply. MC48 (Journal Entries) and MC22 (Transaction Costs) also no longer apply. Requirements that apply under MC41 (Goodwill Impairment Analysis) will be complete at the end of calendar year 2023. MC19 (Transition Costs) sunsets in 2028. In addition, there are a number of merger commitments that Concentric recommends for elimination as compliance obligations. These are described in Table 1, below.

Table 1: Finance and Administration Merger Commitment Status, Recommendations

MC17 (Cost of Capital)	The merger’s effect on Evergy financial performance is no longer discernable five years after the merger approval. The requirements under MC17 no longer provide any benefit above and beyond the scrutiny that takes place in periodic rate proceedings.
MC42 (Accounting Changes)	After five years, this commitment provides no incremental benefit.
MC55 (Future Access to Capital)	This commitment is duplicative of MC9 (Financial Integrity).

Legal

Legal merger commitments apply to the initial composition of the Evergy Board of Directors and to ensuring KCC Staff can access Board of Directors meeting agendas and minutes.

The initial Board of Directors composition merger commitment (MC8) applied for a period of three years and was honored throughout that period. Evergy continues to make Board of Directors’ meeting minutes, agendas, presentations and handouts, and related information distributed in advance of Board of Directors meetings available if and when requested.

The remaining Legal merger commitments apply to separation of assets and operations (i.e., requiring that Evergy affiliates hold assets in their own legal name; that regulated and unregulated assets and operations not be comingled, and that no affiliate pledge assets as collateral on behalf of other affiliates. There have been no deviations from full adherence to these commitments.



Concentric recommends that the commitments described in Table 2, below, be eliminated as ongoing compliance obligations.

Table 2: Legal Merger Commitment Status, Recommendations

MC13 (Separation of Assets)	The KCC Affiliate Transaction statutes and other KCC orders place sufficient restrictions on asset comingling practices. Tracking compliance with these provisions is unnecessarily burdensome.
MC14 (Other Separation)	

Regulatory

Regulatory merger commitments address:

- Bill credits that apply to various customer classes and that have been paid annually from 2018-2022;
- Requirements that customer rates not increase as a result of the merger, and that base rates in Kansas not increase for a period of five years following resolution of a 2018 base rate review;
- Adherence to an Earnings Review and Sharing Plan;
- Accounting practices;
- Affiliate transactions;
- Cost allocation methodologies and manuals;
- Notice of asset retirements for generating facilities of 20 MW or greater;
- Availability of records related to allocation of costs among Evergy affiliates; and
- Legacy commitments made in prior regulatory proceedings.

Customer benefits from the merger (*i.e.*, including protection from rate increases) have exceeded expectations, as is illustrated in

Table 3, below, which Evergy witness Darrin Ives will address in rate case testimony in 2023.



Table 3: Customer Benefits and Credits Flowing from the Merger

	Evergy Kansas Central	Evergy Kansas Metro
Total amount of savings flowing through rates from 2018 through 2023 based on rates set in 2018 cases*	\$112,500,000	\$37,500,000
Upfront bill credits	\$23,000,000	\$7,500,000
Total Annual bill credits	\$34,600,000	\$11,300,000
2021 ERSP credits (paid in 2022)	\$0	\$81,198
2022 ERSP credits (projected to be paid in 2023)	\$0	\$5,565,537
Savings to be included in rates in 2023 cases	\$89,351,517	\$39,181,862

* Annual amount in rates in 2018 for EKC was \$22.5 million and for EKM was \$7.5 million

Evergy periodically assesses and reports on its adherence to established rules and industry best practices concerning affiliate transactions and corporate cost allocation each year.⁸ Our review indicates that Evergy’s tracking and monitoring of Regulatory merger commitments, and in particular those that address affiliate transactions and corporate cost allocations, meet or exceed industry standards. Evergy witness Mr. Kirk Andrews will address the ring-fencing provisions within merger commitments in his testimony in Evergy’s 2023 rate case.

MC18 (Upfront Bill Credits), MC34 (Cost Allocation Manual), and MC35 (3rd Party Audit of Cost Allocations) no longer apply. MC24 (Retail Rates and Five-Year Rate Moratorium), MC25 (Merger Savings in 2018 Rate Cases), MC26 (Earnings Review and Sharing Plan), MC28 (Affiliate Service Agreements), MC31 (Intercompany Charges), and MC39 (Notice Regarding Generation Plant

⁸ See *supra*, note 7.



Retirements) will sunset on established timelines. In addition, Concentric recommends that Evergy seek to eliminate the commitments described in Table 4, below, as ongoing compliance obligations.

Table 4: Regulatory Merger Commitment Status, Recommendations

MC27 (Future Rate Cases)	The merger’s effect on Evergy performance is no longer discernable five years after the merger approval.
MC51 (Case that Revenue Requirements are Higher)	
MC29 (Affiliate Interests)	These commitments are duplicative. Applicable statutes and regulations provide the protections these commitments is intended to confer.
MC30 (Affiliate Rules)	

Strategy/Integration

Evergy’s Strategy and Integration merger commitments include the obligation to meet with KCC Staff on a semi-annual basis for one year to discuss integration progress and outcomes, requirements to provide integrated resource planning data to the KCC in a timely manner, and merger integration reporting obligations.

All merger commitments related to Strategy and Integration are being honored in a manner consistent with industry standards and best practices.

MC40c (Merger Integration), and MC43 (Integrated Resource Planning) no longer apply. MC40b and MC40e will sunset in coming years.

V. CONCLUSIONS

Concentric’s evaluation of Evergy’s approach to monitoring adherence to commitments made to the KCC, its Staff, and other stakeholders in the course of the GPE-Westar merger proceeding indicates that Evergy’s practices are consistent with industry best practices. The Company remains committed to reporting progress on merger-related matters, including in all areas in which the KCC approved Evergy obligations to validate the consumer interest in the merger.



ATTACHMENT 1: MERGER COMMITMENTS APPROVED IN THE MERGER ORDER

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
I. General Conditions		
1	Retain Sunsets Sunsets Sunsets Sunsets	<p><u>Headquarters:</u> Holdco will maintain its corporate headquarters in Kansas City, Missouri and shall honor all terms and conditions of the existing lease for its headquarters office located at 1200 Main in Kansas City, Missouri, which expires in October 2032.</p> <p>Holdco will also maintain the current Westar Topeka headquarters building at 800-818 South Kansas Avenue in Topeka, Kansas for its Kansas headquarters. Holdco shall honor all terms and conditions of the existing lease for the Westar headquarters building, which expires in April 2023.</p> <p>Holdco shall maintain staffing levels of no less than 500 employees based at 800-818 South Kansas Avenue, Topeka KS for at least five (5) years after the closing of the Merger.</p> <p>Thereafter, Holdco will maintain a Kansas headquarters somewhere in Topeka, Kansas (if not at 800-818 South Kansas Avenue) for a period of at least ten (10) years after the closing of the Merger. This Kansas operating headquarters will house all levels of technical, managerial, and executive talent and payroll (including a regulatory affairs staff) and should be reflective of the fact that the combined company will have more employees in Kansas than in Missouri.</p>
2	Ended	<u>Executives:</u> Upon the closing of the Merger, Mark Ruelle will become the non-executive chairman of Holdco for a period of three (3) years. Terry Bassham will serve as president and chief executive officer.
3	Sunsets	<u>Charitable Giving and Community Involvement:</u> Holdco will continue charitable giving and community involvement in the Kansas service territories of KCP&L and Westar at levels equal to or greater than KCP&L's and Westar's respective 2015 levels for a minimum of five (5) years following the closing of the merger.
4	Sunsets	<u>Low-Income Assistance Programs:</u> Holdco will maintain and promote all low-income assistance with those in place at all operating companies prior to the Merger for at least five (5) years after closing.
II. Employee Commitments		
5	Ended	<u>Collective Bargaining Agreements:</u> Holdco will honor all existing collective bargaining agreements.



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Evergy's Adherence to Merger Commitments

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
6	Ended	<u>Employee Compensation and Benefits:</u> Holdco will maintain substantially comparable compensation levels and benefits for all employees for two years after the closing of the Merger.
7	Recommend: elimination	<u>Employee Headcount:</u> While Merger-related efficiencies will result in a lower employee headcount over time for the combined organization post-closing compared to the two stand-alone organizations prior to closing, there will be no involuntary severance as a result of the Merger.
	Recommend: elimination	There will be no involuntary severance as a result of closing the following generating facilities: Sibley (units 1, 2, and 3), Montrose (units 1, 2 and 3), Lake Road (unit 4/6), Tecumseh (unit 7), Gordon Evans (units 1 and 2) and Murray Gill (units 3 and 4).
	Recommend: elimination	Holdco will achieve headcount-related efficiencies (including any reduction in Kansas headquarters personnel) through normal attrition and other voluntary means over time in a generally balanced way across the States of Kansas and Missouri.

III. Financing Conditions

8	Ended	<u>Board of Directors:</u> Upon the closing of the Merger, the size of the Holdco board of directors will be mutually determined by GPE and Westar. In addition, as of the closing of the transaction, Holdco's board shall initially be composed of an equal number of directors designated by each of GPE and Westar. In addition, as of the closing of the transaction Holdco's board shall initially be composed of an equal number of directors designated by each of GPE and Westar, who shall be predominately from the Kansas and Missouri region and the majority of whom shall be independent as defined by the New York Stock Exchange. Terry Bassham shall be a member of the board as a GPE nominee and Mark Ruelle shall be the non-executive Chairman of the board as a Westar nominee, with Mr. Ruelle serving as such for a term of three years. The initial lead independent director of Holdco will also be designated by Westar, with reasonable consultation with GPE. In addition to the above, as of the closing, the board of directors will initially have five (5) standing board committees. Those committees will be composed of an equal number of directors designated by each of GPE and Westar. The initial chairpersons for three (3) of the five (5) standing committees shall be designated by GPE and the chairpersons for two (2) of the five (5) standing committees shall be designated by Westar.
9	Retain	<u>Financial Integrity:</u> Holdco will exercise management prudence to maintain the financial integrity of Westar and KCP&L in all respects, including matters relating to dividends, capital investments and other financial actions in an effort to maintain investment grade credit ratings. Holdco acknowledges that it is ultimately responsible for maintaining the financial



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10	Retain	<p>integrity of its public utility subsidiaries such that they are capable of meeting their statutory responsibilities to provide sufficient and efficient service.</p> <p><u>Capital Structures:</u> Holdco, KCP&L and Westar shall maintain separate capital structures to finance the respective activities and operations of each entity.</p> <p>Holdco, KCP&L and Westar shall maintain separate debt. Holdco, KCP&L and Westar shall also maintain separate preferred stock, if any.</p> <p>Holdco, KCP&L and Westar shall use reasonable and prudent investment grade capital structures. KCP&L and Westar will be provided with appropriate amounts of equity from Holdco to maintain such capital structures.</p> <p>Holdco shall maintain consolidated debt (excluding short-term debt and debt due within one year) of no more than 65 percent of total consolidated capitalization, and KCP&L's and Westar's debt (excluding short-term debt and debt due within one year) shall be maintained at no more than 60 percent.</p> <p>Holdco commits that Westar and KCP&L will not make any dividend payments to the parent company, or other upstream cash payment, to the extent that the payment would result in an increase in either utility's debt level (excluding short-term debt and debt due within one year) above 60 percent of its total capitalization, unless the Commission authorizes otherwise.</p>
11	Retain	<p><u>Separate Debt:</u> Holdco, KCP&L and Westar shall maintain separate debt so that Westar will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Holdco, KCP&L, or GMO or other subsidiaries of Holdco (excluding Westar and subsidiaries of Westar), and KCP&L, GMO and other subsidiaries of Holdco (excluding Westar and subsidiaries of Westar) will not be liable (directly or through guarantees, cross-defaults or other provisions) for the debts of Westar. For the avoidance of doubt, consistent with past practice, Westar may guarantee certain obligations of its subsidiaries, and subsidiaries of Westar may guarantee certain obligations of Westar.</p> <p>Holdco, KCP&L and Westar shall also maintain adequate capacity under revolving credit facilities and commercial paper, if any, which capacity may be administered on a combined basis provided that capacity maintained for KCP&L and Westar shall be exclusively dedicated to the benefit of KCP&L and Westar, pricing is separated by entity, and that (i) Westar neither guarantees the debt of Holdco, KCP&L, GMO or other subsidiaries of GPE (excluding Westar and subsidiaries of Westar) nor is subject to a cross-default for such debt and (ii) Holdco, KCP&L, GMO and other subsidiaries of GPE</p>



