

Evergy Missouri West, Inc.

**Financial Statements and Management's Narrative Analysis of
the Results of Operations for the Years Ended December 31, 2024 and 2023
and Independent Auditor's Report**

EVERGY MISSOURI WEST, INC.

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GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report.

<u>Abbreviation or Acronym</u>	<u>Definition</u>
AAO	Accounting authority order
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income
AROs	Asset retirement obligations
BSER	Best system of emission reduction
CAA	Clean Air Act
CCN	Certificate of Convenience and Necessity
CCRs	Coal combustion residuals
CCS	Carbon capture and sequestration
CO₂	Carbon dioxide
Crossroads	Crossroads Energy Center
CSAPR	Cross-State Air Pollution Rule
Dogwood	Dogwood Energy Center
EPA	Environmental Protection Agency
Evergy	Evergy, Inc.
Evergy Kansas Central	Evergy Kansas Central, Inc., a wholly-owned subsidiary of Evergy
Evergy Metro	Evergy Metro, Inc., a wholly-owned subsidiary of Evergy
Evergy Missouri West	Evergy Missouri West, Inc., a wholly-owned subsidiary of Evergy
Evergy Missouri West Storm Funding	Evergy Missouri West Storm Funding I, LLC
February 2021 winter weather event	Significant winter weather event in February 2021 that resulted in extremely cold temperatures over a multi-day period across much of the central and southern United States
FERC	Federal Energy Regulatory Commission
FIP	Federal implementation plan
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
ITFIP	Interstate Transport Federal Implementation Plans
ITSIP	Interstate Transport State Implementation Plans
JEC	Jeffrey Energy Center
KCC	State Corporation Commission of the State of Kansas
kWh	Kilowatt hour
MATS	Mercury and Air Toxics Standards
MDNR	Missouri Department of Natural Resources
MPSC	Public Service Commission of the State of Missouri
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
NOL	Net operating loss
OCI	Other comprehensive income
PISA	Plant-in-service accounting
SERP	Supplemental Executive Retirement Plan
SIP	State implementation plan
VIE	Variable interest entity

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Comprehensive Income

Year Ended December 31	2024	2023
	(millions)	
OPERATING REVENUES	\$ 964.6	\$ 948.0
OPERATING EXPENSES:		
Fuel and purchased power	389.1	398.9
Operating and maintenance	188.1	173.6
Depreciation and amortization	156.3	149.1
Taxes other than income tax	54.4	53.8
Total Operating Expenses	787.9	775.4
INCOME FROM OPERATIONS	176.7	172.6
OTHER INCOME (EXPENSE):		
Investment earnings	4.1	22.9
Other income	0.5	0.6
Other expense	(9.2)	(9.4)
Total Other Income (Expense), Net	(4.6)	14.1
Interest expense	81.6	86.2
INCOME BEFORE INCOME TAXES	90.5	100.5
Income tax expense	2.1	2.8
NET INCOME	\$ 88.4	\$ 97.7
COMPREHENSIVE INCOME		
NET INCOME	\$ 88.4	\$ 97.7
OTHER COMPREHENSIVE INCOME		
Defined benefit pension plans		
Net gain (loss) arising during period	0.7	(0.5)
Income tax (expense) benefit	(0.1)	0.1
Net gain (loss) arising during period, net of tax	0.6	(0.4)
Amortization of net gains included in net periodic benefit costs, net of tax	(0.2)	(0.1)
Change in unrecognized pension expense, net of tax	0.4	(0.5)
Total other comprehensive income (loss)	0.4	(0.5)
COMPREHENSIVE INCOME	\$ 88.8	\$ 97.2

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

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets

	December 31	
	2024	2023
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1.8	\$ 2.6
Receivables, net of allowance for credit losses of \$2.1 and \$4.6, respectively	73.2	50.0
Related party receivables	2.1	2.4
Accounts receivable pledged as collateral	50.0	50.0
Fuel inventory and supplies	111.0	99.5
Regulatory assets, includes \$15.9 and \$— related to variable interest entity, respectively	52.9	105.8
Prepaid expenses and other assets	18.0	10.4
Total Current Assets	309.0	320.7
PROPERTY, PLANT AND EQUIPMENT, NET	3,774.4	3,496.2
OTHER ASSETS:		
Regulatory assets, includes \$294.5 and \$— related to variable interest entity, respectively	645.3	707.0
Goodwill	351.6	351.6
Other	25.3	21.0
Total Other Assets	1,022.2	1,079.6
TOTAL ASSETS	\$ 5,105.6	\$ 4,896.5

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

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets

	December 31	
	2024	2023
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt, includes \$16.2 and \$— related to variable interest entity, respectively	\$ 52.2	\$ —
Commercial paper	176.2	298.1
Collateralized note payable	50.0	50.0
Accounts payable	97.8	118.8
Related party payables	148.8	485.8
Accrued taxes	12.6	11.3
Accrued interest, includes \$1.3 and \$— related to variable interest entity, respectively	13.1	10.4
Regulatory liabilities	58.7	35.9
Asset retirement obligations	0.4	2.1
Other	11.8	6.5
Total Current Liabilities	621.6	1,018.9
LONG-TERM LIABILITIES:		
Long-term debt, net, includes \$295.7 and \$— related to variable interest entity, respectively	1,846.1	1,287.8
Deferred income taxes	482.5	466.0
Unamortized investment tax credits	2.4	2.5
Regulatory liabilities	189.1	251.9
Retirement benefits	16.0	16.9
Asset retirement obligations	24.3	20.6
Other	22.5	19.6
Total Long-Term Liabilities	2,582.9	2,065.3
Commitments and Contingencies (Note 12)		
EQUITY:		
Common shareholder's equity		
Common stock-1,000 shares authorized, \$0.01 par value, 10 shares issued, stated value	1,457.7	1,457.7
Retained earnings	441.3	352.9
Accumulated other comprehensive income	2.1	1.7
Total Shareholder's Equity	1,901.1	1,812.3
TOTAL LIABILITIES AND EQUITY	\$ 5,105.6	\$ 4,896.5

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

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Cash Flows

Year Ended December 31	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(millions)	
Net income	\$ 88.4	\$ 97.7
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	156.3	149.1
Net deferred income taxes and credits	(9.7)	(4.0)
Payments for asset retirement obligations	(0.4)	(3.4)
Changes in working capital items:		
Accounts receivable	(16.6)	7.3
Fuel inventory and supplies	(9.9)	(16.8)
Prepaid expenses and other current assets	86.3	85.5
Accounts payable	(24.4)	(34.4)
Accrued taxes	1.3	18.0
Other current liabilities	27.0	(2.2)
Change in other assets	23.7	(2.6)
Changes in other liabilities	(35.5)	(35.1)
Cash Flows from Operating Activities	<u>286.5</u>	<u>259.1</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(427.1)	(379.4)
Cash Flows used in Investing Activities	<u>(427.1)</u>	<u>(379.4)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	(121.9)	(151.4)
Proceeds from long-term debt	624.1	—
Retirements of long-term debt	(11.5)	(10.0)
Net money pool borrowings	(342.6)	282.1
Other financing activities	(0.4)	—
Cash Flows from Financing Activities	<u>147.7</u>	<u>120.7</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	7.1	0.4
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	2.6	2.2
End of period	<u>\$ 9.7</u>	<u>\$ 2.6</u>

