

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the Matter of the Joint Application of)
Evergy Kansas Central, Inc. and Panasonic)
Energy Corporation of North America for)
Approval of the Energy Supply Agreement) Docket No. 26-EKSE-110-CON
between Evergy Kansas Central and)
Panasonic Energy Corporation of North)
America.)

ORDER APPROVING SPECIAL CONTRACT

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

1. On October 3, 2025, Evergy Kansas South, Inc., d/b/a Evergy Kansas Central (Evergy) and Panasonic Energy Corporation of North America (PECNA) submitted a joint application requesting approval of an Energy Supply Agreement (ESA) to serve the new PECNA battery plant in DeSoto, Kansas, which commenced operations in early 2025.¹ PECNA is currently serviced by Evergy under its Industrial and Large Power Service (ILP) tariff.² The term of the proposed ESA is 10 years and includes a monthly minimum bill obligation for PECNA, and subjects PECNA to all riders and surcharges it would otherwise be obligated to pay.³ Additionally, Evergy requests approval to defer for recovery in its next general rate case the difference between the base rate revenue it will receive from PECNA under the ESA and the base rate revenue it would

¹ Joint Application of Evergy and PECNA, Oct. 9, 2025, ¶ 2.

² *Id.*

³ *Id.*, ¶ 3-4.

have received from PECNA, if PECNA continued to take service under the ILP tariff.⁴ The Joint Application was supported by testimony from Jason Klindt, Senior Director, External Affairs for Evergy, and of Allen Swan, President of PECNA.

2. On December 5, 2025, Commission Staff (Staff) filed a Report and Recommendation (R&R) recommending approval of the Special Contract because the Special Contract is necessary and also benefits Evergy's existing customers by: (1) producing revenue that exceeds the variable costs allocated to the Industrial and Large Power (ILP) class, and (2) adds PECNA to Evergy's system.⁵ In reviewing Special Contracts, Staff's evaluation focuses on: (1) the necessity of the special contract; (2) whether the Special Contract results in operational and/or economic benefits for Evergy and its customers; and (3) whether the Special Contract result in just and reasonable rates?⁶

3. Staff's R&R explains when PECNA decided to construct its facility in Kansas, PENCA would have been subject to the ILP tariff with the Large Economic Development Discount Rider or a Special Contract.⁷ Thus, Staff advises a Special Contract is necessary to honor commitments made to PECNA.⁸ Staff's R&R cites to Allen Swan's testimony that the cost predictability resulting from the Special Contract is critical to unlocking the economic benefits associated with the facility and provides long-term certainty and predictability for PECNA's economic expectations, which were central factors in deciding to locate in Kansas.⁹ Staff believes the rate provisions of the Special Contract were necessary to attract PECNA to Kansas and meet

⁴ *Id.*, ¶ 6.

⁵ Staff Report and Recommendation, Dec. 5, 2025, pp. 1-2.

⁶ *Id.*, p. 3.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*, pp. 3-4.

economic development goals of the State.¹⁰ Accordingly, Staff's R&R believes the Special Contract is necessary.¹¹

4. Staff believes the Special Contract provides significant economic benefits to both Evergy and its customers.¹² The economic benefits to existing customers arise from multiple safeguards and special considerations into the Special Contract. The safeguards and special considerations include: (1) the minimum bill provisions contract provide significant guaranteed benefits to Evergy's remaining core customers by contributing significantly towards the capacity costs of maintaining available capacity to serve PECNA, even if Evergy never supplied PECNA a single kWh during portions of the contract;¹³ (2) limiting the discount to base rates, with all other surcharges being paid in full, making PECNA subject to riders such as the Retail Energy Cost Adjustment Rider, the Property Tax Rider, the Transmission Delivery Charge Rider, and any other rider applicable to other customers;¹⁴ (3) and the capacity for PECNA was already built into previous resource plans, so even if Evergy were to lose PECNA as a customer or PECNA did not utilize its full capacity or decrease production due to pricing, Evergy would have excess generation capacity until other customers were able to be connected.¹⁵

5. Staff's R&R states the reasonableness of rates is largely dependent on whether the special contract is necessary and conveys operational or economic benefits to Evergy and its customers.¹⁶ Staff explains the Special Contract rate is largely based on a combination of the ILP tariff and utilizing the Large Economic Development Discount Rider, which the Commission has