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		(excluding Westar and subsidiaries of Westar) neither guarantee the debt of Westar nor are subject to a cross-default for such debt.
12	Recommend: elimination	<u>Asset Conveyance:</u> Holdco, KCP&L and Westar shall not sell, lease, rent or otherwise convey, outside routine business practices, Westar and KCP&L assets necessary and useful in providing electric service to the public without Commission approval.
13	Recommend: elimination	<u>Separation Assets:</u> Holdco commits that KCP&L and Westar will not commingle their assets with the assets of any other person or entity, except as allowed under the Commission's Affiliate Transaction statutes or other Commission order. Holdco commits that KCP&L and Westar will conduct business as separate legal entities and shall hold all of their assets in their own legal entity name unless otherwise authorized by Commission order. Holdco, KCP&L and Westar further commit that proper accounting procedures will be employed to protect against cross-subsidization of Holdco's, KCP&L's and Westar's nonregulated businesses, or Holdco's other regulated businesses in Kansas or its regulated businesses in other jurisdictions by Westar's Kansas customers.
14	Recommend: elimination	<u>Other Separation:</u> Westar (including subsidiaries of Westar), on the one hand, and Holdco and KCP&L, on the other hand, shall not grant or permit to exist any encumbrance, claim, security interest, pledge or other right in their respective stock or assets in favor of any entity or person other than immaterial liens or encumbrances in the ordinary course of business, letters of credit issued on behalf of third-parties in the ordinary course of business and encumbrances resulting from regulatory requirements unless otherwise authorized by the Commission.
15	Retain	<u>Credit Rating:</u> Holdco, KCP&L and Westar shall maintain separate issuer (i.e., Corporate Credit Ratings) and separate issue ratings for debt that is publicly placed.
16	Retain	<u>Credit Rating Downgrade:</u> If S&P or Moody's downgrade the Corporate Credit Rating or senior secured or unsecured debt issue rating of KCP&L or Westar (the "Impacted Utility") or Holdco to below investment grade (i.e., below BBB- or Baa3), the "Impacted Utility" or Holdco commits to file. i. Notice with the Commission within five (5) business days of such downgrade that includes specification of the affected credit rating(s), the pre- and post-downgrade credit ratings of each affected credit rating, and a full explanation of why the credit rating agency or agencies downgraded each of the affected credit ratings; ii. A filing with the Commission within sixty (60) days which shall include the following: · Actions the Impacted Utility and Holdco may take to raise its S&P or Moody's credit rating to BBB- or Baa3,



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respectively, including the costs and benefits of such actions and any plan the Impacted Utility may have to undertake such actions. If the costs of returning Westar and/or KCP&L to investment grade are above the benefits of such actions, Westar and/or KCP&L shall be required to show and explain why it is not necessary, or cost-effective, to take such actions and how the utility(s) can continue to provide efficient and sufficient service in Kansas under such circumstances;

- The change on the capital costs of the Impacted Utility due to its S&P or Moody's credit rating being below BBB- or Baa3, respectively; and
- Documentation detailing how the Impacted Utility will not request from its Kansas customers, directly or indirectly, any higher capital costs incurred due to a downgrade of its S&P or Moody's credit rating below BBB- or Baa3, respectively;

- iii. File with the Commission, every forty-five (45) days thereafter until the Impacted Utility has regained its S&P or Moody's credit rating of BBB- or Baa3, respectively or above, an updated status report with respect to the items required in subparagraph ii above.
- iv. If the Commission determines that the decline of the Impacted Utility's S&P or Moody's credit rating to a level below BBB- or Baa3, respectively, has caused its quality of service to decline, then the Impacted Utility shall be required to file a plan with the Commission detailing the steps that will be taken to restore service quality levels that existed prior to the ratings decline.
- v. In the event KCP&L's or Westar's affiliation (ownership or otherwise) with Holdco or any of Holdco's affiliates is a primary factor for KCP&L's or Westar's S&P or Moody's Corporate credit rating to be downgraded to below BBB- or Baa3, respectively, KCP&L and/or Westar shall promptly undertake additional legal and structural separation from the affiliate(s) causing the downgrade. Notwithstanding Commitment No.10's limitation on payment of dividends, the Impacted Utility shall not pay a common dividend without Commission approval or until the Impacted Utility's S&P or Moody's credit rating has been restored to BBB- or Baa3, respectively.
- vi. If KCP&L's or Westar's respective S&P or Moody's credit rating declines below BBB- or Baa3, respectively, the Impacted Utility shall file with the Commission within 15 days a comprehensive risk management plan setting forth committed actions assuring the Impacted Utility's access to and cost of capital will not be further impaired. The plan shall include a non-consolidation opinion if required by S&P or Moody's in order for the Impacted Utility to be able to restore its credit ratings to investment grade.



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17	Recommend: elimination	<p><u>Cost of Capital:</u> Holdco commits that future cost of service and rates of KCP&L and Westar shall not be adversely impacted on an overall basis as a result of the Merger and that future cost of service and rates will be set commensurate with financial and business risks attendant to their individual regulated utility operations. Neither KCP&L nor Westar shall seek an increase to their cost of capital as a result of (i.e., arising from or related to) the Merger or KCP&L's and Westar's ongoing affiliation with Holdco and its affiliates after the Merger.</p> <p>The return on equity capital ("ROE") as reflected in Westar's and KCP&L's rates will not be adversely affected as a result of the Merger. Holdco agrees the ROE shall be determined in future rate cases, consistent with applicable law, regulations and practices of the Commission.</p> <p>The burden of proof that any increase to the cost of capital is not a result of the Merger shall be borne by KCP&L or Westar. Any net increase in the cost of capital that KCP&L or Westar seeks shall be supported by documentation that: (a) the increases are a result of factors not associated with the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; (b) the increases are not a result of changes in business, market, economic or other conditions caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates; and (c) the increases are not a result of changes in the risk profile of KCP&L or Westar caused by the Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates. The provisions of this section are intended to recognize the Commission's authority to consider, in appropriate proceedings, whether this Merger or the post-Merger operations of Holdco or its non-KCP&L and non-Westar affiliates have resulted in capital cost increases for KCP&L or Westar.</p> <p>Nothing in this condition shall restrict the Commission from disallowing such capital cost increases from recovery in KCP&L or Westar's rates.</p>

IV. Ratemaking, Accounting and Related Conditions

18	Ended	<p><u>Upfront Bill Credits and Guaranteed Annual Bill Credits:</u> Holdco agrees that its electric utility subsidiaries will provide Westar and KCP&L retail electric customers with one time bill credits totaling \$23,065,299 to Westar retail electric customers and \$7,514,220 to KCP&L's Kansas retail electric customers, as soon as practicable following the closing of the Merger with the understanding that the data necessary to effectuate the inter-class allocation of bill credit amounts will not be available until near the end of the respective KCP&L and Westar 2018 base rate review proceedings. Thereafter Holdco agrees that its electric utility subsidiaries will provide Westar and KCP&L's Kansas retail electric customers with annual bill credits by March 31 in each year 2019, 2020, 2021, and 2022 in the amount of \$8,649,487 for Westar retail</p>
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		electric customers and \$2,817,832 for KCP&L's Kansas retail electric customers. These amounts shall be allocated among the customer classes using the method recommended by Staff witness, Bob Glass, in his direct testimony, pages 15-18. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial and industrial customers and on a per customer basis for residential customers.
19	Sunsets	<p><u>Transition Costs:</u> Neither Westar nor KCP&L will ever include in cost of service, and shall never seek to recover in rates, any transition costs related to this Merger that are in excess of the benefits that these transition costs are intended to attain subject to a limit of \$50 million total company requested for recovery-described below.</p> <p>Transition costs are those costs incurred to integrate Westar and GPE, and include integration planning, execution, and "costs to achieve."</p> <p>Non-capital transition costs can be ongoing costs or one-time costs. KCP&L's and Westar's non-capital transition costs, which shall include but not be limited to severance payments made to employees other than those required to be made under change of control agreements, can be deferred on the books of either KCP&L or Westar to be recoverable through amortization over ten years subject to a limit of \$50 million total company of non-capital transition costs (\$7,692,018 KCP&L-Kansas and \$23,183,133 Westar) in KCP&L and Westar 2018 rate cases.</p>
20	Retain	<p><u>Goodwill:</u> Goodwill associated with the Merger is the difference between the fair market value of GPE's assets and the exchange value of GPE's stock upon the closing of the Merger (referred to herein as "Merger Goodwill") and will be maintained on the books of Holdco. The amount of any such Merger Goodwill shall not be ever included in the revenue requirement of KCP&L or Westar in future Kansas rate cases. Neither KCP&L nor Westar will ever seek recovery through recognition in retail rates or revenue requirements in future rate cases of any such Merger Goodwill.</p>
21	Retain	<p><u>Goodwill Impairment:</u> Customers shall be held harmless from the risk or realization of any Merger Goodwill impairment. Holdco does not expect, and shall take prudent actions to avoid, Merger Goodwill from negatively affecting KCP&L's or Westar's cost of capital.</p> <p>If such Merger Goodwill becomes impaired and such impairment negatively affects KCP&L's or Westar's cost of capital or credit ratings, all costs associated with the decline in the Impacted Utility's credit quality specifically attributed to the Merger Goodwill impairment, considering all other capital cost effects of the Merger and the impairment, shall be excluded from the determination of the Impacted Utility's rates.</p>
22	Ended	<p><u>Transaction Costs:</u> Transaction costs include, but are not limited to, those costs relating to obtaining regulatory approvals, development of transaction documents, investment banking costs, costs related to raising equity incurred prior to the</p>



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		<p>close of the Merger, severance payments required to be made by change of control agreements, internal labor and third party consultant costs incurred in performing any types of analysis or preparation (financial, tax, investment, accounting, legal, market, regulatory, etc.) to evaluate the potential sale or transfer of ownership, prepare for bid solicitation, analyze bids, conduct due diligence, compliance with existing contracts including change in control provisions, and compliance with any regulatory conditions, closing, and communication costs regarding the ownership change with customers and employees.</p> <p>Westar and KCP&L commit that they will not seek recovery through recognition in retail rates of transaction costs, that they shall have the burden of proof to clearly identify where all transaction costs related to this Merger are recorded and shall be required to attest in all future rate proceedings before the Commission that none of these costs are included in cost of service and rates, and to provide a complete explanation of the procedures used to ensure that these transaction costs are not included in cost of service or rates. This commitment shall be required until transaction costs of this Merger are no longer on Holdco's books in a test year for KCP&L and/or Westar, as applicable.</p> <p>Transaction costs shall be recorded on Holdco's books.</p>
23	Recommend: elimination	<p><u>Fuel and Purchased Power Costs:</u> KCP&L's and Westar's fuel and purchased power costs shall not be adversely impacted as a result of the Merger.</p>
24	Sunsets	<p><u>Retail Rates and Five-Year Rate Moratorium:</u> Holdco commits that retail rates for KCP&L and Westar customers shall not increase as a result of the Merger. Additionally, Holdco, KCP&L and Westar commit to not change base rates in Kansas until the expiration of a five-year term that begins at the final order date of KCP&L's 2018 base rate review. Any base rate review filing cannot change rates until after that date but a filing or show cause may be commenced as long as the resulting base rate adjustment becomes effective after the moratorium date. In the event the ROE authorized in either Westar's or KCP&L's 2018 base rate reviews is below 9.3%, the moratorium period for the affected utility shall be reduced to three years. Additionally, Westar and KCP&L agree to make a mandatory base rate review filing so that rates become effective the day after the expiration of the moratorium period. In the event that the moratorium period is three years for either utility pursuant to other provisions of this condition, such mandatory rate review for that utility shall be two years after the end of its rate moratorium. However, Westar and KCP&L can delay their respective mandatory base rate review filings with the approval of Staff.</p>
25	Sunsets	<p><u>Merger Savings in 2018 Rate Cases:</u> Holdco, Westar and KCP&L commit to inclusion of all Merger-related savings achieved at the update date of Westar's and KCP&L's respective 2018 rate cases. If it is determined to be a shortfall from the</p>



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		amounts below, then an additional adjustment will be made at the update to impute into retail rates the shortfall to achieve a total (some such savings are/will be already reflected in the Applicants rate review filing) of Merger-related savings benefiting Kansas retail rates of \$22,510,589 for Westar retail electric customers and \$7,468,874 for KCP&L's Kansas retail electric customers.
26	Sunsets	<u>Earnings Review and Sharing Plan:</u> Holdco, Westar and KCP&L commit to abide by the terms of the Earnings Review and Sharing Plan (ERSP), attached as Attachments 2 and 3 to the Settlement Agreement. The purpose of this ERSP is to require both Westar and KCP&L to file a Earnings Review and Sharing Report, in the Compliance Docket established, in the years 2020, 2021, 2022, and 2023. The purpose of these reports will be to evaluate the earned Return on Equity (ROE) of both Westar and KCP&L-KS on an annual basis, as calculated after making limited adjustments to present the financial results of the company on a traditional ratemaking (rate base, rate of return) basis. In the event that the earned ROE of Westar or KCP&L-KS in any year exceeds a 9.3%, any earnings in excess of those necessary to cover the annual fixed bill credits discussed above shall be split 50% to customers, 50% to shareholders. The portion of excess earnings for customers shall be by way of a bill credit no later than September 30 of the succeeding year. Any bill credit amount shall be allocated between Westar or KCP&L-KS retail electric rate classes in the same manner as the final approved proof of revenue provided in support of the rates set in Westar or KCP&L-KS respective 2018 rate case. Once allocated between classes, the bill credit shall be credited to customers on the basis of revenues for commercial and industrial customers and on a per customer basis for residential customers.
27	Recommend: elimination	<u>Future Rate Cases:</u> Holdco commits that in future rate case proceedings, KCP&L and Westar will support their assurances provided in this document with appropriate analysis, testimony, and necessary journal entries fully clarifying and explaining how any such determinations were made.