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

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Changes in Equity

	Common stock shares	Common stock	Retained earnings	AOCI - Defined benefit pension plans	Total equity
		(millions, except share amounts)			
Balance as of December 31, 2022	10	\$ 1,457.7	\$ 255.2	\$ 2.2	\$ 1,715.1
Net income	—	—	97.7	—	97.7
Change in unrecognized pension expense, net of tax	—	—	—	(0.5)	(0.5)
Balance as of December 31, 2023	10	1,457.7	352.9	1.7	1,812.3
Net income	—	—	88.4	—	88.4
Change in unrecognized pension expense, net of tax	—	—	—	0.4	0.4
Balance as of December 31, 2024	10	\$ 1,457.7	\$ 441.3	\$ 2.1	\$ 1,901.1

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

EVERGY MISSOURI WEST, INC.
Notes to Consolidated Financial Statements

The term "Evergy Missouri West" is used throughout this report and refers to Evergy Missouri West, Inc. and its consolidated subsidiaries, unless otherwise indicated. Evergy Missouri West is a wholly-owned subsidiary of Evergy, Inc. (Evergy). Evergy also owns Evergy Metro, Inc. (Evergy Metro) and Evergy Kansas Central, Inc. (Evergy Kansas Central), both integrated, regulated electric utilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Evergy Missouri West is an integrated, regulated electric utility that provides electricity to approximately 347,800 customers in the state of Missouri. Evergy Missouri West conducts business in its service territory using the name Evergy.

Principles of Consolidation

Evergy Missouri West's consolidated financial statements include the accounts of its subsidiaries. Undivided interests in jointly-owned generation facilities are included on a proportionate basis. Intercompany transactions have been eliminated.

Subsequent events have been evaluated through February 26, 2025, the date the consolidated financial statements were available to be issued.

Evergy Missouri West elected not to apply "push-down accounting" related to the merger that created Evergy in 2018, whereby the adjustments of assets and liabilities to fair value and the resulting goodwill would be recorded on the financial statements of the acquired subsidiary. Evergy Missouri West's recorded goodwill of \$351.6 million as of December 31, 2024 and 2023 is related to the acquisition of Evergy Missouri West in 2008, where "push-down accounting" was applied.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles (GAAP) requires the use of estimates and assumptions that affect the reported amounts of certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of highly liquid investments with original maturities of three months or less at acquisition. Evergy Missouri West has restricted cash included in Other Current Assets and Other Non-current Assets on Evergy's Missouri West's consolidated balance sheet to facilitate the servicing of Evergy Missouri West Storm Funding I, LLC's (Evergy Missouri West Storm Funding) debt and the funding requirements for a jointly-owned generation facility. See Note 15 for additional information on the variable interest entity (VIE). The following table summarizes the cash, cash equivalents and restricted cash included on Evergy Missouri West's consolidated balance sheet.

	December 31	
	2024	2023
Current assets	(millions)	
Cash and cash equivalents	\$ 1.8	\$ 2.6
Other	6.2	—
Other assets		
Other	1.7	—
Total cash, cash equivalents and restricted cash	\$ 9.7	\$ 2.6

Fuel Inventory and Supplies

Evergy Missouri West records fuel inventory and supplies at average cost. The following table separately states the balances for fuel inventory and supplies.

	December 31	
	2024	2023
	(millions)	
Fuel inventory	\$ 38.0	\$ 37.3
Supplies	73.0	62.2
Fuel inventory and supplies	\$ 111.0	\$ 99.5

Property, Plant and Equipment

Evergy Missouri West records the value of property, plant and equipment at cost. For plant, cost includes contracted services, direct labor and materials, indirect charges for engineering and supervision and an allowance for funds used during construction (AFUDC). AFUDC represents the allowed cost of capital used to finance utility construction activity. AFUDC equity funds are included as a non-cash item in other income and AFUDC borrowed funds are a reduction of interest expense. AFUDC is computed by applying a composite rate to qualified construction work in progress. The rates used to compute gross AFUDC are compounded semi-annually and averaged 5.1% in 2024 and 5.6% in 2023.

The amounts of Evergy Missouri West's AFUDC for borrowed funds are detailed in the following table.

	2024		2023	
	(millions)			
AFUDC borrowed funds	\$ 5.6	\$ 5.3		
Total	\$ 5.6	\$ 5.3		

When property units are retired or otherwise disposed, the original cost net of salvage is charged to accumulated depreciation. Repair of property and replacement of items not considered to be units of property are expensed as incurred.

Depreciation and Amortization

Depreciation and amortization of utility plant is computed using the straight-line method over the estimated lives of depreciable property based on rates approved by state regulatory authorities. Annual depreciation rates average approximately 3%. See Note 7 for more details.

The depreciable lives of Evergy Missouri West's property, plant and equipment are detailed in the following table.

	(years)		
Generating facilities	10	to	65
Transmission facilities	37	to	66
Distribution facilities	10	to	63
Other	15	to	34

Abandoned Plant

When Evergy Missouri West retires utility plant, the original cost, net of salvage, is charged to accumulated depreciation. However, when it becomes probable an asset will be retired significantly in advance of its original expected useful life and in the near term, the cost of the asset and related accumulated depreciation is recognized as a separate asset and a probable abandonment. If the asset is still in service, the net amount is classified as plant to be retired, net on the consolidated balance sheets. If the asset is no longer in service, the net amount is classified as a regulatory asset on the consolidated balance sheets.

Evergy Missouri West must also assess the probability of full recovery of the remaining net book value of the abandonment. The net book value that may be retained as an asset on the balance sheet for the abandonment is dependent upon amounts that may be recovered through regulated rates, including any return. An impairment charge, if any, would equal the difference between the remaining net book value of the asset and the present value of the future revenues expected from the asset.

Regulatory Accounting

Accounting standards are applied that recognize the economic effects of rate regulation. Accordingly, regulatory assets and liabilities have been recorded when required by a regulatory order or based on regulatory precedent. See Note 4 for additional information concerning regulatory matters.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of the following financial instruments for which it was practicable to estimate that value.

Pension plans - For financial reporting purposes, the market value of plan assets is the fair value based on quoted market prices of the investments held by the fund and/or valuation models.

Revenue Recognition

Evergy Missouri West recognizes revenue on the sale of electricity to customers over time as the service is provided in the amount it has the right to invoice. Revenues recorded include electric services provided but not yet billed by Evergy Missouri West. Unbilled revenues are recorded for kilowatt hour (kWh) usage in the period following the customers' billing cycle to the end of the month. This estimate is based on net system kWh usage less actual billed kWhs. Evergy Missouri West's estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates. Evergy Missouri West's unbilled revenue estimate is affected by factors including fluctuations in energy demand, weather, line losses and changes in the composition of customer classes. See Note 3 for the balance of unbilled receivables for Evergy Missouri West as of December 31, 2024 and 2023.

Evergy Missouri West also collects sales taxes and franchise fees from customers concurrent with revenue-producing activities that are levied by state and local governments. These items are excluded from revenue, and thus are not reflected on Evergy Missouri West's consolidated statements of comprehensive income.

See Note 2 for additional details regarding revenue recognition from sales of electricity by Evergy Missouri West.

Allowance for Credit Losses

Historical loss information generally provides the basis for Evergy Missouri West's assessment of expected credit losses. Evergy Missouri West uses an aging of accounts receivable method to assess historical loss information. When historical experience may not fully reflect Evergy Missouri West's expectations about the future, Evergy Missouri West will adjust historical loss information, as necessary, to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information.

Receivables are charged off when they are deemed uncollectible, which is based on a number of factors including specific facts surrounding an account and management's judgment.

Asset Impairments

Long-lived assets and finite-lived intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the undiscounted expected future cash flows from an asset to be held and used is less than the carrying value of the asset, an asset impairment must be recognized in the financial statements. The amount of impairment recognized is the excess of the carrying value of the asset over its fair value.

