



General Rate Review

February 1, 2018

A decorative graphic at the bottom of the page consisting of three overlapping, elongated triangular shapes pointing to the right. The top shape is blue, the middle is yellow, and the bottom is red.

Taking **energy** to heart.

Forward-Looking Disclosures

Certain matters discussed in this presentation are “forward-looking statements.” The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like “believe,” “anticipate,” “target,” “expect,” “pro forma,” “estimate,” “intend,” “guidance” or words of similar meaning. Forward-looking statements describe future plans, objectives, expectations or goals. Although Westar Energy believes that its expectations are based on reasonable assumptions, all forward-looking statements involve risk and uncertainty. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as (1) those discussed in the company’s Annual Report on Form 10-K for the year ended Dec. 31, 2016 (a) under the heading, “Forward-Looking Statements,” (b) in ITEM 1. Business, (c) in ITEM 1A. Risk Factors, (d) in ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (e) in ITEM 8. Financial Statements and Supplementary Data: Notes 3, 14 and 16; (2) those discussed in the company’s Quarterly Reports on Form 10-Q filed on May 9, 2017, Aug. 8, 2017 and Oct. 31, 2017, (a) under the heading “Forward-Looking Statements,” (b) in ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, (c) in Part I, Financial Information, ITEM 1. Financial Statements: Notes 3, 11, 12 (in the Form 10-Q filed on May 9, 2017), and 13 (in the Form 10-Q filed on Aug. 8, 2017 and Oct. 31, 2017), and (d) ITEM 1A. Risk Factors; and (3) other factors discussed in the company’s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date such statement was made, and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made.

Rate Review Summary

• Net rate request -- \$52.6M increase, 2.6%

- Filed February 1, 2018 with expected decision late September 2018
- 12 month test year ended June 2017

• Request two-step rate implementation

- \$1.6M decrease -- effective late September 2018
 - Reflects federal tax reform
- Subsequent \$54.2M increase -- effective February 2019
 - Reflects expiring wholesale contracts and production tax credits

• Proposed KS jurisdictional rate base -- \$5.75 billion

- Increase of ≈\$657 million from current authorized

• Drivers

- Updated depreciation study -- \$56.0M
- Western Plains Wind Farm -- \$31.8M
- Decrease in federal income tax -- (\$74.0M)
- Reduced cost of debt -- (\$29.0M)
- Initial savings in contemplation of proposed merger -- (\$11.1M)
- Expiration of wholesale contracts currently reflected in rates as offsets to retail cost of service
 - Midwest Energy -- \$9.5M
 - MKEC -- \$41.5M
- Expiring production tax credits from initial wind investments -- \$12.6M

Rate Review Summary (continued)

• Proposed return based on pro forma cap structure

	Cap %	Cost	WACC	Pretax WACC
Long- Term Debt	48.41%	4.65%	2.25%	2.25%
Common Equity	51.59%	9.85%	5.08%	6.92%
Total	100%		7.33%	9.17%

• Other items

- Residential DG rate update
- Optional efficiency residential rate (3-part time sensitive design)
- Residential EV rate (3-part time sensitive design)
- Metro EV transit rate
- EV charging station rate

Drivers of \$52.6M Request