V. Affiliate Transactions and Cost Allocations Manual (CAM) Conditions

28	Sunsets	<u>Affiliate Service Agreements:</u> KCP&L and Westar commit that they will file with the Commission (1) within sixty (60) days of closing of the Merger and (2) with the first post closing rate case, an executed copy of all additional relevant Affiliate Service Agreements related to the Merger, pursuant to K.S.A. 66-I 402 and that includes the service agreement(s) between any service company or affiliate allocating costs to a regulated utility affiliate.
29	Recommend: elimination	<u>Affiliate Interests:</u> Holdco, KCP&L and Westar each expressly recognize that each represents an "Affiliated Interest" under K.S.A. 66-1401, 66-1402, and 66-1403. These statutes confer certain jurisdiction on the Commission regarding access to books and records, submission of contracts, review of affiliate transactions detail, etc.



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30	Recommend: elimination	<p>Affiliate Rules: KCP&L and Westar will be operated after the closing of the Merger in compliance with the Commission's affiliate transaction rules as set forth in K.S.A. 66-1401, et seq., and in compliance with the affiliate rules adopted in the Commission's December 3, 2010 Order in Docket No. 06-GIMX-181-GIV ("06-181 Order"), or will obtain any necessary variances from such rules, and the Commission's August 7, 2001 Order in Docket No. 01-KCPE-708-MIS ("01-708 Order").</p> <p>Holdco and its subsidiaries commit that all information related to an affiliate transaction consistent with the affiliate statutes and the Commission's 06-181 and 01-708 Orders in the possession of Holdco will be treated in the same manner as if that information is under the control of either KCP&L or Westar.</p>
31	Sunsets	<p>Intercompany Charges: Holdco and its subsidiaries may seek recovery of intercompany charges to regulated utility affiliates in their first general rate proceedings filed following the closing of the Merger at levels equal to the lesser of actual costs or the costs allowed related to such functions in the cost of service of their most recent rate case prior to the closing of the Merger, as adjusted for inflation measured by the Gross Domestic Product Price Index. Billings for common-use assets shall be permitted consistent with GPE's current practices.</p> <p>Holdco and its subsidiaries shall have the burden of proof to demonstrate billings are prudent, in the usual course of business, and consistent with past practice.</p>
32	Retain	<p>Separate Books and Records Available to Staff and Commission: Holdco shall maintain separate books and records, systems of accounts, financial statements and bank accounts for Westar and KCP&L. The records and books of Westar and KCP&L will be maintained under the FERC Uniform System of Accounts ("USOA") applicable to investor-owned jurisdictional electric utilities, as adopted by the Commission.</p> <p>The financial books and records of Holdco's regulated utility affiliates will be made available to the Commission and its Staff.</p> <p>The records and books of any affiliate for which any direct or indirect charge is made to Westar and KCP&L, and included in said utilities' cost of service and rates on either a direct or indirect basis, will be made available, upon request, to the Commission and its Staff.</p> <p>Holdco, KCP&L and Westar shall facilitate access of the Commission Staff to its external auditors and endeavor to provide the Commission and its Staff with timely access to any relevant external audit work papers and/or reports.</p> <p>Holdco, KCP&L and Westar will maintain adequate records to support, demonstrate the reasonableness of, and enable the audit and examination of all centralized corporate costs that are allocated to or directly charged to KCP&L or Westar.</p>



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33	Ended	<p>Nothing in this condition shall be deemed a waiver of any rights of Holdco, KCP&L or Westar to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.</p> <p><u>Variance From Missouri Affiliate Transaction Rule:</u> The Merger is the subject of a variance request before the Missouri Public Service Commission ("MPSC") and an order is expected from the MPSC no later than the second quarter of 2018. GPE and KCP&L commit to pursue this variance from the provisions of Missouri Affiliate Transaction Rule 4 CSR 240-20.015 and endeavor to have such variance in place by Merger close. The variance will provide for goods and services transactions between KCP&L, GMO and Westar to occur at cost except for wholesale power transactions, which will be based on rates approved by the Federal Energy Regulatory Commission ("FERC"). Within thirty (30) days of the issuance of a final MPSC order in that proceeding, KCP&L and Westar will cause to be filed in this docket a copy of the final order.</p> <p>If the MPSC has not granted the variance from the Missouri Affiliate Transaction Rule mentioned above, Holdco, Westar and KCP&L commit that in Kansas retail rate proceedings of KCP&L and Westar after the closing of the Merger, neither utility will seek to recover more than actual costs incurred by Holdco, Westar or KCP&L in connection with affiliate transactions, provided, however, that annualizations and other customary and appropriate ratemaking adjustments may be used.</p>
34	Ended	<p><u>Cost Allocation Manual:</u> KCP&L and Westar agree to meet with Staff and CURB no later than sixty (60) days after the closing of the Merger to provide a description of its expected impact on the allocation of costs among Holdco's utility and non-utility subsidiaries as well as a description of its expected impact on the cost allocation manuals ("CAMs") of KCP&L and Westar. No later than six (6) months after the closing of the Merger but no less than two (2) months before the filing of a general rate case for either KCP&L or Westar, whichever occurs first, KCP&L and Westar agree to file updates to their existing CAMs reflecting process and recordkeeping changes necessitated by the Merger.</p>
35	Ended	<p><u>Third Party Audit Cost Allocations:</u> On January 12, 2018, Applicants, the Staff of the Missouri Public Service Commission, and other parties filed a Stipulation and Agreement in the Applicants' Application for Approval of Merger with the Public Service Commission of Missouri. The Stipulation and Agreement contains a commitment for an independent third-party management audit report of cost allocations between Holdco, Westar, KCP&L and GMO. Within 30 days of issuance, KCP&L and Westar agree to file this Audit of Affiliate Transactions and Corporate Cost Allocations Report in the Compliance Docket to be established by the Commission to monitor achievement of Merger savings and other Merger-related issues.</p>



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VI. Quality of Service Conditions		
36	Recommend: elimination	<u>Service Quality and Reliability Performance Standards:</u> If KCP&L or Westar fail to meet a particular performance metric threshold set forth in Exhibits BA-1, BA-2, BA-3 or the direct testimony of Bruce Akin, then penalties would be used to pay for system upgrades to improve reliability and will not be recovered in cost of service. If KCP&L or Westar perform without penalties on any metric for three consecutive calendar years, then the reporting and penalty provisions for that metric for that utility will terminate. KCP&L and Westar will report the particular performance metrics as set forth in Exhibits BA-4 and BA-5 of the direct testimony of Bruce Akin. Exhibits BA-1 through BA-5 are provided in Attachment 4 to the Settlement Agreement. KCP&L and Westar will also provide the reports described in Attachment 5 to the Settlement Agreement. Changes to future reporting can be made, as mutually agreed upon by Applicants, Staff and CURB.
VII. Reliability Reporting Condition		
37	Ended	By January 2019, Staff, CURB and Applicants will initiate a Compliance Docket in order to develop a methodology to evaluate the quality of service of Westar and KCP&L-KS and to update the reporting requirements found in Docket 02-GIME-365-GIE (the "365 docket"). The anticipated docket will include an investigation to determine if conventional reliability metrics such as SAIDI and SAIFI should be adopted as permanent standards and if so, which reliability metrics and associated thresholds should be adopted. The compliance docket will also address the feasibility of including momentary reliability metrics such as CEMMI and MAIFI. In addition to system-wide reliability metrics, the parties to the compliance docket will develop reporting requirements for specific categories of Applicants' operations and maintenance activities that are mutually agreed upon by the parties. The purpose of the operations and maintenance activities report will be to provide Staff and CURB summary reports that may be used to evaluate the impact of Applicants' operations with respect to reliability and quality of service. Applicants, Staff and CURB agree they will not object to the intervention in such compliance docket by KPP.
VIII. Capital Plan Reporting Condition		
38	Ended	By January 2019, Staff, CURB, KPP and the Applicants will jointly initiate a Capital Plan Reporting Compliance Docket to provide capital plan reports substantially similar to Attachment 6 to the Settlement Agreement. The capital spending report for projects initiated or ongoing in a given calendar year will be due by March 31 of the following year. The primary purpose of the Capital Plan Report is to provide Staff and the Commission with the information and data necessary to understand forecasted capital expenditures over a five year period. The capital expenditures to be reviewed include generation, environmental, transmission, distribution and Information Technology. The overall goal of the Capital Plan



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		Reporting Compliance Docket will be to determine the appropriate information and data to report and the format of such reporting.
IX. Notice Regarding Generation Plant Retirements		
39	Sunsets	Westar and KCP&L agree to provide 90 days written notice to Staff and CURB related to any power generation unit retirements in excess of 20MW of capacity during the moratorium period for any retirements not already contemplated in this docket. Notice will also be required if the timing of any planned generating unit retirement is expected to change by more than six (6) months. This Condition sunsets upon new reporting requirements being established or the closing of the Capital Plan Reporting Compliance Docket.
X. Reporting and Access to Records		
40	Ended	Merger Integration: To keep Staff and the Commission apprised of the status of integration implementation after closing, a Compliance Docket shall be opened by the Commission.
	Sunsets	a. KCP&L and Westar shall meet with Staff no later than 60 days after closing, and on a quarterly basis thereafter for a period of one year after closing, to provide an update on the status of integration implementation, including discussion of progress on organizational changes and consolidation of processes affecting the customer experience, including but not limited to: contact center operations, customer information and billing, remittance processing, credit and collections, and service order processes. In addition, updates provided to Staff shall include: (1) accomplishments, (2) challenges, (3) Efficiency Summary (\$): Planned vs Actual by functional area, (4) Labor Summary (FTE): Planned vs Actual, and (5) Integration Team highlights. The frequency of such update meetings shall be reduced to every six months during the second year through the fifth year after closing of the Merger and shall cease thereafter, unless otherwise ordered by the Commission. KCP&L and Westar shall file the information provided in the above-referenced meetings with Staff in the Compliance docket. Regardless of the frequency of such meetings, KCP&L and Westar agree to continue their practice of promptly advising Staff in the event of material operational irregularities- whether arising from systems, training, process change or any other cause - that may affect the customer experience. Additionally, for a period of no less than two years, unless otherwise ordered by the Commission, KCP&L and Westar shall, on a twice-yearly basis unless otherwise ordered by the Commission, appear and provide an update of the status of integration implementation, providing the Commissioners an opportunity to ask questions about the status of integration implementation.
	Sunsets	b. KCP&L and Westar shall, on a quarterly basis continuing for two years and on an annual basis for years three through five after closing, provide Staff, no later than 45 days after the conclusion of the relevant quarter, or annual period, with



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Evergy's Adherence to Merger Commitments

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
		<p>data on employee headcounts by physical work location (full- and part-time, including contingent labor retained through employment agencies) for Holdco, KCP&L, GMO and Westar as well as a complete listing of functions and/or positions that have been either outsourced (meaning that work is being performed on behalf of Holdco, KCP&L, GMO and/or Westar that is not under the direct management and supervision of Holdco, KCP&L, GMO or Westar employees) or converted to contingent labor as a result of the integration of Holdco, KCP&L, GMO and Westar. To the extent that job positions at Holdco, KCP&L, GMO or Westar have been eliminated, re-classified or transferred between Holdco, KCP&L, GMO or Westar, such eliminations, re-classifications or transfers shall be identified.</p>
	Ended	<p>c. KCP&L and Westar shall, for a period of two years after closing, provide Staff any reports or presentations made to Holdco's board of directors regarding efficiencies attained as a result of the Merger. Such reports or presentations shall be provided to Staff within 30 days after being provided to Holdco's board of directors.</p>
	Retain	<p>d. The reporting and data provision agreed to herein by Holdco, KCP&L and Westar does not change any reporting obligations of GPE (which shall apply to Holdco post-merger), KCP&L or Westar that existed prior to the approval of this Merger.</p>
	Sunsets	<p>e. CURB shall be invited to any meetings scheduled in compliance with sub-paragraph a of this Commitment No. 40. CURB shall be provided with the materials identified in sub paragraphs b and c of this Commitment No. 40 and if such material contains non-public information shall execute an appropriate non-disclosure agreement before receiving such information.</p>
41	Sunsets	<p><u>Goodwill Impairment Analysis:</u> For the first five (5) full calendar years after the closing of the Merger, Holdco shall provide Staff and CURB its annual goodwill impairment analysis in a format that includes spreadsheets in their original format with formulas and links to other spreadsheets intact and any printed materials within thirty (30) days after the filing of Holdco's Form IO Q for the period in which the analysis is performed, as well as all supporting documentation. Thereafter, this analysis will be made available to Staff and CURB upon request.</p>
42	Recommend: elimination	<p><u>Accounting Changes:</u> Holdco, KCP&L and Westar commit that any material Merger-related financial and accounting changes must be reported to the Commission.</p>
43	Ended	<p><u>Integrated Resource Plan:</u> KCP&L will provide to the KCC Staff its integrated resource plan (IRP) within seven (7) days of its filing in Missouri. The public version of such materials shall also be provided to CURB. In addition, Applicants commit that, as part of the KCP&L and GMO 2019 IRP Updates, a combined KCP&UGMO/Westar analysis will be conducted.</p>
44	Retain	<p><u>Access to Materials Provided to Ratings Analysts:</u> KCP&L and Westar shall provide Staff and CURB with access, upon reasonable written notice during working hours and subject to appropriate confidentiality and discovery procedures, to all</p>