Goodwill and indefinite lived intangible assets are tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. The annual test must be performed at the same time each year. The goodwill impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill, to identify potential impairment. In the event that the carrying amount exceeds the fair value of the reporting unit, an impairment loss is recognized for the difference between the carrying amount of the reporting unit and its fair value. See Note 5 for additional details on goodwill.

Income Taxes

Income taxes are accounted for using the asset/liability approach. Deferred tax assets and liabilities are determined based on the temporary differences between the financial reporting and tax bases of assets and liabilities, applying enacted statutory tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized.

Evergy Missouri West recognizes tax benefits based on a "more-likely-than-not" recognition threshold. In addition, Evergy Missouri West recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Evergy and its subsidiaries, including Evergy Missouri West, file a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of income or loss. Evergy Missouri West's income tax provisions include taxes allocated based on its separate company's income or loss.

Evergy Missouri West has established a net regulatory liability for future refunds to be made to customers for amounts collected from customers in excess of income taxes in current rates. Tax credits are recognized in the year generated except for certain investment tax credits that have been deferred and amortized over the remaining service lives of the related properties.

Other Income (Expense), Net

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

	2024	2023
	(millions)	
Non-service cost component of net benefit cost	\$ (8.6)	\$ (8.8)
Other	(0.6)	(0.6)
Other expense	\$ (9.2)	\$ (9.4)

Supplemental Cash Flow Information

Year Ended December 31	2024	2023
	(millions)	
Cash paid for (received from):		
Interest, net of amount capitalized	\$ 77.2	\$ 82.5
Interest of VIE	13.1	—
Income taxes, net of refunds	9.4	(11.0)
Non-cash investing transactions:		
Property, plant and equipment additions	33.2	34.0

Natural Gas Plant Investments

In April 2024, Evergy Missouri West purchased a 22% ownership interest representing approximately 145 MW in Dogwood Energy Center (Dogwood), an operational combined-cycle natural gas facility located in Missouri, for approximately \$60 million. The purchase was recorded as an asset acquisition to property, plant and equipment, net, on Evergy Missouri West's consolidated balance sheet. The purchase was subject to terms and conditions listed in a stipulation and agreement approved by the Public Service Commission of the State of Missouri (MPSC) allowing Evergy Missouri West to recover in rates a return of and return on the original cost, net of accumulated depreciation, of Dogwood. Evergy Missouri West shall also be allowed to recover in rates over two years a return of, but not a return on, the amount of the purchase price paid in excess of the original cost, net of accumulated depreciation, of Dogwood. In addition, net revenues generated from Evergy Missouri West's ownership of Dogwood from the date of closing to the date new rates become effective in Evergy Missouri West's current rate case shall not impact rates and shall be retained by Evergy Missouri West and reduce the amount of the purchase price paid in excess of the original cost, net of accumulated depreciation, of Dogwood to be recovered from customers.

In October 2024, Evergy announced its plan to construct two combined-cycle natural gas plants located in Kansas. Evergy Kansas Central and Evergy Missouri West will jointly-own each plant and expect each plant to have an initial generating capacity of approximately 705 MW. The first plant is expected to begin operations by summer of 2029 and the second plant is expected to begin operations by summer of 2030.

Additionally, Evergy Missouri West plans to construct a 440 MW simple-cycle natural gas plant located in Missouri. The plant is expected to begin operations in 2030.

See Note 4 for information regarding Evergy Missouri West's application for a Certificate of Convenience and Necessity (CCN) for its investments in these natural gas plants.

Renewable Plant Investments

In the third quarter of 2024, Evergy Missouri West entered into agreements to own two solar generation facilities currently under development. The first facility, to be called Sunflower Sky, is a solar generation facility to be located in Kansas with an expected generating capacity of approximately 65 megawatts (MWs). The second facility, to be called Foxtrot, is a solar generation facility to be located in Missouri with an expected generating capacity of approximately 100 MW. The solar generation facilities are expected to begin operations by summer of 2027. The agreements are subject to regulatory approvals and closing conditions, including the granting by the MPSC of a CCN with reasonably acceptable terms. See Note 4 for information regarding Evergy Missouri West's application for a CCN for its investment in these renewable generating plants.

2. REVENUE

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

	2024	2023
Revenues	(millions)	
Residential	\$ 464.3	\$ 467.3
Commercial	344.3	330.6
Industrial	100.4	96.5
Other retail	7.8	12.4
Total electric retail	\$ 916.8	\$ 906.8
Wholesale	19.9	12.4
Transmission	7.7	3.1
Industrial steam and other	19.1	24.6
Total revenue from contracts with customers	\$ 963.5	\$ 946.9
Other	1.1	1.1
Operating revenues	\$ 964.6	\$ 948.0

Retail Revenues

Evergy Missouri West's retail revenues are generated by the regulated sale of electricity to Evergy Missouri West's residential, commercial and industrial customers within its franchised service territory. Evergy Missouri West recognizes revenue on the sale of electricity to its customers over time as the service is provided in the amount it has a right to invoice. Retail customers are billed monthly at the tariff rates approved by the MPSC based on customer kWh usage.

Revenues recorded include electric services provided but not yet billed by Evergy Missouri West. Unbilled revenues are recorded for kWh usage in the period following the customers' billing cycle to the end of the month. This estimate is based on net system kWh usage less actual billed kWhs. Evergy Missouri West's estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates.

Evergy Missouri West also collects sales taxes and franchise fees from customers concurrent with revenue-producing activities that are levied by state and local governments. These items are excluded from revenue and thus not reflected on Evergy Missouri West's statements of comprehensive income.

Wholesale Revenues

Evergy Missouri West's wholesale revenues are generated by the sale of wholesale power and capacity in circumstances when the power that Evergy Missouri West generates is not required for customers in its service territory. These sales primarily occur within the SPP Integrated Marketplace. Evergy Missouri West also purchases power from the SPP Integrated Marketplace and records sale and purchase activity on a net basis in wholesale revenue or fuel and purchased power expense. In addition, Evergy Missouri West sells wholesale power and capacity through bilateral contracts to other counterparties, such as electric cooperatives, municipalities and other electric utilities.

For both wholesale sales to the SPP Integrated Marketplace and through bilateral contracts, Evergy Missouri West recognizes revenue on the sale of wholesale electricity to its customers over time as the service is provided in the amount it has a right to invoice.

Wholesale sales within the SPP Integrated Marketplace are billed weekly based on the fixed transaction price determined by the market at the time of the sale and the megawatt hour (MWh) quantity sold. Wholesale sales from bilateral contracts are billed monthly based on the contractually determined transaction price and the kWh quantity sold.

Transmission Revenues

Evergy Missouri West's transmission revenues are generated by the use of its transmission network by the SPP. To enable optimal use of the diverse generating resources in the SPP region, Evergy Missouri West, as well as other transmission owners, allow the SPP to access and operate their transmission networks. As new transmission lines are constructed, they are included in the transmission network available to the SPP. In exchange for providing access, the SPP pays Evergy Missouri West consideration determined by formula rates approved by the Federal Energy Regulatory Commission (FERC), which include the cost to construct and maintain the transmission lines and a return on investment. The price for access to Evergy Missouri West's transmission network is updated annually based on projected costs. Projections are updated to actual costs and the difference is included in subsequent year's prices.