¹⁰ *Id.*, p. 4.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*, pp. 4-5.

previously determined to be just and reasonable.¹⁷ Because the Special Contract adopts provisions of the LLPS such as significant minimum bill protections, which largely guarantee benefits to Evergy and its customers during the term of the Special Contract and PECNA will cover the variable costs it incurs and make reasonable contributions to its fixed costs, Staff believes the Special Contract will result in just and reasonable rates for PECNA and Evergy's other customers.¹⁸

6. On December 12, 2025, the Citizens' Utility Ratepayer Board (CURB)¹⁹ filed its Response to Staff's R&R, explaining that because the ESA ultimately fulfills the State's broader public policy to attract large-scale employment projects such as Panasonic to locate in Kansas, CURB does not oppose approval of the ESA.²⁰ CURB agrees with Staff: (1) the ESA is commercially necessary;²¹ and (2) the ESA incorporates several protective provisions that were either not included in prior special contracts or are more stringent than other special contracts, including a ten-year initial term versus five; collateral provisions to secure payment of monthly bills; a minimum bill provision based on full contract capacity starting in 2027; and a top-end energy block rate based on full ILP pricing which will corral the discount.²²

7. On January 5, 2026, Evergy, PECNA, Staff, and CURB filed a Joint Motion for Approval of Special Contract. The Joint Motion cites testimony from Jason Klindt and Allan Swan that the Special Contract rates: (1) were: integral to persuade PECNA to locate in Kansas, (2) promote substantial economic development for the State, and (3) meet the Commission's standards for approval applied to special contracts.²³ The Joint Motion also reiterates the pricing structure

¹⁷ *Id.*, p. 5.

¹⁸ *Id.*

¹⁹ CURB was granted intervention on Oct. 14, 2025.

²⁰ CURB's Response to Staff's Report and Recommendation, Dec. 12, 2025, ¶ 9.

²¹ *Id.*, ¶ 13.

²² *Id.*, ¶ 15.

²³ Joint Motion for Approval of Special Contract, Jan. 5, 2026, ¶ 5.

under the Agreement will provide a net benefit to Evergy’s other customers by ensuring PECNA will pay rates greater than the incremental variable cost to serve PECNA.²⁴ Thus, PECNA contributes towards Evergy’s fixed costs that otherwise would be paid for by Evergy’s other customers.²⁵ The Joint Motion also quotes Staff’s R&R that the Special Contract:

will result in just and reasonable rates for PECNA and Evergy’s remaining core customers because: 1) the PECNA Special Contract is necessary both to honor previous commitments and to encourage PECNA not only to maintain its current capacity but build to its full production capacity; 2) the Special Contract has multiple safeguards to protect Evergy and its customers as well as promoting the utilization of the generation capacity already accounted for in Evergy’s system; and 3) the Contract contains significant minimum bill protections and contributions to Evergy’s fixed costs while covering its variable costs to serve PECNA. Lastly, Evergy has indicated to Staff that it does not object to the withdrawal of the revenue deferral request, which Staff supports because PECNA revenues were not recognized in the setting of the revenue requirement in Docket No. 25-EKCE-294-RTS.²⁶

8. On January 12, 2026, the Commission held a hearing on the Joint Motion for Approval of Special Contract. The Parties appeared by counsel. Jason Klindt of Evergy and Justin Grady of Staff testified at the hearing and were cross-examined by the Commissioners.

9. Following the hearing, Evergy submitted two late-filed exhibits, “Economic Impact – Battery Equipment Manufacturing,” produced by the W. Frank Barton School of Business, Center for Economic Development and Business Research at Wichita State University and an Update to the Economic Impact paper. The Update to the Wichita State paper concludes that every dollar of public investment the economy is expected to produce \$54.42 over five years.²⁷ Over a 10-year period, \$820 million in public investment is expected to produce a total economic impact

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*, ¶ 8, citing Staff Report and Recommendation, p. 5.