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Evergy's Adherence to Merger Commitments

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
		<p>written information provided to common stock, bond or bond rating analysts which directly or indirectly pertains to Holdco, KCP&L or Westar or any affiliate that exercises influence or control over KCP&L, Westar or Holdco. Such information includes, but is not limited to, common stock analyst and bond rating analyst reports. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and video tapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed a waiver of any entity's right to seek protection of the information or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.</p>
45	Retain	<p><u>Access to Materials Regarding CAM Compliance:</u> Holdco, KCP&L and Westar shall make available to Staff and CURB, upon written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, all books, records and employees as may be reasonably required to verify compliance with KCP&L's and Westar's CAM and any conditions ordered by this Commission. Holdco, KCP&L and Westar shall also provide Staff and CURB any other such information (including access to employees) relevant to the Commission's ratemaking, financing, safety, quality of service and other regulatory authority over KCP&L or Westar; provided that any entity producing records or personnel shall have the right to object on any basis under applicable law and Commission rules, excluding any objection that such records and personnel of affiliates (a) are not within the possession or control of either KCP&L or Westar or (b) are either not relevant or are not subject to, the Commission's jurisdiction and statutory authority by virtue of, or as a result of, the implementation of the proposed Merger.</p>
46	Retain	<p><u>Access to Board of Director Materials:</u> KCP&L and Westar shall provide Staff and CURB access, upon reasonable request, the complete Holdco board of directors' meeting minutes, including all agendas and related information distributed in advance of the meeting, presentations and handouts, provided that privileged information shall continue to be subject to protection from disclosure and KCP&L and Westar shall continue to have the right to object to the provision of such information on relevancy grounds.</p>
47	Retain	<p><u>Retention Period for Affiliate Transaction Records:</u> KCP&L and Westar will maintain records supporting their affiliated transactions for at least six (6) years.</p>
48	Ended	<p><u>Journal Entries:</u> Within six months of the close of the Merger, Holdco, KCP&L and Westar will provide to the Commission Staff detailed journal entries recorded to reflect the Merger. Holdco, KCP&L and Westar shall also provide the final detailed journal entries to be filed with the Commission no later than 13 months after the date of the closing. These entries must show, and shall include but not be limited to, the entries made to record or remove from all utility accounts any Merger goodwill costs or transaction costs.</p>



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Evergy's Adherence to Merger Commitments

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
XI. Financial Conditions Remaining From 01-KCPE-701-MIS		
49	Retain	GPE ("Holding Company") and its subsidiaries will not conduct any material business activities that are not part of the "electric industry or natural gas industry business" or are not reasonably related to business activities derived from changes in the electric industry or natural gas industry as a result of competition, without Commission approval. With regard to expansion of KCP&L's current operations in the telecommunications and information businesses, activities will be limited to those considered reasonably related to current operations.
50	Retain	KCP&L's total long-term borrowings including all instruments shall not exceed KCP&L's regulated rate base.
51	Recommend: elimination	The customers of KCP&L shall be held harmless by KCP&L and GPE if the reorganization creating GPE, with KCP&L as a subsidiary, results in a higher revenue requirement for KCP&L than if the reorganization had not occurred.
52	Retain	GPE and KCP&L shall provide the Commission Staff and CURB unrestricted access to all written information provided to common stock, bond, or bond rating analysts, which directly, or indirectly, pertains to KCP&L or any affiliate that exercises influence or control over KCP&L or has affiliate transactions with KCP&L. Such information includes, but is not limited to, reports provided to, and presentations made to, common stock analysts and bond rating analysts. For purposes of this condition, "written" information includes, but is not limited to, any written and printed material, audio and videotapes, computer disks, and electronically stored information. Nothing in this condition shall be deemed to be a waiver of GP E's or KCP&L's right to seek protection of the information.
53	Retain	GPE shall not, directly or indirectly, acquire or merge with a public utility or public utility holding company, nor will it allow itself to be acquired by a public utility or public utility holding company unless GPE has requested prior approval for such a transaction from the Commission.
XII. Other Parent Company Conditions		
54	Retain	<u>Prior Commitments of, and Orders Applicable to, GPE, KCP&L and Westar:</u> Holdco, KCP&L and Westar commit to reaffirm and honor any prior commitments made by GPE or Westar to the Commission to comply with any previously issued Commission orders applicable to KCP&L or Westar or their previous owners except as otherwise provided for herein.
	Retain	<u>01-KCPE-708-MIS (01-708):</u> In the Matter of the Application of Kansas City Power & Light Company for an Order Authorizing Its Plan to Reorganize Itself Into a Holding Company Structure: All of the commitments and conditions agreed to in the August 21, 2001 Amended Unanimous Stipulation and Agreement remain in place (see attached).



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Evergy's Adherence to Merger Commitments

Condition #	Status/ Recommendation	Signatories' Proffered Merger Commitments and Conditions (18-KCPE-095-MER)
55	Recommend: elimination	<p>With the exception of (1) Financial ratio reporting eliminated 6/22/12; (2) CAM filing eliminated 3/29/16 (continues to be filed in Ring Fencing Docket #06-GIMX-181-GIV each May).</p> <p>The minimum equity ratios of the 01-708 agreement are modified from 35% at KCP&L and 30% at GPE (holding company) to a minimum equity ratio of 40% for the operating companies and 35% for the holding company.</p> <p>Future Access to Capital: Holdco acknowledges that its utility subsidiaries need significant amounts of capital to invest in energy supply and delivery infrastructure (including, but not limited to, renewable energy resources and other environmental sustainability initiatives such as energy efficiency and demand response programs) and acknowledges that meeting these capital requirements of its utility subsidiaries will be considered a high priority by Holdco's board of directors and executive management and that Holdco's access to capital post-transaction will permit it and its utility subsidiaries to meet their statutory obligation to provide sufficient and efficient service.</p>



SERVICES AGREEMENT

This Services Agreement (“Services Agreement”) is made effective as of June 4, 2018 (the “Effective Date”) by and among Evergy, Inc., a Missouri corporation (“Evergy”), Kansas City Power & Light Company, a Missouri corporation (“KCP&L”), KCP&L Greater Missouri Operations Company (“GMO”), Westar Energy, Inc., a Kansas corporation (“Westar”), and Kansas Gas and Electric Company, a Kansas corporation (“KG&E,” and collectively with KCP&L, GMO and Westar, the “Regulated Parties”). Evergy, KCP&L, GMO, Westar and KG&E are referred to collectively as the “Parties” and each individually as a “Party.”

WHEREAS, KCP&L, GMO and Westar are each wholly-owned direct subsidiaries of Evergy;

WHEREAS, KG&E is a wholly-owned direct subsidiary of Westar, and in turn a wholly-owned indirect subsidiary of Evergy, that is operated by Westar; and

WHEREAS, each Regulated Party is a state-regulated utility operating company and an affiliate of the other Parties;

WHEREAS, each Party desires to provide to (in such capacity referred to as a “Provider”) and accept from (in such capacity referred to as a “Recipient”) the other Parties certain services and non-power goods; and

WHEREAS, in Cases Nos. EM-2007-0374 and EM-2018-0012 before the Missouri Public Service Commission (the “MPSC”), the MPSC granted certain variances from the MPSC affiliate transaction rules to permit transactions (except wholesale power transactions) between KCP&L, GMO and Westar to occur at cost.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I SERVICES

1.1 The Services. Each Party, as a Provider, shall provide to each other Party, as a Recipient, on an as-needed basis, (a) all services required or appropriate for the design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of each Recipient’s business and properties, (b) corporate support services, including, as applicable, corporate oversight, governance, support systems and personnel in respect of payroll, shareholder, financial accounting and reporting, human resources, treasury, tax, records management, pension and benefits management, legal, corporate secretarial, internal audit, corporate security, governmental affairs, executive management, risk management, community relations, communications, procurement, information technology, billing and collection, accounts payable and facility management services, (c) services as set forth on Schedule 1.1 hereto and (d) any

service, non-wholesale power good, asset, property, employee, right, interest, thing or item of value that Recipient may request or require from time to time (collectively, the “Services”).

1.2 Right to Refuse. Each Party shall have the right, at its sole discretion, to refuse to provide or furnish any Services requested pursuant to this Services Agreement. Receiving a refusal from another Party to a request under this Services Agreement shall not be a prerequisite for any Party to obtain from any third party any property, service or thing which is or could be provided or furnished under this Services Agreement. Refusals of requests by any Party under this Services Agreement shall not terminate all or any portion of this Services Agreement.

1.3 Cooperation; Information and Access. The Parties will cooperate in good faith in all matters relating to the provision and receipt of the Services. Without limiting the generality of the foregoing, each Recipient will provide a Provider, in a timely manner, all information and access to facilities required or reasonably requested by the Provider in connection with providing the Services.

1.4 Customer Information. In providing the Services, a Provider will not provide specific customer information to any Recipient without the consent of the customer or as otherwise provided by law, rule or order of the MPSC or the Kansas Corporation Commission (the “KCC”), as applicable.

1.5 Additional Resources. In providing the Services, a Provider is not obligated to (a) hire any additional employees, (b) maintain the employment of any specific employee or (c) purchase, lease or license any additional equipment or materials.

1.6 Legal Advice. The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of any Provider hereunder will be for the direct or indirect benefit or common interest of all of the Recipients, and it is therefore the intention of all Parties hereto to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

1.7 Interaction with Joint Operating Agreement. KCP&L shall not provide any Service to GMO under this Services Agreement if such Service is already provided for under that certain Joint Operating Agreement, dated as of October 10, 2008, as may be amended, between KCP&L and GMO (the “Joint Operating Agreement”).

ARTICLE II TERM AND TERMINATION

2.1 Term. This Services Agreement will commence on the Effective Date and, unless earlier terminated in accordance with Section 2.2, will continue until the first anniversary of the Effective Date (the “Initial Term”). After the Initial Term, this Services Agreement, unless earlier terminated in accordance with Section 2.2, will automatically renew for successive one-year terms (each, a “Renewal Term”).

2.2 Termination. Any Party may terminate its obligations and be removed as a party under this Services Agreement at any time, including during the Initial Term or any Renewal Term,

by providing not less than 30-days' prior written notice to the other Parties. This Services Agreement shall terminate automatically if fewer than two Parties remain as parties to this Services Agreement.

2.3 Effect of Termination. Upon a termination of its obligations under this Services Agreement, a Party will have no further obligations hereunder with respect to the Services; provided, however, that notwithstanding such termination or the termination of this Services Agreement, (a) a Recipient will remain liable to a Provider for all amounts payable in respect of the Services provided prior to the effective date of such termination and (b) the provisions of Articles II, IV, V and VII of this Services Agreement will survive any such termination indefinitely.

ARTICLE III COMPENSATION

3.1 Fee for Services. A Recipient will compensate a Provider as follows:

(a) any Services provided by any Regulated Party, as Provider, to another Regulated Party, as Recipient, shall be priced at the fully distributed cost to the Provider for the Services, as reasonably determined by the Provider;

(b) any Services provided by any Regulated Party, as Provider, to Evergy, as Recipient, shall be priced at the greater of (i) the fully distributed cost to the Provider for the Services, as reasonably determined by the Provider and (ii) the fair market price of the Services; and

(c) any Services provided by Evergy, as Provider, to any Regulated Party, as Recipient, shall be priced at the lesser of (i) the fully distributed cost to the Provider for the Services, as reasonably determined by the Provider and (ii) the fair market price of the Services.

For this purpose, "fully distributed cost" means cost determined pursuant to a methodology that takes into account all direct and indirect costs in relation to the Services provided, whether through the direct assignment of costs or through a reasonable cost allocation process, including, but not limited to, cost of salaries and wages, office supplies and expenses, third-party vendor costs, property insurance, injuries and damages, employee pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Provider shall maintain reasonable supporting documentation in connection with its charges to provide the Services. Notwithstanding anything herein to the contrary, the price of the Services and the allocation factors and costs assignments used herein shall comply with all applicable rules and regulations of the Federal Energy Regulatory Commission (the "FERC"), the MPSC, the KCC and all other applicable regulatory commissions, and the provisions of any applicable cost allocation manuals filed from time to time with applicable regulatory commissions.

3.2 Payment Terms. Unless the Parties otherwise agree, (a) a Provider will bill a Recipient on a monthly basis for all Services and (b) payment shall be made by remittance of the

amounts billed within thirty (30) days of the date of the statement or by making appropriate accounting entries on the books of the Parties.

3.3 Sales and Use Taxes. For state and local sales and use tax purposes, a Provider and a Recipient will cooperate in good faith to segregate amounts payable under this Services Agreement into the following categories: (a) taxable Services; (b) non-taxable Services and (c) payments made by a Provider merely as a purchasing agent for a Recipient in procuring goods or services. A Provider will collect from a Recipient all state and local sales and use taxes, if any, in respect of the Services and will timely remit such taxes to the appropriate state and local tax authorities.