Evergy Missouri West recognizes revenue on the sale of transmission service to its customers over time as the service is provided in the amount it has a right to invoice. Transmission service to the SPP is billed monthly based on a fixed transaction price determined by FERC formula transmission rates along with other SPP-specific charges and the MW quantity sold.

Industrial Steam and Other Revenues

Evergy Missouri West's industrial steam and other revenues are primarily generated by the regulated sale of industrial steam to steam customers. Evergy Missouri West recognizes revenue on the sale of industrial steam to its customers over time as the service is provided in the amount that it has the right to invoice. Steam customers are billed on a monthly basis at the tariff rate approved by the MPSC based on customer MMBtu usage.

3. RECEIVABLES

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

	December 31	
	2024	2023
	(millions)	
Customer accounts receivable - billed	\$ 2.7	\$ 2.5
Customer accounts receivable - unbilled	43.9	42.0
Other receivables	28.7	10.1
Allowance for credit losses	(2.1)	(4.6)
Total	\$ 73.2	\$ 50.0

As of December 31, 2024 and 2023, other receivables for Evergy Missouri West included receivables from contracts with customers of \$1.0 million and \$0.8 million, respectively.

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

	2024	2023
	(millions)	
Beginning balance January 1	\$ 4.6	\$ 5.2
Credit loss expense	0.7	2.6
Write-offs	(5.3)	(5.1)
Recoveries of prior write-offs	2.1	1.9
Ending balance December 31	\$ 2.1	\$ 4.6

Sale of Accounts Receivable

Evergy Missouri West sells an undivided percentage ownership interest in its retail electric accounts receivable to an independent outside investor. This sale is accounted for as a secured borrowing with accounts receivable pledged as collateral and a corresponding short-term collateralized note payable recognized on the balance sheets.

As of December 31, 2024 and 2023, Evergy Missouri West's accounts receivable pledged as collateral and the corresponding short-term collateralized note payable were \$50.0 million. In February 2024, Evergy Missouri West amended the terms of its receivable sales facility, including extending the expiration to November 2025. Under the amended terms, effective in the first quarter of 2024, Evergy Missouri West's facility allows up to \$50.0 million in aggregate outstanding principal amount to be borrowed at any time. To the extent Evergy Missouri West has qualifying accounts receivable and subject to the lender's discretion, Evergy Missouri West's facility allows for an additional \$65.0 million in aggregate outstanding principal amount to be borrowed at any time.

4. RATE MATTERS AND REGULATION

MPSC Proceedings

Evergy Missouri West's 2024 Rate Case Proceeding

In February 2024, Evergy Missouri West filed an application with the MPSC to request an increase to its retail revenues of approximately \$104 million. Evergy Missouri West's request reflected a return on equity of 10.5% (with a capital structure composed of 52% equity) and increases related to the recovery of infrastructure investments made to improve reliability and enhance customer service and the inclusion of certain costs related to Dogwood and Crossroads Energy Center (Crossroads), two natural gas plants.

In October 2024, Evergy Missouri West, MPSC staff and other intervenors in the case reached a unanimous partial stipulation and agreement to settle certain issues in the case. The partial stipulation and agreement provided for an increase to Evergy Missouri West's retail revenues of approximately \$55 million after lowering base rates for fuel and purchased power expense of approximately \$49 million and rebasing property tax expense.

In December 2024, the MPSC issued a final rate order approving the unanimous partial stipulation and agreement. The new rates established by this order took effect in January 2025.

Requests for Certificate of Convenience and Necessity

Missouri utilities must request a CCN from the MPSC to authorize them to build certain utility projects. The CCN process authorizes utilities to build projects and can provide assurance that the project is prudent and necessary. Investment in projects is dependent upon the granting by the MPSC of a CCN with reasonably acceptable terms. In October 2024, Evergy Missouri West filed an application for a CCN for its planned renewable plant investments. In its application, Evergy Missouri West requested an order from the MPSC by May 2025. In November 2024, Evergy Missouri West filed an application for a CCN for its planned natural gas plant investments. Evergy Missouri West is expecting an order from the MPSC in August 2025.

February 2021 Winter Weather Event Securitization

In February 2021, much of the central and southern United States, including the service territory of Evergy Missouri West, experienced a significant winter weather event that resulted in extremely cold temperatures over a multi-day period (February 2021 winter weather event).

In November 2022, the MPSC issued a revised financing order authorizing Evergy Missouri West to issue securitized bonds to recover its extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. As part of the order, the MPSC found that Evergy Missouri West's costs were prudently incurred, that it should only be allowed to recover 95% of its extraordinary fuel and purchased power costs consistent with the 5% sharing provision of its fuel recovery mechanism, that it should be allowed to recover carrying costs incurred since February 2021 at Evergy Missouri West's long-term debt rate of 5.06% and approved a 15 year repayment period for the bonds with a 17 year legal maturity. Evergy Missouri West continued to record carrying charges on its February 2021 winter weather event regulatory asset until it issued the securitized bonds in February 2024. See Note 10 for additional information regarding the issuance of the securitized bonds.

Regulatory Assets and Liabilities

Evergy Missouri West has recorded assets and liabilities on its consolidated balance sheets resulting from the effects of the ratemaking process, which would not otherwise be recorded if Evergy Missouri West was not regulated.

Regulatory assets represent incurred costs that are probable of recovery from future revenues. Regulatory liabilities represent future reductions in revenues or refunds to customers.

Management regularly assesses whether regulatory assets and liabilities are probable of future recovery or refund by considering factors such as decisions by the MPSC or FERC in Evergy Missouri West’s rate case filings; decisions in other regulatory proceedings, including decisions related to other companies, including Evergy Metro and Evergy Kansas Central, that establish precedent on matters applicable to Evergy Missouri West; and changes in laws and regulations. If recovery or refund of regulatory assets or liabilities is not approved by regulators or is no longer deemed probable, these regulatory assets or liabilities are recognized in the current period results of operations. Evergy Missouri West’s continued ability to meet the criteria for recording regulatory assets and liabilities may be affected in the future by restructuring and deregulation in the electric industry or changes in accounting rules. In the event that the criteria no longer applied to any or all of Evergy Missouri West’s operations, the related regulatory assets and liabilities would be written off unless an appropriate regulatory recovery mechanism were provided. Additionally, these factors could result in an impairment on utility plant assets.

Evergy Missouri West’s regulatory assets and liabilities are detailed in the following table.

	December 31	
	2024	2023
Regulatory Assets	(millions)	
Pension and post-retirement costs	\$ 47.3	\$ 61.9
Debt reacquisition costs	0.3	0.6
Depreciation	88.0	58.1
Cost of removal	30.8	38.5
Asset retirement obligations	25.3	23.0
Iatan No. 1 and common facilities	3.1	3.4
Iatan No. 2 construction accounting costs	11.3	11.7
Property taxes	2.9	2.4
Deferred customer programs	5.4	2.4
Fuel recovery mechanism	—	87.2
February 2021 winter weather event	—	323.8
February 2021 winter weather event securitized costs	310.4	—
Solar rebates	3.4	9.9
Pension and other post-retirement benefit non-service costs	19.5	19.6
Retired generation facility	120.8	138.2
Merger transition costs	2.8	3.5
Other regulatory assets	26.9	28.6
Total	698.2	812.8
Less: current portion	(52.9)	(105.8)
Total noncurrent regulatory assets	\$ 645.3	\$ 707.0

	December 31	
	2024	2023
Regulatory Liabilities	(millions)	
Taxes refundable through future rates	\$ 145.2	\$ 171.4
Pension and post-retirement costs	2.2	2.4
Fuel recovery mechanism	21.3	—
Sibley AAO	52.8	79.2
Other regulatory liabilities	26.3	34.8
Total	247.8	287.8
Less: current portion	(58.7)	(35.9)
Total noncurrent regulatory liabilities	\$ 189.1	\$ 251.9

The following summarizes the nature and period of recovery for each of the regulatory assets listed in the table above.