²⁷ *Updated Economic Impact – Battery Equipment Manufacturing*, the W. Frank Barton School of Business, Center for Economic Development and Business Research at Wichita State University, March 2024, p. 4.

of \$36.2 billion.²⁸ The impact per dollar invested increases to \$80.48 over five years and \$65.28 over ten years.²⁹

10. Based on the uncontroverted evidence in the record, the Commission finds the Special Contract is necessary to honor commitments made to PECNA to convince it to locate in Kansas. Similarly, the uncontroverted evidence in the record demonstrates the Special Contract includes substantial protections for existing customers to produce operational and economic benefits for both Evergy and its customers, including just and reasonable rates. Thus, the Commission approves the Joint Motion for Approval of Special Contract.

THEREFORE, THE COMMISSION ORDERS:

A. The Joint Motion for Approval of Special Contract is granted. The Special Contract between Evergy and Panasonic Energy Corporation of North America is approved.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).³⁰

BGF

²⁸ *Id.*

²⁹ *Id.*

³⁰K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/26/2026



Celeste Chaney-Tucker
Executive Director

Concurring Opinion

I concur with the Commission's decision and reasoning in approving the Unanimous Settlement Agreement and the Panasonic Energy Corporation of America (PECNA) Special Contract. For perspective, it is important to emphasize the safeguards and benefits the Special Contract provides to existing Evergy Kansas Central (EKC) customers. The Special Contract produces revenue that exceeds the variable costs allocated to the Industrial and Large Power (ILP) class. Accordingly, under the Special Contract, PECNA will be paying more than the incremental costs incurred to serve their electric power requirements. The net effect of the Special Contract is that existing EKC customers will not be burdened and will benefit from PECNA's Special Contract. As Jason Klindt of EKC testified, under the Special Contract, PECNA's contribution toward the fixed costs of EKC's providing electrical services will help reduce rates for all EKC customers.¹ This result occurs since fixed costs covered by the PECNA Special Contract revenues will not need to be covered by other customers on the EKC system.

To protect existing EKC customers and ensure that they benefit from the Special Contract, the Unanimous Settlement Agreement contains significant additional safeguards. Among these important safeguards are the substantial minimum bill provisions, a ten-year contract period, and significant collateral requirements. Justin Grady, the Commission's Director of Utilities, testified that those minimum bill provisions contain the most robust fixed price recovery components of any proposed special contract he has ever reviewed.² The fixed price recovery provisions under the Special Contract protect both EKC and its existing customers.³

It is particularly noteworthy and consequential that the discounts provided under the Special Contract are limited to base rates. As a result, PECNA will receive no discounts on riders including the Retail Energy Cost Adjustment Rider, the Property Tax Rider, the Transmission Delivery Charge Rider, and other riders applicable to other EKC customers.

The PECNA plant at DeSoto is the largest economic development project in Kansas history.⁴ Fourteen states actively pursued this PECNA facility.⁵ The evidence demonstrates the Special

¹ Transcript of Jan. 12, 2026 Hearing, p. 24.

² *Id.*, p. 40.

³ *Id.*, p. 40.

⁴ *Id.*, p. 15.

⁵ *Id.*, p. 12.

Contract was a crucial factor in PECNA’s decision to locate in Kansas. The Special Contract is modeled after a Large Economic Development Discount Rider and honors commitments made by both EKC and Kansas that PECNA relied upon, in part, in deciding to locate in Kansas. For a variety of public policy reasons, it is important to honor commitments and inducements made to PECNA in encouraging them to select a Kansas location. As Mr. Klindt testified, the Special Contract enabled PECNA to move forward with locating the facility at DeSoto, Kansas.⁶ Mr. Klindt further testified that the Special Contract will “ultimately help the State and the local community deliver on the expectations that helped attract PECNA's initial investment in the facility in Kansas and will over time help maintain those expectations to further unlock additional investment and enable PECNA to deliver on further growth and economic development goals for the facility.”⁷

In sum, the Special Contract is an essential element to fulfill the State’s commitments to PECNA; consistent with the aims of the Attracting Powerful Economic Expansion Bill enacted by the Kansas Legislature in 2022; supportive of further growth at the PECNA plant and its environs; and contains important benefits and safeguards for EKC and existing EKC customers. For these reasons, I concur with the Commission’s decision to approve the Unanimous Settlement Agreement.



Dwight D. Keen
Commissioner

⁶ Direct Testimony of Jason Klindt, Oct. 1, 2025, p. 8.

⁷ *Id.*, p. 9.

CERTIFICATE OF SERVICE

26-EKCE-110-CON

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 2/26/2026.

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