3.4 Dispute Resolution. In the event that a dispute arises among any of the Parties regarding the costs charged for Services hereunder, representatives of the applicable Parties will attempt to resolve the issues. Unresolved disputes regarding costs or any other claim or dispute related to this Services Agreement shall be resolved by binding arbitration by the American Arbitration Association under its Commercial Arbitration Rules. Any award of the arbitrator(s) may be entered as a judgment in any court of competent jurisdiction.

3.5 Records Inspection. A Recipient at its own expense may examine a Provider's pertinent books, records, data and other documents once each year for the purpose of evaluating the accuracy of billing statements hereunder. Such examination shall begin no fewer than thirty (30) days after a Provider receives a written notice requesting an examination and shall be completed no later than thirty (30) days after the start of such examination. If a Recipient utilizes a third party in the examination, a Provider may, in its sole discretion, require any such third party to execute a nondisclosure agreement reasonably acceptable to the Provider prior to the third party participating in the examination. Each audit shall be conducted on the premises of the Provider during normal business hours. The Provider shall cooperate fully in any such audit, providing reasonable access to appropriate Provider employees and books, records and other documents reasonably necessary to assess the accuracy of Provider's invoices. The results of the examination shall be provided to the Provider. If the Provider and Recipient agree that the amount of any statement should be adjusted as a result of the examination, the amount of the adjustment shall be paid or reimbursed, as applicable, promptly with interest at a rate equal to the applicable compensation for use of capital if the adjustment is related to Services provided from the due date of the applicable invoice. Any unresolved dispute shall be submitted to arbitration pursuant to Section 3.4, and any resulting award shall include interest calculated on Services as previously described from the due date of the applicable invoice.

ARTICLE IV PERFORMANCE STANDARDS; DISCLAIMER; REMEDIES

4.1 Performance Standards. A Provider shall provide the Services in accordance with its practices, methods, standards, guides, policies and procedures in effect from time to time. A Provider will comply with all applicable federal, state and local laws, regulations, ordinances and other requirements in the provision of Services.

4.2 Compliance with Policies and Agreements. In connection with the Services, A Provider shall comply with (i) all applicable policies and procedures of Recipient and (ii) all

applicable terms and conditions of any third-party agreements pursuant to which a Recipient receives Services, including terms and conditions preserving the confidentiality and security of proprietary information of vendors.

4.3 Parity of Services and Internal Operations. A Provider will at all times use its commercially reasonable efforts to provide the Services in scope, quality and schedule equivalent to those it provides to its own internal operations. In providing the Services, a Provider will seek to maximize the aggregate synergies to all of the Parties, and shall not take any action that would unduly prefer any Party over another Party.

4.4 Confidentiality. Each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses and customers during the term of this Services Agreement. Each Party agrees to protect the other Parties' information using the same degree of care which it uses to protect its own confidential information, and in no event less than reasonable care, and in compliance with the relevant rules and decisions of applicable regulatory commissions. Except to the extent disclosure of such information is requested by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties and their respective officers, directors, employees, subcontractors, advisors, representatives and agents in connection with the performance of the Services and the administration of this Services Agreement. If a Party is requested to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make any such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. Except as otherwise provided by the relevant rules and decisions of applicable regulatory commissions with respect to customer information, the requirements of this Section 4.4 shall not apply with respect to information that (a) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions or (b) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

4.5 Disclaimer of Warranties. EXCEPT AS OTHERWISE SET FORTH HEREIN, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICES.

4.6 Indemnification. Each Recipient agrees to indemnify and hold harmless each Provider and its respective directors, officers, employees, agents and representatives from and against any and all losses, liabilities, damages, costs and expenses (collectively, "Losses") arising out of, or resulting from, the provision of the Services by each Provider hereunder, other than Losses arising or resulting from the Provider's gross negligence or willful misconduct.

4.7 Limitation of Liability. IN NO EVENT WILL A PROVIDER BE LIABLE TO ANY RECIPIENT FOR ANY LOST PROFITS, LOSS OF DATA, LOSS OF USE, BUSINESS INTERRUPTION OR OTHER SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, UNDER ANY THEORY OF

LIABILITY, ARISING FROM THE PROVIDER'S PERFORMANCE OF, OR RELATING TO, THE SERVICES OR THIS SERVICES AGREEMENT.

ARTICLE V RELATIONSHIP BETWEEN THE PARTIES

5.1 Independent Contractor. The relationship of a Provider to a Recipient under this Services Agreement is that of an independent contractor in connection with the provision of the Services by the Provider. A Provider will be solely responsible for the payment of any employment-related costs or taxes in respect of the provision of the Services (except to the extent such costs or taxes are taken into account in determining the Provider's compensation under Section 3.1).

5.2 Appointment as Agent. Subject to this Services Agreement, Recipient hereby appoints Provider and employees of Provider as agents of Recipient to represent Recipient in performing Services, which includes the authority to vote, sign or take similar actions that bind Recipient. Recipient also authorizes Provider to purchase (*i.e.*, take title to) various commodities, non-wholesale power goods and assets in connection with its performance of Services hereunder, and to resell (*i.e.*, convey title to) such commodities, non-wholesale power goods and assets if necessary in the course of performing Services hereunder, in each case, with the provision of Services to be at the fully distributed costs incurred by Provider pursuant to the methodology prescribed in Section 3.1.

ARTICLE VI SUBCONTRACTORS

A Provider may engage one or more subcontractors to provide all or any portion of the Services and may arrange for the services of nonaffiliated experts, consultants, attorneys and other third parties in connection with the performance of any of the Services, provided that the Provider remains directly responsible for its obligations hereunder.

ARTICLE VII MISCELLANEOUS

7.1 Amendment and Modification. This Services Agreement may be amended, modified or supplemented only by written agreement of the Parties. Any such amendment, modification or supplement shall not become effective until receipt of any required approvals or waivers by, or satisfaction of any notice requirements of, the applicable state regulatory commissions.

7.2 Waiver of Compliance; Consents. Except as otherwise provided in this Services Agreement, any failure of any Party to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

7.3 Assignment. No Party may assign this Services Agreement, in whole or in part, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed; provided, however, that a Party may assign this Services Agreement to a parent or subsidiary entity, or as part of a consolidation, merger or sale of all or substantially all of its assets, without prior written consent.

7.4 Governing Law. This Services Agreement is governed by and construed in accordance with the laws of the State of Missouri as to all matters (regardless of the laws that might otherwise govern under applicable principles of conflicts of law), including but not limited to matters of validity, construction, effect, performance and remedies; provided, however, that no Party shall be required to comply with this Services Agreement to the extent such compliance would be a violation of the public utility laws of any state in which such Party conducts its state-regulated utility operations.

7.5 Force Majeure. Provider shall be excused for any failure or delay in performing any of its obligations under this Services Agreement if such failure or delay is caused by any reason beyond its control, including, without limitation, acts of God, regulatory or judicial delay or injunction, flood, storm, strikes, war, fire, explosion, insurrection, labor troubles, riots, government requirement, civil or military authority, earthquakes, acts or omissions of transportation companies, loss of power, technical failure of software or hardware or other similar causes beyond its control.

7.6 Severability. The provisions of this Services Agreement will be deemed severable, and the invalidity or unenforceability of any provision in any jurisdiction will, as to that jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, and will not affect the validity or enforceability of that or any other provision in any other jurisdiction. If any provision of this Services Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision will be substituted for the invalid or unenforceable provision in order to carry out in that jurisdiction, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Services Agreement, and the application of that provision to other persons or circumstances or in other jurisdictions, will not be affected.

7.7 Entire Agreement. This Services Agreement will be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by the Parties, and until such execution and delivery no legal obligation will be created by virtue hereof. This Services Agreement, together with any attachments hereto (which are incorporated herein by this reference), embodies the entire agreement and understanding of the Parties hereto in respect of the provision of Services among the Parties. There are no restrictions, promises, representations, warranties, covenants or undertakings in respect of the Services contemplated by this Services Agreement other than those expressly set forth or referred to herein. This Services Agreement supersedes all prior agreements and understandings among the Parties with respect to such Services, including that certain Services Agreement by and between KCP&L and Evergy (as successor by merger to Great Plains Energy Incorporated), dated as of March 10, 2015; provided, however, the Joint Operating Agreement shall not be superseded by this Services Agreement and shall remain in full force and effect.

7.8 Delivery. This Services Agreement may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument), and may be delivered by electronic mail or facsimile transmission with the same force and effect as the exchange of original signature pages.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Services Agreement to be signed by their respective duly authorized officers to be effective as of the Effective Date.

Evergy, Inc.

By: _____
Name: _____
Title: _____

Kansas City Power & Light Company

By: _____
Name: _____
Title: _____

KCP&L Greater Missouri Operations Company

By: _____
Name: _____
Title: _____

Westar Energy, Inc.

By: _____
Name: _____
Title: _____

Kansas Gas and Electric Company

By: _____

Name: _____

Title: _____

Schedule 1.1**Description of the Services**

Descriptions of different categories of Services are set forth below. Such descriptions (i) shall not be limiting, but instead shall be broadly construed to include all associated, related or similar services and (ii) do not necessarily cover all of the Services to be provided by Provider to Recipient under the Services Agreement.

- Corporate secretarial services, including entity formation, maintenance, termination and record-keeping
- Corporate oversight and governance matters, including board of director and shareholder services
- Code-of-conduct and corporate ethics programs, policies and enforcement services
- Regulatory and regulatory compliance services
- Legal liability assessment services, including litigation management services
- Executive and employee benefits planning and administration
- Labor and employment-related services, including staffing services, employee evaluation and training, employee communications and workforce management
- Labor relations, including with respect to union employees and representatives
- Payroll services
- Leadership management and development services
- Compensation (including bonus and incentive) programs, policies, management and administration services
- Diversity programs, policies and services
- Internal audit services
- Investor relations
- Internal and external communications
- Community relations
- Corporate finance services
- Budgeting
- Insurance and risk management services, including the hiring and management of insurance advisors
- Credit services, including collateral management services
- Accounting services
- Tax planning and reporting and other tax-related services

- Treasury services, including cash management services
- Accounts payable and cashier services
- Legal services, including outside counsel hiring and management
- Contract management and administration services
- Document retention and management services
- Account management services
- External reporting services, including with respect to SEC, NYSE, FERC and other governmental reporting requirements
- Environmental services, including permitting, reporting, testing, selection and management of outside consultants and advisors and remediation management
- Corporate security services
- Safety programs, policies and services
- Governmental affairs
- Corporate development and strategic planning
- Mail and postage services
- Travel and expense reimbursement services
- Document processing services
- Facility services, including maintenance, housekeeping, decorating, grounds keeping and janitorial services
- Receptionist and secretarial services
- Capital expenditure planning, budgeting and project-management
- Purchasing and other procurement services
- Operational audit services
- IT and telecommunications services, including IT system planning, support and training
- Internet, intranet and website development, support and related services
- Intellectual property management, protection and maintenance services
- Mapping and drafting services
- Customer billing and accounts receivable services
- Marketing and promotional services
- Affiliate relationship management
- The selection and hiring of outside consultants, advisers and service providers
- Real estate and facilities services, including use of space owned or leased by provider

- Siting and land acquisition services
- Engineering and design services
- Construction services

SERVICES AGREEMENT

This Services Agreement (“Services Agreement”) is made effective as of June 4, 2018 (the “Effective Date”) by and among Kansas City Power & Light Company, a Missouri corporation (the “Provider”), and the signatory parties hereto set forth on Exhibit A and each additional signatory party executing a counterpart to this Services Agreement in accordance with Section 7.2 (each a “Recipient”). Provider and Recipients are referred to collectively as the “Parties” and each individually as a “Party.”

WHEREAS, each Recipient is an affiliate of Provider;

WHEREAS, each Recipient desires that Provider provide certain services to Recipient; and

WHEREAS, Provider has agreed to provide certain services to each Recipient in accordance with the terms and conditions of this Services Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I SERVICES

1.1 The Services. Provider shall provide to each Recipient, on an as-needed basis, (a) all services required or appropriate for the design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of each Recipient’s business and properties, (b) corporate support services, including, as applicable, corporate oversight, governance, support systems and personnel in respect of payroll, shareholder, financial accounting and reporting, human resources, treasury, tax, records management, pension and benefits management, legal, corporate secretarial, internal audit, corporate security, governmental affairs, executive management, risk management, community relations, communications, procurement, information technology, billing and collection, accounts payable and facility management services, (c) services as set forth on Schedule 1.1 hereto and (d) any service, non-wholesale power good, asset, property, employee, right, interest, thing or item of value that Recipient may request or require from time to time (collectively, the “Services”).

1.2 Right to Refuse. Provider shall have the right, at its sole discretion, to refuse to provide or furnish any Services requested pursuant to this Services Agreement. Receiving a refusal from Provider to a request under this Services Agreement shall not be a prerequisite for Recipient to obtain from any third party any property, service or thing which is or could be provided or furnished under this Services Agreement. Refusals of requests by Provider under this Services Agreement shall not terminate all or any portion of this Services Agreement.