Pension and post-retirement costs: Represents unrecognized gains and losses and prior service costs that will be recognized in future net periodic pension and post-retirement costs, pension settlements amortized over various periods and financial and regulatory accounting method differences that will be eliminated over the life of pension and post-retirement plans maintained by Evergy and certain of its subsidiaries, of which Evergy Missouri West is allocated its respective share of the costs. Of these amounts, as of December 31, 2024, \$40.0 million is not included in rate base and is amortized over various periods.

Debt reacquisition costs: Includes costs incurred to reacquire and refinance debt. These costs are amortized over the term of the new debt or the remaining lives of the old debt issuances if no new debt was issued and are not included in rate base.

Depreciation: Represents the difference between regulatory depreciation expense and depreciation expense recorded for financial reporting purposes related to PISA. These assets are included in rate base and the difference is amortized over the life of the related plant.

Cost of removal: Represents amounts spent, but not yet collected, to dispose of plant assets. This asset will decrease as removal costs are collected in rates and is included in rate base.

Asset retirement obligations (AROs): Represents amounts associated with AROs as discussed further in Note 6. These amounts are recovered over the life of the related plant and are not included in rate base.

Iatan No. 1 and common facilities: Represents depreciation and carrying costs related to Iatan No. 1 and common facilities. These costs are included in rate base and amortized through 2038.

Iatan No. 2 construction accounting costs: Represents the construction accounting costs related to Iatan No. 2. These costs are included in rate base and amortized through 2059.

Property taxes: Represents actual costs incurred for property taxes in excess of amounts collected in revenues. These costs are included in rate base and amortized through 2028.

Deferred customer programs: Represents costs related to various energy efficiency programs that have been accumulated and deferred for future recovery. These amounts are not included in rate base and are amortized over various periods.

Fuel recovery mechanism: Represents the actual cost of fuel consumed in producing electricity or industrial steam and the cost of purchased power in excess of the amounts collected from customers. This difference is expected to be recovered over a one-year period and is not included in rate base.

February 2021 winter weather event: Represents deferred extraordinary fuel and purchased power costs incurred to provide electric service as a result of the February 2021 winter weather event. These amounts were securitized in February 2024.

February 2021 winter weather event securitized costs: Represents deferred extraordinary fuel and purchased power costs incurred to provide electric service as a result of the February 2021 winter weather event. In February 2024, Evergy Missouri West securitized this asset. Evergy Missouri West expects to recover the amounts through 2038.

Solar rebates: Represents costs associated with solar rebates provided to retail electric customers. These amounts are not included in rate base and are amortized over various periods.

Pension and other post-retirement benefit non-service costs: Represents the non-service component of pension and post-retirement net benefit costs that are capitalized as authorized by regulators. The amounts are included in rate base and are recovered over the life of the related asset.

Retired generation facility: Represents amounts to be recovered for facilities that have been retired, are not included in rate base and recovered through 2030.

Merger transition costs: Represents recoverable transition costs related to the merger. The amounts are not included in rate base and are recovered through 2028.

Other regulatory assets: Includes various regulatory assets that individually are small in relation to the total regulatory asset balance. These amounts have various recovery periods and are not included in rate base.

The following summarizes the nature and period of amortization for each of the regulatory liabilities listed in the table above.

Taxes refundable through future rates: Represents the obligation to return to customers income taxes recovered in earlier periods when corporate income tax rates were higher than current income tax rates. A large portion of this amount is related to depreciation and will be returned to customers over the life of the applicable property.

Pension and post-retirement costs: Includes pension and post-retirement benefit obligations and expense recognized in setting prices in excess of actual pension and post-retirement expense.

Fuel recovery mechanism: Represents the amount collected from customers in excess of the actual cost of fuel consumed in producing electricity or industrial steam and the cost of purchased power. This difference is expected to be refunded over a one-year period and is not included in rate base.

Sibley accounting authority order: These amounts were collected in connection with an accounting authority order (AAO) granted by the MPSC in October 2019 and represent revenues that Evergy Missouri West collected from customers for the return on its unrecovered investment in Sibley Station, non-fuel operations and maintenance costs and other costs associated with Sibley Station following its retirement in November 2018. The amended final order in Evergy Missouri West's 2022 rate case required Evergy Missouri West to refund these revenues to customers over a four-year period.

Other regulatory liabilities: Includes various regulatory liabilities that individually are relatively small in relation to the total regulatory liability balance. These amounts will be credited over various periods.

5. GOODWILL

GAAP requires goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. The annual impairment test for the \$351.6 million of Evergy Missouri West acquisition goodwill was conducted as of May 1, 2024. The goodwill impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill, to identify potential impairment. In the event that the carrying amount exceeds the fair value of the reporting unit, an impairment loss is recognized for the difference between the carrying amount of the reporting unit and its fair value. Evergy Missouri West's regulated electric utility operations are considered one reporting unit for assessment of impairment, as they have similar economic characteristics. The determination of fair value of the reporting unit consisted of two valuation techniques: an income approach consisting of a discounted cash flow analysis and a market approach consisting of a determination of reporting unit invested capital using a market multiple derived from the historical earnings before interest, income taxes, depreciation and amortization and market prices of the stock of peer companies. The results of the two techniques were evaluated and weighted to determine a point within the range that management considered representative of fair value for the reporting unit. The fair value of the reporting unit exceeded the carrying amount, including goodwill. As a result, there was no impairment of goodwill in 2024 or 2023.

6. ASSET RETIREMENT OBLIGATIONS

AROs associated with tangible long-lived assets are legal obligations that exist under enacted laws, statutes and written or oral contracts, including obligations arising under the doctrine of promissory estoppel. These liabilities are recognized at estimated fair value as incurred with a corresponding amount capitalized as part of the cost of the related long-lived assets and depreciated over their useful lives. Accretion of the liabilities due to the passage of time is recorded to a regulatory asset. Changes in the estimated fair values of the liabilities are recognized when known.

Evergy Missouri West has AROs related to asbestos abatement and the closure and post-closure care of ponds and landfills containing coal combustion residuals (CCRs).

The following table summarizes the changes in Evergy Missouri West's AROs for the periods ending December 31, 2024 and 2023.

	2024	2023
	(millions)	
Beginning balance, January 1	\$ 22.7	\$ 24.6
Additions	3.9	—
Revision in timing and/or estimates	(3.2)	—
Settlements	(0.4)	(3.4)
Accretion	1.7	1.5
Ending balance	\$ 24.7	\$ 22.7
Less: current portion	(0.4)	(2.1)
Total non-current asset retirement obligation	\$ 24.3	\$ 20.6

In 2024, Evergy Missouri West recorded \$3.9 million of ARO liabilities related to the new Environmental Protection Agency (EPA) CCR regulation focused on legacy surface impoundments and historic placements of CCR. This regulation expands applicability of the 2015 CCR regulation to inactive landfills and beneficial use sites not previously regulated. Evergy Missouri West recorded an offsetting balance to property, plant and equipment, net, for the ARO liability. See Note 12 for additional information regarding the regulation of CCRs.

7. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes the property, plant and equipment of Evergy Missouri West.

	December 31	
	2024	2023
	(millions)	
Electric plant in service	\$ 5,152.5	\$ 4,784.8
Electric plant acquisition adjustment	18.0	—
Accumulated depreciation	(1,573.2)	(1,464.1)
Plant in service	3,597.3	3,320.7
Construction work in progress	177.1	175.5
Net property, plant and equipment	\$ 3,774.4	\$ 3,496.2

Evergy Missouri West recorded depreciation expense on property, plant and equipment of \$133.6 million in 2024 and \$130.5 million in 2023.

8. RETIREMENT BENEFITS

Evergy Missouri West maintains a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) for certain former executives. The SERP is unfunded; however, Evergy Missouri West has approximately \$8.0 million of assets in a non-qualified trust for the SERP as of December 31, 2024, and expects to fund future benefit payments from these assets. Benefits paid by Evergy Missouri West in 2024 and 2023, were \$1.2 million and \$1.3 million, respectively.

The following table reflects benefit obligation information regarding the Evergy Missouri West SERP.

	December 31	
	2024	2023
	(millions)	
Projected benefit obligation	\$ 17.6	\$ 18.5
Funded status	\$ (17.6)	\$ (18.5)
Accumulated benefit obligation	\$ 17.6	\$ 18.5
Amounts recognized in the consolidated balance sheets		
Current retirement benefits liability	\$ (1.6)	\$ (1.5)
Noncurrent retirement benefits liability	(16.0)	(17.0)
Net amount recognized before OCI	(17.6)	(18.5)
Accumulated OCI	(2.6)	(2.2)
Net amount recognized	\$ (20.2)	\$ (20.7)
Amounts in accumulated OCI not yet recognized as a component of net periodic benefit cost:		
Actuarial loss	\$ (2.6)	\$ (2.2)
Assumptions used for benefit obligations:		
Discount rate	5.78 %	5.43 %

The following table reflects information regarding the net periodic benefit costs of the Evergy Missouri West SERP.

Year Ended December 31	2024	2023
	(millions)	
Net periodic benefit costs	\$ 0.7	\$ 0.8
Other changes in plan assets and benefit obligations recognized in OCI		
Current year net (gain) loss	\$ (0.6)	\$ 0.5
Amortization of loss	0.2	0.2
Total recognized in OCI	(0.4)	0.7
Total recognized in net periodic benefit costs and OCI	\$ 0.3	\$ 1.5
Expense assumptions:		
Discount rate	5.43 %	5.73 %

Evergy Missouri West's projected benefit payments related to the SERP are \$1.6 million for 2025 through 2028, \$1.5 million for 2029 and a total of \$7.1 million for the years 2030 to 2034.

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

In August 2024, Evergy extended the expiration date of its \$2.5 billion master credit facility from 2027 to 2028. As of December 31, 2024 and 2023, Evergy Missouri West has borrowing capacity under the master credit facility with a sublimit of \$500.0 million and \$700.0 million, respectively. This sublimit can be unilaterally adjusted by Evergy provided the sublimit remains within minimum and maximum sublimits as specified in the facility. The applicable interest rates and commitment fees of the facility are also subject to changes in ratings by the credit rating agencies.

A default by Evergy Missouri West or one of its significant subsidiaries on other indebtedness totaling more than \$100.0 million constitutes a default by Evergy Missouri West under the facility. Under the terms of this facility, Evergy Missouri West is required to maintain a total indebtedness to total capitalization ratio, as defined in the facility, of not greater than 0.65 to 1.00. As of December 31, 2024, Evergy Missouri West was in compliance with this covenant.

As of December 31, 2024, Evergy Missouri West had \$176.2 million of commercial paper outstanding at a weighted-average interest rate of 4.71%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility. As of December 31, 2023, Evergy Missouri West had \$298.1 million of commercial paper outstanding at a weighted-average interest rate of 5.66%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility.

10. LONG-TERM DEBT

Evergy Missouri West's long-term debt is detailed in the following table.

	Year Due	December 31	
		2024	2023
Mortgage Bonds		(millions)	
5.15% Series	2027	\$ 300.0	\$ 300.0
3.75% Series	2032	250.0	250.0
5.65% Series	2034	300.0	—
Senior Notes			
3.49% Series A ^(a)	2025	36.0	36.0
4.06% Series B ^(a)	2033	60.0	60.0
4.74% Series C ^(a)	2043	150.0	150.0
2.86% Series A ^(a)	2031	350.0	350.0
3.01% Series B ^(a)	2033	75.0	75.0
3.21% Series C ^(a)	2036	75.0	75.0
Securitized Bonds			
5.10% Securitized Bonds	2025 - 2040	319.6	—
Current maturities		(52.2)	—
Unamortized debt discount and debt issuance costs		(17.3)	(8.2)
Total excluding current maturities		\$ 1,846.1	\$ 1,287.8

^(a) Unconditionally guaranteed by Evergy, Inc.

Mortgage Bonds

Evergy Missouri West has issued mortgage bonds under the Evergy Missouri West Mortgage Indenture, establishing a first mortgage lien on substantially all of its present properties and certain after-acquired properties, subject to certain exceptions. Additional Evergy Missouri West mortgage bonds may be issued on the basis of 75% of property additions or retired bonds. As of December 31, 2024, approximately \$2,137.2 million principal amount of additional Evergy Missouri West mortgage bonds could be issued under the most restrictive provisions in the mortgage.

In May 2024, Evergy Missouri West issued, at a discount, \$300.0 million of 5.65% First Mortgage Bonds, maturing in 2034. Proceeds were used to pay down commercial paper and for general corporate purposes.

Senior Notes

Under the terms of the note purchase agreements for certain senior notes, Evergy Missouri West is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreements, not greater than 0.65 to 1.00. In addition, Evergy Missouri West's priority debt, as defined in the agreements, cannot exceed 15% of consolidated tangible net worth, as defined in the agreements. As of December 31, 2024, Evergy Missouri West was in compliance with these covenants.

Securitized Bonds

In 2022, Evergy Missouri West created a special purpose subsidiary, Evergy Missouri West Storm Funding, a wholly-owned, bankruptcy remote entity solely for the purpose of recovering extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. In February 2024, Evergy Missouri West Storm Funding issued, at a discount, \$331.1 million of 5.10% Securitized Utility Tariff Bonds (Securitized Bonds) with a final payment scheduled for 2038, maturing in 2040. The obligations of Evergy Missouri West Storm Funding's Securitized Bonds are repaid through charges imposed on customers in Evergy Missouri West's service territory. Creditors of Evergy Missouri West have no recourse to any assets or revenues of Evergy Missouri West Storm Funding, and the bondholders have no recourse to the general credit of Evergy Missouri West. See Note 4 for additional information regarding the February 2021 winter weather event securitization.

Scheduled Maturities

Evergy Missouri West's long-term debt maturities for the next five years are detailed in the following table.

	2025	2026	2027	2028	2029
	(millions)				
Evergy Missouri West	\$ 52.2	\$ 17.0	\$ 317.9	\$ 18.8	\$ 19.8

11. FAIR VALUE MEASUREMENTS

GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy levels. Further explanation of these levels is summarized below.

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on public exchanges.

Level 2 - Pricing inputs are not quoted prices in active markets but are either directly or indirectly observable. The types of assets and liabilities included in Level 2 are certain marketable debt securities or financial instruments traded in less than active markets.

Level 3 - Significant inputs to pricing have little or no transparency. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation.

Evergy Missouri West records cash and cash equivalents, accounts receivable and short-term borrowings on its consolidated balance sheet at cost, which approximates fair value due to the short-term nature of these instruments.