1.3 Cooperation; Information and Access. Provider, on the one hand, and each Recipient, on the other hand, will cooperate in good faith in all matters relating to the provision and receipt of the Services. Without limiting the generality of the foregoing, each Recipient will

provide Provider, in a timely manner, all information and access to facilities required or reasonably requested by Provider in connection with providing the Services.

1.4 Customer Information. In providing the Services, Provider will not provide specific customer information to any Recipient without the consent of the customer or as otherwise provided by law, rule or order of any applicable regulatory agency or commission.

1.5 Additional Resources. In providing the Services, Provider is not obligated to (a) hire any additional employees, (b) maintain the employment of any specific employee or (c) purchase, lease or license any additional equipment or materials.

1.6 Legal Advice. The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of Provider hereunder will be for the direct or indirect benefit or common interest of all of the Recipients, and it is therefore the intention of all Parties hereto to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

ARTICLE II TERM AND TERMINATION

2.1 Term. This Services Agreement will commence on the Effective Date and, unless earlier terminated in accordance with Section 2.2, will continue until the first anniversary of the Effective Date (the “Initial Term”). After the Initial Term, this Services Agreement, unless earlier terminated in accordance with Section 2.2, will automatically renew for successive one-year terms (each, a “Renewal Term”).

2.2 Termination. Provider may terminate this Services Agreement at any time, including during the Initial Term or any Renewal Term, by providing not less than 30-days’ prior written notice to Recipients. Any Recipient may terminate its obligations and be removed as a party under this Services Agreement at any time, including during the Initial Term or any Renewal Term, by providing not less than 30-days’ prior written notice to Provider. A Recipient departing the Evergy Inc. holding company system, upon written request to Provider, may continue to receive Services from Provider hereunder for a reasonable transitional period of time following such departure. This Services Agreement shall terminate automatically if no Recipient remains as a party to this Services Agreement.

2.3 Effect of Termination. Upon a termination of its obligations under this Services Agreement, a Party will have no further obligations hereunder with respect to the Services; provided, however, that notwithstanding such termination or the termination of this Services Agreement, (a) each Recipient will remain liable to Provider for all amounts payable in respect of the Services provided prior to the effective date of such termination and (b) the provisions of Articles II, IV, V and VII of this Services Agreement will survive any such termination indefinitely.

ARTICLE III COMPENSATION

3.1 Fee for Services. Each Recipient will compensate Provider the greater of (a) the fair market price of the Services or (b) the fully distributed cost to Provider for the Services, as reasonably determined by Provider.

For this purpose, “fully distributed cost” means cost determined pursuant to a methodology that takes into account all direct and indirect costs in relation to the Services provided, whether through the direct assignment of costs or through a reasonable cost allocation process, including, but not limited to, cost of salaries and wages, office supplies and expenses, third-party vendor costs, property insurance, injuries and damages, employee pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Provider shall maintain reasonable supporting documentation in connection with its charges to provide the Services. Notwithstanding anything herein to the contrary, the price of the Services and the allocation factors and costs assignments used herein shall comply with all applicable rules and regulations of the Federal Energy Regulatory Commission (the “FERC”), the Missouri Public Service Commission, the Kansas Corporation Commission and all other applicable regulatory commissions, and the provisions of any applicable cost allocation manuals filed from time to time with applicable regulatory commissions.

3.2 Payment Terms. Unless the Parties otherwise agree, (a) Provider will bill each Recipient on a monthly basis for all Services and (b) payment shall be made by remittance of the amounts billed within thirty (30) days of the date of the statement or by making appropriate accounting entries on the books of the Parties.

3.3 Sales and Use Taxes. For state and local sales and use tax purposes, Provider and each Recipient will cooperate in good faith to segregate amounts payable under this Services Agreement into the following categories: (a) taxable Services; (b) non-taxable Services and (c) payments made by Provider merely as a purchasing agent for Recipient in procuring goods or services. Provider will collect from Recipient all state and local sales and use taxes, if any, in respect of the Services and will timely remit such taxes to the appropriate state and local tax authorities.

3.4 Dispute Resolution. In the event that a dispute arises among any of the Parties regarding the costs charged for Services hereunder, representatives of the applicable Parties will attempt to resolve the issues. Unresolved disputes regarding costs or any other claim or dispute related to this Services Agreement shall be resolved by binding arbitration by the American Arbitration Association under its Commercial Arbitration Rules. Any award of the arbitrator(s) may be entered as a judgment in any court of competent jurisdiction.

3.5 Records Inspection. Each Recipient at its own expense may examine Provider’s pertinent books, records, data and other documents once each year for the purpose of evaluating the accuracy of billing statements hereunder. Such examination shall begin no fewer than thirty (30) days after Provider receives a written notice requesting an examination and shall be completed no later than thirty (30) days after the start of such examination. If a Recipient utilizes a third party in the examination, Provider may, in its sole discretion, require any such third party to execute a

nondisclosure agreement reasonably acceptable to Provider prior to the third party participating in the examination. Each audit shall be conducted on the premises of Provider during normal business hours. Provider shall cooperate fully in any such audit, providing reasonable access to appropriate Provider employees and books, records and other documents reasonably necessary to assess the accuracy of Provider's invoices. The results of the examination shall be provided to Provider. If Provider and Recipient agree that the amount of any statement should be adjusted as a result of the examination, the amount of the adjustment shall be paid or reimbursed, as applicable, promptly with interest at a rate equal to the applicable compensation for use of capital if the adjustment is related to Services provided from the due date of the applicable invoice. Any unresolved dispute shall be submitted to arbitration pursuant to Section 3.4, and any resulting award shall include interest calculated on Services as previously described from the due date of the applicable invoice.

ARTICLE IV PERFORMANCE STANDARDS; DISCLAIMER; REMEDIES

4.1 Performance Standards. Provider shall provide the Services in accordance with its practices, methods, standards, guides, policies and procedures in effect from time to time. Provider will comply with all applicable federal, state and local laws, regulations, ordinances and other requirements in the provision of Services.

4.2 Compliance with Policies and Agreements. In connection with the Services, Provider shall comply with (i) all applicable policies and procedures of Recipient and (ii) all applicable terms and conditions of any third-party agreements pursuant to which Recipient receives Services, including terms and conditions preserving the confidentiality and security of proprietary information of vendors.

4.3 Parity of Services and Internal Operations. Provider will at all times use commercially reasonable efforts to provide the Services in scope, quality and schedule equivalent to those it provides to its own internal operations. In providing the Services, Provider will seek to maximize the aggregate synergies to all of the Parties, and shall not take any action that would unduly prefer any Party over another Party.

4.4 Confidentiality. Each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses and customers during the term of this Services Agreement. Each Party agrees to protect the other Parties' information using the same degree of care which it uses to protect its own confidential information, and in no event less than reasonable care, and in compliance with the relevant rules and decisions of applicable regulatory commissions. Except to the extent disclosure of such information is requested by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties and their respective officers, directors, employees, subcontractors, advisors, representatives and agents in connection with the performance of the Services and the administration of this Services Agreement. If a Party is requested to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make any such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. Except as otherwise provided by the relevant rules and decisions of applicable regulatory commissions with

respect to customer information, the requirements of this Section 4.4 shall not apply with respect to information that (a) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions or (b) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

4.5 Disclaimer of Warranties. EXCEPT AS OTHERWISE SET FORTH HEREIN, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICES.

4.6 Indemnification. Each Recipient agrees to indemnify and hold harmless Provider and its respective directors, officers, employees, agents and representatives from and against any and all losses, liabilities, damages, costs and expenses (collectively, “Losses”) arising out of, or resulting from, the provision of the Services by Provider hereunder, other than Losses arising or resulting from Provider’s gross negligence or willful misconduct.

4.7 Limitation of Liability. IN NO EVENT WILL PROVIDER BE LIABLE TO RECIPIENT FOR ANY LOST PROFITS, LOSS OF DATA, LOSS OF USE, BUSINESS INTERRUPTION OR OTHER SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY, ARISING FROM PROVIDER’S PERFORMANCE OF, OR RELATING TO, THE SERVICES OR THIS SERVICES AGREEMENT.

ARTICLE V RELATIONSHIP BETWEEN THE PARTIES

5.1 Independent Contractor. The relationship of Provider to each Recipient under this Services Agreement is that of an independent contractor in connection with the provision of the Services by Provider. Provider will be solely responsible for the payment of any employment-related costs or taxes in respect of the provision of the Services (except to the extent such costs or taxes are taken into account in determining Provider’s compensation under Section 3.1).

5.2 Appointment as Agent. Subject to this Services Agreement, each Recipient hereby appoints Provider and employees of Provider as agents of Recipient to represent Recipient in performing Services, which includes the authority to vote, sign or take similar actions that bind Recipient. Recipient also authorizes Provider to purchase (*i.e.*, take title to) various commodities, non-wholesale power goods and assets in connection with its performance of Services hereunder, and to resell (*i.e.*, convey title to) such commodities, non-wholesale power goods and assets if necessary in the course of performing Services hereunder, in each case, with the provision of Services to be at the fully distributed costs incurred by Provider pursuant to the methodology prescribed in Section 3.1.

ARTICLE VI SUBCONTRACTORS

Provider may engage one or more subcontractors to provide all or any portion of the Services and may arrange for the services of nonaffiliated experts, consultants, attorneys and other third parties in connection with the performance of any of the Services, provided that Provider remains directly responsible for its obligations hereunder.

ARTICLE VII MISCELLANEOUS

7.1 Amendment and Modification. This Services Agreement may be amended, modified or supplemented only by written agreement of the Parties; *provided*, that Provider, acting alone, may amend Exhibit A from time to time to reflect the addition or removal of Recipients as provided by the terms of this Services Agreement. Any such amendment, modification or supplement shall not become effective until receipt of any required approvals or waivers by, or satisfaction of any notice requirements of, the applicable state regulatory commissions.

7.2 Additional Recipients. Any other affiliate of Provider may become a Party to this Services Agreement by delivering as an additional Recipient a counterpart signature page to this Services Agreement that is accepted and countersigned by Provider.

7.3 Waiver of Compliance; Consents. Except as otherwise provided in this Services Agreement, any failure of any Party to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

7.4 Assignment. No Party may assign this Services Agreement, in whole or in part, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed; provided, however, that a Party may assign this Services Agreement to a parent or subsidiary entity, or as part of a consolidation, merger or sale of all or substantially all of its assets, without prior written consent.

7.5 Governing Law. This Services Agreement is governed by and construed in accordance with the laws of the State of Missouri as to all matters (regardless of the laws that might otherwise govern under applicable principles of conflicts of law), including but not limited to matters of validity, construction, effect, performance and remedies; provided, however, that Provider shall not be required to comply with this Services Agreement to the extent such compliance would be a violation of the public utility laws of any state in which such Provider conducts its state-regulated utility operations.

7.6 Force Majeure. Provider shall be excused for any failure or delay in performing any of its obligations under this Services Agreement if such failure or delay is caused by any reason beyond its control, including, without limitation, acts of God, regulatory or judicial delay or injunction, flood, storm, strikes, war, fire, explosion, insurrection, labor troubles, riots, government

requirement, civil or military authority, earthquakes, acts or omissions of transportation companies, loss of power, technical failure of software or hardware or other similar causes beyond its control.

7.7 Severability. The provisions of this Services Agreement will be deemed severable, and the invalidity or unenforceability of any provision in any jurisdiction will, as to that jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, and will not affect the validity or enforceability of that or any other provision in any other jurisdiction. If any provision of this Services Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision will be substituted for the invalid or unenforceable provision in order to carry out in that jurisdiction, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Services Agreement, and the application of that provision to other persons or circumstances or in other jurisdictions, will not be affected.

7.8 Entire Agreement. This Services Agreement will be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by the Parties, and until such execution and delivery no legal obligation will be created by virtue hereof. This Services Agreement, together with any attachments hereto (which are incorporated herein by this reference), embodies the entire agreement and understanding of the Parties hereto in respect of the provision of Services among the Parties. There are no restrictions, promises, representations, warranties, covenants or undertakings in respect of the Services contemplated by this Services Agreement other than those expressly set forth or referred to herein. This Services Agreement supersedes all prior agreements and understandings among the Parties with respect to such Services, including any prior services agreement relating to Services provided hereunder between Provider and any Recipient.

7.9 Delivery. This Services Agreement may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument), and may be delivered by electronic mail or facsimile transmission with the same force and effect as the exchange of original signature pages.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Services Agreement to be signed by their respective duly authorized officers to be effective as of the Effective Date.

Provider

Kansas City Power & Light Company

By: _____

Name: _____

Title: _____

Recipients

Energia, Inc.

By: _____

Name: _____

Title: _____

Far Gas Acquisitions Corporation

By: _____

Name: _____

Title: _____

Golden Bear Hydro Inc.

By: _____

Name: _____

Title: _____

Great Plains Energy Services Incorporated

By: _____

Name: _____

Title: _____

GMO Receivables Company

By: _____
Name: _____
Title: _____

GPE Transmission Holding Company, LLC

By: _____
Name: _____
Title: _____

GXP Investments, Inc.