Fair Value of Long-Term Debt

Evergy Missouri West measures the fair value of long-term debt using Level 2 measurements available as of the measurement date. The book value and fair value of Evergy Missouri West's long-term debt is summarized in the following table.

	December 31, 2024		December 31, 2023	
	Book Value	Fair Value	Book Value	Fair Value
	(millions)			
Long-term debt ^(a)	\$ 1,898.3	\$ 1,786.4	\$ 1,287.8	\$ 1,182.9

^(a)Includes current maturities.

Supplemental Executive Retirement Plan

As of December 31, 2024 and 2023, Evergy Missouri West's Supplemental Executive Retirement Plan rabbi trusts included \$8.0 million and \$8.8 million of core bond funds, respectively. The core bond funds are Level 1 investments.

12. COMMITMENTS AND CONTINGENCIES

Environmental Matters

Set forth below are descriptions of contingencies related to environmental matters that may impact Evergy Missouri West's operations or its financial results. Management's assessment of these contingencies, which are based on federal and state statutes and regulations, and regulatory agency and judicial interpretations and actions, has evolved over time. These laws, regulations, interpretations and actions can also change, restrict or otherwise impact Evergy Missouri West's operations or financial results. The failure to comply with these laws, regulations, interpretations and actions could result in the assessment of administrative, civil and criminal penalties and the imposition of remedial requirements. Evergy Missouri West believes that all of its operations are in substantial compliance with current federal, state and local environmental standards.

There are a variety of final and proposed laws and regulations that could have a material adverse effect on Evergy Missouri West's operations and consolidated financial results. Due in part to the complex nature of environmental laws and regulations, Evergy Missouri West is unable to assess the impact of potential changes that may develop with respect to the environmental contingencies described below.

Mercury and Air Toxics Standards (MATS)

In April 2024, the EPA finalized a rule to tighten certain aspects of the MATS rule. The EPA is lowering the emission limit for particulate matter (PM), requiring the use of PM continuous emissions monitors (CEMS) and lowering the mercury emission limit for lignite coal-fired electric generating units (EGUs). Evergy Missouri West's cost to comply is not expected to be material.

Ozone Interstate Transport State Implementation Plans (ITSIP)

In 2015, the EPA lowered the Ozone National Ambient Air Quality Standards (NAAQS) from 75 ppb to 70 ppb. States were required to submit ITSIPs in 2018 to comply with the "Good Neighbor Provision" of the Clean Air Act (CAA) as it applies to the revised NAAQS. The EPA did not act on these ITSIP submissions by the deadline established in the CAA and entered consent decrees establishing deadlines to take final action on various ITSIPs. In February 2022, the EPA published a proposed rule to disapprove the ITSIPs submitted by nineteen states including Missouri and Oklahoma. In April 2022, the EPA published an approval of the Kansas ITSIP in the Federal Register. The Missouri Department of Natural Resources (MDNR) submitted a supplemental ITSIP to the EPA in November 2022. In February 2023, the EPA published a final rule disapproving the ITSIPs submitted by nineteen states, including the final disapproval of the Missouri and Oklahoma ITSIPs. In April 2023, the Attorneys General of Missouri and Oklahoma filed Petitions for Review in the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit) and the U.S. Court of Appeals for the Tenth Circuit (Tenth Circuit), respectively, challenging the EPA's disapproval. In May 2023, the Eighth Circuit granted a stay of the EPA's disapproval of the Missouri ITSIP. Similarly, in July 2023, the Tenth Circuit granted a stay of the EPA's disapproval of the Oklahoma ITSIP. In August 2024, the EPA published in the Federal Register a proposed rule to disapprove the supplemental ITSIP that Missouri submitted in November 2022. Due to uncertainty regarding the stays of the EPA's disapprovals of the Missouri and Oklahoma ITSIPs, Evergy Missouri West is unable to accurately assess the impact on its operations or consolidated financial results, but the cost to comply could be material. In January 2024, the EPA proposed to disapprove the ITSIP for Kansas and four other states. The Kansas ITSIP was previously approved in April 2022. The impact of the EPA's disapproval of the Kansas ITSIP could have a material impact on Evergy Missouri West's operations.

Ozone Interstate Transport Federal Implementation Plans (ITFIP)

In April 2022, the EPA published in the Federal Register the proposed ITFIP to resolve outstanding "Good Neighbor" obligations with respect to the 2015 Ozone NAAQS for twenty-six states including Missouri and Oklahoma. This ITFIP would establish a revised Cross-State Air Pollution Rule (CSAPR) ozone season nitrogen oxide (NOx) emissions trading program for EGUs beginning in 2023 and would limit ozone season NOx emissions from certain industrial stationary sources beginning in 2026. The proposed rule would also establish a new daily backstop NOx emissions rate limit for applicable coal-fired units larger than 100 MW, as well as unit-specific NOx emission rate limits for certain industrial emission units and would feature "dynamic" adjustments of emission budgets for EGUs beginning with ozone season 2025. The proposed ITFIP included reductions to the state ozone season NOx budgets for Missouri and Oklahoma beginning in 2023 with additional reductions in future years. Evergy Missouri West provided formal comments as part of the rulemaking process. In March 2023, the EPA issued the final ITFIPs for twenty-three states, including Missouri and Oklahoma, which included reduced ozone season NOx budgets for EGUs in Missouri, Oklahoma and other states, and included other features and requirements that were in the proposed version of the rule. Because the EPA's authority to impose an ITFIP for a state is triggered by the state's failure to submit an ITSIP addressing NAAQS by the statutory deadline or disapproval of an ITSIP, the EPA lacks authority under the Clean Air Act to impose an ITFIP on a state for which state implementation plan (SIP) disapprovals have been stayed by the courts. Accordingly, the EPA issued interim final rules staying the effectiveness of the ITFIP in both Missouri and Oklahoma while the stays issued by the Eighth and Tenth Circuits in the ITSIP disapproval cases remain in place. During this time, both states will continue to operate under the existing CSAPR program. While Kansas was not originally included in the ITFIP, in January 2024, the EPA issued a proposal to include Kansas in the ITFIP. If finalized, the ITFIP for Kansas would

become effective for the 2025 ozone season beginning in May 2025. In June 2024, the U.S. Supreme Court issued an order granting emergency motions for stay filed by state and industry petitioners of the final ITFIP pending further review of the ITFIP by the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit). If the ITFIP ultimately takes effect for Missouri, Kansas and Oklahoma following the pending litigation, the impact on Evergy Missouri West's operations and the cost to comply could be material.

Particulate Matter National Ambient Air Quality Standards

In March 2024, the EPA published in the Federal Register the final rule which strengthens the primary annual PM_{2.5} (particulate matter less than 2.5 microns in diameter) NAAQS. The EPA is lowering the primary annual PM_{2.5} NAAQS from 12.0 µg/m³ (micrograms per cubic meter) to 9.0 µg/m³. The final rule took effect in May 2024. In August 2024, the EPA released the PM_{2.5} ambient monitor design values for calendar years 2021 through 2023. These design values will be used by each state governor for recommending to the EPA attainment designations for their states. In January 2025, Kansas proposed to designate the entire state of Kansas as either attainment or attainment/unclassifiable for the 2024 annual PM_{2.5} NAAQS. The EPA will issue final designations for all states, including Kansas, by February 2026. Due to the uncertainty of the attainment status of portions of the service territory, Evergy Missouri West is unable to accurately assess the impacts on its operations or consolidated financial results, but the cost to comply with lower PM_{2.5} NAAQS could be material.