By: _____
Name: _____
Title: _____

Kansas City Power & Light Receivables Company

By: _____
Name: _____
Title: _____

KCP&L, Inc. [Missouri]

By: _____
Name: _____
Title: _____

KCP&L, Inc. [Kansas]

By: _____
Name: _____
Title: _____

KCP&L Solar, Inc.

By: _____
Name: _____
Title: _____

KLT Gas Inc.

By: _____
Name: _____
Title: _____

KLT Investments Inc.

By: _____
Name: _____
Title: _____

LoJamo, LLC

By: _____
Name: _____
Title: _____

Missouri Public Service Company

By: _____
Name: _____
Title: _____

MOPUB Group Inc.

By: _____
Name: _____
Title: _____

MPS Canada Corp.

By: _____
Name: _____
Title: _____

MPS Canada Holdings, Inc.

By: _____
Name: _____
Title: _____

MPS Europe, Inc.

By: _____
Name: _____
Title: _____

MPS Finance Corp.

By: _____
Name: _____
Title: _____

MPS Gas Pipeline Corporation

By: _____
Name: _____
Title: _____

MPS Merchant Services, Inc.

By: _____
Name: _____
Title: _____

MPS Networks Canada Corp.

By: _____
Name: _____
Title: _____

MPS Piatt County Power L.L.C.

By: _____
Name: _____
Title: _____

MPS Sterling Holdings, LLC

By: _____
Name: _____
Title: _____

SJLP Inc.

By: _____
Name: _____
Title: _____

The Kansas Power & Light Company, Inc.

By: _____
Name: _____
Title: _____

Trans MPS, Inc.

By: _____
Name: _____
Title: _____

Westar Generating, Inc.

By: _____
Name: _____
Title: _____

Westar Industries, Inc.

By: _____
Name: _____
Title: _____

Westar Investments, Inc.

By: _____
Name: _____
Title: _____

Westar Limited Partners, Inc.

By: _____
Name: _____
Title: _____

Westar Transmission, LLC

By: _____
Name: _____
Title: _____

Schedule 1.1**Description of the Services**

Descriptions of different categories of Services are set forth below. Such descriptions (i) shall not be limiting, but instead shall be broadly construed to include all associated, related or similar services and (ii) do not necessarily cover all of the Services to be provided by Provider to Recipient under the Services Agreement.

- Corporate secretarial services, including entity formation, maintenance, termination and record-keeping
- Corporate oversight and governance matters, including board of director and shareholder services
- Code-of-conduct and corporate ethics programs, policies and enforcement services
- Regulatory and regulatory compliance services
- Legal liability assessment services, including litigation management services
- Executive and employee benefits planning and administration
- Labor and employment-related services, including staffing services, employee evaluation and training, employee communications and workforce management
- Labor relations, including with respect to union employees and representatives
- Payroll services
- Leadership management and development services
- Compensation (including bonus and incentive) programs, policies, management and administration services
- Diversity programs, policies and services
- Internal audit services
- Investor relations
- Internal and external communications
- Community relations
- Corporate finance services
- Budgeting
- Insurance and risk management services, including the hiring and management of insurance advisors
- Credit services, including collateral management services
- Accounting services
- Tax planning and reporting and other tax-related services
- Treasury services, including cash management services
- Accounts payable and cashier services
- Legal services, including outside counsel hiring and management

- Contract management and administration services
- Document retention and management services
- Account management services
- External reporting services, including with respect to SEC, NYSE, FERC and other governmental reporting requirements
- Environmental services, including permitting, reporting, testing, selection and management of outside consultants and advisors and remediation management
- Corporate security services
- Safety programs, policies and services
- Governmental affairs
- Corporate development and strategic planning
- Mail and postage services
- Travel and expense reimbursement services
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- Facility services, including maintenance, housekeeping, decorating, grounds keeping and janitorial services
- Receptionist and secretarial services
- Capital expenditure planning, budgeting and project-management
- Purchasing and other procurement services
- Operational audit services
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- Internet, intranet and website development, support and related services
- Intellectual property management, protection and maintenance services
- Mapping and drafting services
- Customer billing and accounts receivable services
- Marketing and promotional services
- Affiliate relationship management
- The selection and hiring of outside consultants, advisers and service providers
- Real estate and facilities services, including use of space owned or leased by provider
- Siting and land acquisition services
- Engineering and design services
- Construction services

Exhibit A

Recipients

- Energia, Inc.
- Far Gas Acquisitions Corporation
- Golden Bear Hydro Inc.
- Great Plains Energy Services Incorporated
- GMO Receivables Company
- GPE Transmission Holding Company, LLC
- GXP Investments, Inc.
- Kansas City Power & Light Receivables Company
- KCP&L, Inc. [Missouri]
- KCP&L, Inc. [Kansas]
- KCP&L Solar, Inc.
- KLT Gas Inc.
- KLT Investments Inc.
- LoJamo, LLC
- Missouri Public Service Company
- MOPUB Group Inc.
- MPS Canada Corp.
- MPS Canada Holdings, Inc.
- MPS Europe, Inc.
- MPS Finance Corp.
- MPS Gas Pipeline Corporation
- MPS Merchant Services, Inc.
- MPS Networks Canada Corp.
- MPS Piatt County Power L.L.C.
- MPS Sterling Holdings, LLC
- SJLP Inc.
- The Kansas Power & Light Company, Inc.
- Trans MPS, Inc.
- Westar Generating, Inc.
- Westar Industries, Inc.
- Westar Investments, Inc.
- Westar Limited Partners, Inc.
- Westar Transmission, LLC

SERVICES AGREEMENT

This Services Agreement (“Services Agreement”) is made effective as of June 4, 2018 (the “Effective Date”) by and among Westar Energy, Inc., a Kansas corporation (the “Provider”), and the signatory parties hereto set forth on Exhibit A and each additional signatory party executing a counterpart to this Services Agreement in accordance with Section 7.2 (each a “Recipient”). Provider and Recipients are referred to collectively as the “Parties” and each individually as a “Party.”

WHEREAS, each Recipient is an affiliate of Provider;

WHEREAS, each Recipient desires that Provider provide certain services to Recipient; and

WHEREAS, Provider has agreed to provide certain services to each Recipient in accordance with the terms and conditions of this Services Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I SERVICES

1.1 The Services. Provider shall provide to each Recipient, on an as-needed basis, (a) all services required or appropriate for the design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of each Recipient’s business and properties, (b) corporate support services, including, as applicable, corporate oversight, governance, support systems and personnel in respect of payroll, shareholder, financial accounting and reporting, human resources, treasury, tax, records management, pension and benefits management, legal, corporate secretarial, internal audit, corporate security, governmental affairs, executive management, risk management, community relations, communications, procurement, information technology, billing and collection, accounts payable and facility management services, (c) services as set forth on Schedule 1.1 hereto and (d) any service, non-wholesale power good, asset, property, employee, right, interest, thing or item of value that Recipient may request or require from time to time (collectively, the “Services”).

1.2 Right to Refuse. Provider shall have the right, at its sole discretion, to refuse to provide or furnish any Services requested pursuant to this Services Agreement. Receiving a refusal from Provider to a request under this Services Agreement shall not be a prerequisite for Recipient to obtain from any third party any property, service or thing which is or could be provided or furnished under this Services Agreement. Refusals of requests by Provider under this Services Agreement shall not terminate all or any portion of this Services Agreement.

1.3 Cooperation; Information and Access. Provider, on the one hand, and each Recipient, on the other hand, will cooperate in good faith in all matters relating to the provision and receipt of the Services. Without limiting the generality of the foregoing, each Recipient will

provide Provider, in a timely manner, all information and access to facilities required or reasonably requested by Provider in connection with providing the Services.

1.4 Customer Information. In providing the Services, Provider will not provide specific customer information to any Recipient without the consent of the customer or as otherwise provided by law, rule or order of any applicable regulatory agency or commission.

1.5 Additional Resources. In providing the Services, Provider is not obligated to (a) hire any additional employees, (b) maintain the employment of any specific employee or (c) purchase, lease or license any additional equipment or materials.

1.6 Legal Advice. The Parties agree and acknowledge that any legal advice or legal services provided, or arranged to be provided, by or on behalf of Provider hereunder will be for the direct or indirect benefit or common interest of all of the Recipients, and it is therefore the intention of all Parties hereto to maintain all privileges that may apply to any communications related to the provision or receipt of such legal advice or services.

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2.2 Termination. Provider may terminate this Services Agreement at any time, including during the Initial Term or any Renewal Term, by providing not less than 30-days’ prior written notice to Recipients. Any Recipient may terminate its obligations and be removed as a party under this Services Agreement at any time, including during the Initial Term or any Renewal Term, by providing not less than 30-days’ prior written notice to Provider. A Recipient departing the Evergy Inc. holding company system, upon written request to Provider, may continue to receive Services from Provider hereunder for a reasonable transitional period of time following such departure. This Services Agreement shall terminate automatically if no Recipient remains as a party to this Services Agreement.

2.3 Effect of Termination. Upon a termination of its obligations under this Services Agreement, a Party will have no further obligations hereunder with respect to the Services; provided, however, that notwithstanding such termination or the termination of this Services Agreement, (a) each Recipient will remain liable to Provider for all amounts payable in respect of the Services provided prior to the effective date of such termination and (b) the provisions of Articles II, IV, V and VII of this Services Agreement will survive any such termination indefinitely.

ARTICLE III COMPENSATION

3.1 Fee for Services. Each Recipient will compensate Provider the greater of (a) the fair market price of the Services or (b) the fully distributed cost to Provider for the Services, as reasonably determined by Provider.

For this purpose, “fully distributed cost” means cost determined pursuant to a methodology that takes into account all direct and indirect costs in relation to the Services provided, whether through the direct assignment of costs or through a reasonable cost allocation process, including, but not limited to, cost of salaries and wages, office supplies and expenses, third-party vendor costs, property insurance, injuries and damages, employee pensions and benefits, taxes, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization and compensation for use of capital. Provider shall maintain reasonable supporting documentation in connection with its charges to provide the Services. Notwithstanding anything herein to the contrary, the price of the Services and the allocation factors and costs assignments used herein shall comply with all applicable rules and regulations of the Federal Energy Regulatory Commission (the “FERC”), the Kansas Corporation Commission and all other applicable regulatory commissions, and the provisions of any applicable cost allocation manuals filed from time to time with applicable regulatory commissions.

3.2 Payment Terms. Unless the Parties otherwise agree, (a) Provider will bill each Recipient on a monthly basis for all Services and (b) payment shall be made by remittance of the amounts billed within thirty (30) days of the date of the statement or by making appropriate accounting entries on the books of the Parties.

3.3 Sales and Use Taxes. For state and local sales and use tax purposes, Provider and each Recipient will cooperate in good faith to segregate amounts payable under this Services Agreement into the following categories: (a) taxable Services; (b) non-taxable Services and (c) payments made by Provider merely as a purchasing agent for Recipient in procuring goods or services. Provider will collect from Recipient all state and local sales and use taxes, if any, in respect of the Services and will timely remit such taxes to the appropriate state and local tax authorities.

3.4 Dispute Resolution. In the event that a dispute arises among any of the Parties regarding the costs charged for Services hereunder, representatives of the applicable Parties will attempt to resolve the issues. Unresolved disputes regarding costs or any other claim or dispute related to this Services Agreement shall be resolved by binding arbitration by the American Arbitration Association under its Commercial Arbitration Rules. Any award of the arbitrator(s) may be entered as a judgment in any court of competent jurisdiction.

3.5 Records Inspection. Each Recipient at its own expense may examine Provider’s pertinent books, records, data and other documents once each year for the purpose of evaluating the accuracy of billing statements hereunder. Such examination shall begin no fewer than thirty (30) days after Provider receives a written notice requesting an examination and shall be completed no later than thirty (30) days after the start of such examination. If a Recipient utilizes a third party in the examination, Provider may, in its sole discretion, require any such third party to execute a

nondisclosure agreement reasonably acceptable to Provider prior to the third party participating in the examination. Each audit shall be conducted on the premises of Provider during normal business hours. Provider shall cooperate fully in any such audit, providing reasonable access to appropriate Provider employees and books, records and other documents reasonably necessary to assess the accuracy of Provider's invoices. The results of the examination shall be provided to Provider. If Provider and Recipient agree that the amount of any statement should be adjusted as a result of the examination, the amount of the adjustment shall be paid or reimbursed, as applicable, promptly with interest at a rate equal to the applicable compensation for use of capital if the adjustment is related to Services provided from the due date of the applicable invoice. Any unresolved dispute shall be submitted to arbitration pursuant to Section 3.4, and any resulting award shall include interest calculated on Services as previously described from the due date of the applicable invoice.

ARTICLE IV PERFORMANCE STANDARDS; DISCLAIMER; REMEDIES

4.1 Performance Standards. Provider shall provide the Services in accordance with its practices, methods, standards, guides, policies and procedures in effect from time to time. Provider will comply with all applicable federal, state and local laws, regulations, ordinances and other requirements in the provision of Services.

4.2 Compliance with Policies and Agreements. In connection with the Services, Provider shall comply with (i) all applicable policies and procedures of Recipient and (ii) all applicable terms and conditions of any third-party agreements pursuant to which Recipient receives Services, including terms and conditions preserving the confidentiality and security of proprietary information of vendors.

4.3 Parity of Services and Internal Operations. Provider will at all times use commercially reasonable efforts to provide the Services in scope, quality and schedule equivalent to those it provides to its own internal operations. In providing the Services, Provider will seek to maximize the aggregate synergies to all of the Parties, and shall not take any action that would unduly prefer any Party over another Party.

4.4 Confidentiality. Each Party shall treat in confidence all information that it may obtain from or regarding the other Parties and their respective businesses and customers during the term of this Services Agreement. Each Party agrees to protect the other Parties' information using the same degree of care which it uses to protect its own confidential information, and in no event less than reasonable care, and in compliance with the relevant rules and decisions of applicable regulatory commissions. Except to the extent disclosure of such information is requested by a governmental authority having jurisdiction, such information shall not be communicated to any person other than the Parties and their respective officers, directors, employees, subcontractors, advisors, representatives and agents in connection with the performance of the Services and the administration of this Services Agreement. If a Party is requested to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make any such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. Except as otherwise provided by the relevant rules and decisions of applicable regulatory commissions with

respect to customer information, the requirements of this Section 4.4 shall not apply with respect to information that (a) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions or (b) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

4.5 Disclaimer of Warranties. EXCEPT AS OTHERWISE SET FORTH HEREIN, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICES.

4.6 Indemnification. Each Recipient agrees to indemnify and hold harmless Provider and its respective directors, officers, employees, agents and representatives from and against any and all losses, liabilities, damages, costs and expenses (collectively, “Losses”) arising out of, or resulting from, the provision of the Services by Provider hereunder, other than Losses arising or resulting from Provider’s gross negligence or willful misconduct.

4.7 Limitation of Liability. IN NO EVENT WILL PROVIDER BE LIABLE TO RECIPIENT FOR ANY LOST PROFITS, LOSS OF DATA, LOSS OF USE, BUSINESS INTERRUPTION OR OTHER SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY, ARISING FROM PROVIDER’S PERFORMANCE OF, OR RELATING TO, THE SERVICES OR THIS SERVICES AGREEMENT.

ARTICLE V RELATIONSHIP BETWEEN THE PARTIES

5.1 Independent Contractor. The relationship of Provider to each Recipient under this Services Agreement is that of an independent contractor in connection with the provision of the Services by Provider. Provider will be solely responsible for the payment of any employment-related costs or taxes in respect of the provision of the Services (except to the extent such costs or taxes are taken into account in determining Provider’s compensation under Section 3.1).

5.2 Appointment as Agent. Subject to this Services Agreement, each Recipient hereby appoints Provider and employees of Provider as agents of Recipient to represent Recipient in performing Services, which includes the authority to vote, sign or take similar actions that bind Recipient. Recipient also authorizes Provider to purchase (*i.e.*, take title to) various commodities, non-wholesale power goods and assets in connection with its performance of Services hereunder, and to resell (*i.e.*, convey title to) such commodities, non-wholesale power goods and assets if necessary in the course of performing Services hereunder, in each case, with the provision of Services to be at the fully distributed costs incurred by Provider pursuant to the methodology prescribed in Section 3.1.

ARTICLE VI SUBCONTRACTORS

Provider may engage one or more subcontractors to provide all or any portion of the Services and may arrange for the services of nonaffiliated experts, consultants, attorneys and other third parties in connection with the performance of any of the Services, provided that Provider remains directly responsible for its obligations hereunder.

ARTICLE VII MISCELLANEOUS

7.1 Amendment and Modification. This Services Agreement may be amended, modified or supplemented only by written agreement of the Parties; *provided*, that Provider, acting alone, may amend Exhibit A from time to time to reflect the addition or removal of Recipients as provided by the terms of this Services Agreement. Any such amendment, modification or supplement shall not become effective until receipt of any required approvals or waivers by, or satisfaction of any notice requirements of, the applicable state regulatory commissions.

7.2 Additional Recipients. Any other affiliate of Provider may become a Party to this Services Agreement by delivering as an additional Recipient a counterpart signature page to this Services Agreement that is accepted and countersigned by Provider.

7.3 Waiver of Compliance; Consents. Except as otherwise provided in this Services Agreement, any failure of any Party to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

7.4 Assignment. No Party may assign this Services Agreement, in whole or in part, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed; provided, however, that a Party may assign this Services Agreement to a parent or subsidiary entity, or as part of a consolidation, merger or sale of all or substantially all of its assets, without prior written consent.

7.5 Governing Law. This Services Agreement is governed by and construed in accordance with the laws of the State of Kansas as to all matters (regardless of the laws that might otherwise govern under applicable principles of conflicts of law), including but not limited to matters of validity, construction, effect, performance and remedies; provided, however, that Provider shall not be required to comply with this Services Agreement to the extent such compliance would be a violation of the public utility laws of any state in which such Provider conducts its state-regulated utility operations.

7.6 Force Majeure. Provider shall be excused for any failure or delay in performing any of its obligations under this Services Agreement if such failure or delay is caused by any reason beyond its control, including, without limitation, acts of God, regulatory or judicial delay or injunction, flood, storm, strikes, war, fire, explosion, insurrection, labor troubles, riots, government

requirement, civil or military authority, earthquakes, acts or omissions of transportation companies, loss of power, technical failure of software or hardware or other similar causes beyond its control.

7.7 Severability. The provisions of this Services Agreement will be deemed severable, and the invalidity or unenforceability of any provision in any jurisdiction will, as to that jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, and will not affect the validity or enforceability of that or any other provision in any other jurisdiction. If any provision of this Services Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision will be substituted for the invalid or unenforceable provision in order to carry out in that jurisdiction, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Services Agreement, and the application of that provision to other persons or circumstances or in other jurisdictions, will not be affected.

7.8 Entire Agreement. This Services Agreement will be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by the Parties, and until such execution and delivery no legal obligation will be created by virtue hereof. This Services Agreement, together with any attachments hereto (which are incorporated herein by this reference), embodies the entire agreement and understanding of the Parties hereto in respect of the provision of Services among the Parties. There are no restrictions, promises, representations, warranties, covenants or undertakings in respect of the Services contemplated by this Services Agreement other than those expressly set forth or referred to herein. This Services Agreement supersedes all prior agreements and understandings among the Parties with respect to such Services, including any prior services agreement relating to Services provided hereunder between Provider and any Recipient.

7.9 Delivery. This Services Agreement may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument), and may be delivered by electronic mail or facsimile transmission with the same force and effect as the exchange of original signature pages.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Services Agreement to be signed by their respective duly authorized officers to be effective as of the Effective Date.

Provider

Westar Energy, Inc.

By: _____

Name: _____

Title: _____

Recipients

Energia, Inc.

By: _____

Name: _____

Title: _____

Far Gas Acquisitions Corporation

By: _____

Name: _____

Title: _____

Golden Bear Hydro Inc.

By: _____

Name: _____

Title: _____

Great Plains Energy Services Incorporated

By: _____

Name: _____

Title: _____

GMO Receivables Company

By: _____
Name: _____
Title: _____

GPE Transmission Holding Company, LLC

By: _____
Name: _____
Title: _____

GXP Investments, Inc.

By: _____
Name: _____
Title: _____

**Kansas City Power & Light Receivables
Company**

By: _____
Name: _____
Title: _____

KCP&L, Inc. [Missouri]

By: _____
Name: _____
Title: _____

KCP&L, Inc. [Kansas]

By: _____
Name: _____
Title: _____

KCP&L Solar, Inc.

By: _____
Name: _____
Title: _____

KLT Gas Inc.

By: _____
Name: _____
Title: _____

KLT Investments Inc.

By: _____
Name: _____
Title: _____

LoJamo, LLC

By: _____
Name: _____
Title: _____

Missouri Public Service Company

By: _____
Name: _____
Title: _____

MOPUB Group Inc.

By: _____
Name: _____
Title: _____

MPS Canada Corp.

By: _____
Name: _____
Title: _____

MPS Canada Holdings, Inc.

By: _____
Name: _____
Title: _____

MPS Europe, Inc.

By: _____
Name: _____
Title: _____

MPS Finance Corp.

By: _____
Name: _____
Title: _____

MPS Gas Pipeline Corporation

By: _____
Name: _____
Title: _____

MPS Merchant Services, Inc.

By: _____
Name: _____
Title: _____

MPS Networks Canada Corp.

By: _____
Name: _____
Title: _____

MPS Piatt County Power L.L.C.

By: _____
Name: _____
Title: _____

MPS Sterling Holdings, LLC

By: _____
Name: _____
Title: _____

SJLP Inc.

By: _____
Name: _____
Title: _____

The Kansas Power & Light Company, Inc.

By: _____
Name: _____
Title: _____

Trans MPS, Inc.

By: _____
Name: _____
Title: _____

Westar Generating, Inc.

By: _____
Name: _____
Title: _____

Westar Industries, Inc.

By: _____
Name: _____
Title: _____

Westar Investments, Inc.

By: _____
Name: _____
Title: _____

Westar Limited Partners, Inc.

By: _____
Name: _____
Title: _____

Westar Transmission, LLC

By: _____
Name: _____
Title: _____

Schedule 1.1**Description of the Services**

Descriptions of different categories of Services are set forth below. Such descriptions (i) shall not be limiting, but instead shall be broadly construed to include all associated, related or similar services and (ii) do not necessarily cover all of the Services to be provided by Provider to Recipient under the Services Agreement.

- Corporate secretarial services, including entity formation, maintenance, termination and record-keeping
- Corporate oversight and governance matters, including board of director and shareholder services
- Code-of-conduct and corporate ethics programs, policies and enforcement services
- Regulatory and regulatory compliance services
- Legal liability assessment services, including litigation management services
- Executive and employee benefits planning and administration
- Labor and employment-related services, including staffing services, employee evaluation and training, employee communications and workforce management
- Labor relations, including with respect to union employees and representatives
- Payroll services
- Leadership management and development services
- Compensation (including bonus and incentive) programs, policies, management and administration services
- Diversity programs, policies and services
- Internal audit services
- Investor relations
- Internal and external communications
- Community relations
- Corporate finance services
- Budgeting
- Insurance and risk management services, including the hiring and management of insurance advisors
- Credit services, including collateral management services
- Accounting services
- Tax planning and reporting and other tax-related services
- Treasury services, including cash management services
- Accounts payable and cashier services
- Legal services, including outside counsel hiring and management

- Contract management and administration services
- Document retention and management services
- Account management services
- External reporting services, including with respect to SEC, NYSE, FERC and other governmental reporting requirements
- Environmental services, including permitting, reporting, testing, selection and management of outside consultants and advisors and remediation management
- Corporate security services
- Safety programs, policies and services
- Governmental affairs
- Corporate development and strategic planning
- Mail and postage services
- Travel and expense reimbursement services
- Document processing services
- Facility services, including maintenance, housekeeping, decorating, grounds keeping and janitorial services
- Receptionist and secretarial services
- Capital expenditure planning, budgeting and project-management
- Purchasing and other procurement services
- Operational audit services
- IT and telecommunications services, including IT system planning, support and training
- Internet, intranet and website development, support and related services
- Intellectual property management, protection and maintenance services
- Mapping and drafting services
- Customer billing and accounts receivable services
- Marketing and promotional services
- Affiliate relationship management
- The selection and hiring of outside consultants, advisers and service providers
- Real estate and facilities services, including use of space owned or leased by provider
- Siting and land acquisition services
- Engineering and design services
- Construction services

Exhibit A

Recipients

- Energia, Inc.
- Far Gas Acquisitions Corporation
- Golden Bear Hydro Inc.
- Great Plains Energy Services Incorporated
- GMO Receivables Company
- GPE Transmission Holding Company, LLC
- GXP Investments, Inc.
- Kansas City Power & Light Receivables Company
- KCP&L, Inc. [Missouri]
- KCP&L, Inc. [Kansas]
- KCP&L Solar, Inc.
- KLT Gas Inc.
- KLT Investments Inc.
- LoJamo, LLC
- Missouri Public Service Company
- MOPUB Group Inc.
- MPS Canada Corp.
- MPS Canada Holdings, Inc.
- MPS Europe, Inc.
- MPS Finance Corp.
- MPS Gas Pipeline Corporation
- MPS Merchant Services, Inc.
- MPS Networks Canada Corp.
- MPS Piatt County Power L.L.C.
- MPS Sterling Holdings, LLC
- SJLP Inc.
- The Kansas Power & Light Company, Inc.
- Trans MPS, Inc.
- Westar Generating, Inc.
- Westar Industries, Inc.
- Westar Investments, Inc.
- Westar Limited Partners, Inc.
- Westar Transmission, LLC

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Darrin Ives, being duly sworn upon his oath deposes and states that he is the Vice President, Regulatory Affairs, for Evergy, Inc., that he has read and is familiar with the foregoing Direct Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.


Darrin Ives

Subscribed and sworn to before me this 24 day of April, 2023.


Notary Public

My Appointment Expires: May 30, 2026