Regional Haze Rule

In 1999, the EPA finalized the Regional Haze Rule which aims to restore national parks and wilderness areas to pristine conditions. The rule requires states in coordination with the EPA, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. There are 156 "Class I" areas across the U.S. that must be restored to pristine conditions by the year 2064. There are no Class I areas in Kansas, whereas Missouri has two: the Hercules-Glades Wilderness Area and the Mingo Wilderness Area. States must submit revisions to their Regional Haze Rule SIPs every ten years and the first round was due in 2007. For the second ten-year implementation period, the EPA issued a final rule revision in 2017 that allowed states to submit their SIP revisions by July 2021.

The Missouri SIP revision does not require any additional reductions from Evergy Missouri West's generating units in the state. MDNR submitted the Missouri SIP revision to the EPA in August 2022, however, they failed to do so by the EPA's revised submittal deadline in August 2022. As a result, in August 2022, the EPA published "finding of failure" with respect to Missouri and fourteen other states for failing to submit their Regional Haze SIP revisions by the applicable deadline. This finding of failure established a two-year deadline for the EPA to issue a Regional Haze federal implementation plan (FIP) for each state unless the state submits and the EPA approves a revised SIP that meets all applicable requirements before the EPA issues the FIP. In July 2024, the EPA published in the Federal Register a proposal to partially approve and partially disapprove Missouri's Regional Haze SIP revision.

The Kansas SIP revision did not include any additional emission reductions by electric utilities based on the significant reductions that were achieved during the first implementation period. The Kansas Department of Health and Environment (KDHE) submitted the Kansas SIP revision in July 2021. In August 2024, the EPA issued the final disapproval of the Kansas SIP revision for failing to conduct a four-factor analysis for at least two emission sources in Kansas. If a Kansas generating unit of Evergy Missouri West is selected for analysis, the possibility exists that the state or the EPA, through a revised SIP or a FIP, could determine that additional operational or physical modifications are required on the generating unit to further reduce emissions.

If a Kansas or Missouri revised SIP or FIP is finalized, the overall costs of implementing the proposed rules could be material to Evergy Missouri West.

Greenhouse Gases

Burning coal and other fossil fuels releases carbon dioxide (CO₂) and other gases referred to as greenhouse gases (GHG). Various regulations under the CAA limit CO₂ and other GHG emissions, and in addition, other measures are being imposed or offered by individual states, municipalities and regional agreements with the goal of reducing GHG emissions. In April 2024, the EPA finalized the GHG regulations and GHG guidelines that apply to new and

existing fossil fuel fired EGUs. The final GHG regulation establishes CO₂ limitations on emissions from new and reconstructed stationary combustion turbines. The GHG guidelines set CO₂ emission limitations for existing coal, oil and gas-fired steam generating units. For new and reconstructed stationary combustion turbines, the emission limitations were developed by applying the Best System of Emission Reduction (BSER) to three distinct subcategories (low load, intermediate load and base load) taking into consideration the annual capacity factor of the stationary combustion turbine. For intermediate and base load stationary combustion turbines, BSER is assumed to be the utilization of highly efficient combustion turbine technology. Base load stationary combustion turbines are also required to consider the emissions reduction associated with the application of carbon capture and sequestration (CCS) beginning in 2032. For existing coal-fired EGUs, the emission limitations were established by applying the BSER to two subcategories (medium and long-term). For medium-term existing coal-fired units, which are units retiring between 2032 and 2038, the BSER established emission limitation is based on co-firing natural gas beginning in 2030. For units operating in 2039 and after, BSER is the application of CCS starting in 2032. In July 2024, the D.C. Circuit denied motions of stay filed by various states, industry and trade organizations; however, the D.C. Circuit has ordered expedited review of the challenges to the final regulations and guidelines. In December 2024, a three judge panel of the D.C. Circuit heard oral arguments on challenges to the merits of the rule.

Due to uncertainty regarding the implementation of these final rules and ongoing judicial review, Evergy Missouri West is unable to accurately assess the impacts on its operations or consolidated financial results, but the cost to comply could be material.

Water

Evergy Missouri West discharges some of the water used in generation and other operations containing substances deemed to be pollutants. In April 2024, the EPA finalized an update to the Effluent Limitation Guidelines (ELG) for steam electric power generating facilities to address the vacated limitations and prior reviews of the existing rule. Flue Gas Desulfurization (FGD) wastewater, bottom ash transport wastewater (BATW), coal residual leachate (CRL), and legacy wastewater are addressed in the rulemaking. FGD wastewater, BATW and CRL at operating facilities are required to achieve zero liquid discharge as soon as feasible and no later than December 2029. Evergy Missouri West has reviewed the modifications to limitations on FGD wastewater and BATW and Evergy Missouri West does not believe the impact to be material. Evergy Missouri West is reviewing the limitations on CRL, its impact on its operations and financial results and believes the cost to comply will not be material. In June 2024, multiple legal challenges to the ELG were consolidated in the Eighth Circuit. In October 2024, the Eighth Circuit denied a motion to stay the ELG. Additional litigation is ongoing that could impact the timing or cost to comply.

Regulation of CCRs

In the course of operating its coal generation plants, Evergy Missouri West produces CCRs, including fly ash, gypsum and bottom ash. The EPA published a rule to regulate CCRs in April 2015 that requires additional CCR handling, processing and storage equipment and closure of certain ash disposal units. In January 2022, the EPA published proposed determinations for facilities that filed closure extensions for unlined or clay-lined CCR units. These proposed determinations include various interpretations of the CCR regulations and compliance expectations that may impact all owners of CCR units. These interpretations could require modified compliance plans such as different methods of CCR unit closure. Additionally, more stringent remediation requirements for units that are in corrective action or forced to go into corrective action are possible. Legal challenges on issues associated with the January 2022 determinations are expected. The cost to comply with these proposed determinations by the EPA could be material.

In April 2024, the EPA finalized an expansion to the CCR regulations focused on legacy surface impoundments and historic placements of CCR. This regulation expands applicability of the 2015 CCR regulation to inactive landfills and beneficial use sites not previously regulated. Litigation could impact the timing or cost to comply.

Evergy Missouri West has recorded AROs for its current estimates for the closure of ash disposal ponds and landfills and recorded additional ARO liabilities in the second quarter of 2024 related to the April 2024 CCR regulation. See Note 6 for additional information on AROs. The revision of these AROs may be required in the future due to information collected in the April 2024 CCR regulation's Facility Evaluation Reports (FERs), changes in existing CCR regulations, the results of groundwater monitoring of CCR units or changes in interpretation of

existing CCR regulations or changes in the timing or cost to close ash disposal ponds and landfills. The revision of AROs for regulated operations has no income statement impact due to the deferral of the adjustments through a regulatory asset. If revisions to these AROs are necessary, the impact on Evergy Missouri West's operations or consolidated financial results could be material.

Contractual Commitments - Fuel and Power

Evergy Missouri West's contractual commitments for fuel and power as of December 31, 2024, are detailed in the following table.

	2025	2026	2027	2028	2029	After 2029	Total
Purchase commitments	(millions)						
Fuel	\$ 15.0	\$ 12.5	\$ 7.7	\$ 2.0	\$ —	\$ —	\$ 37.2
Power	44.4	43.1	41.0	38.6	34.7	38.6	240.4
Total fuel and power commitments	\$ 59.4	\$ 55.6	\$ 48.7	\$ 40.6	\$ 34.7	\$ 38.6	\$ 277.6

Fuel commitments consist of commitments for coal, coal transportation and natural gas. Power commitments consist of certain commitments for renewable energy under power purchase agreements, capacity purchases and firm transmission service.

13. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In the normal course of business, Evergy Missouri West, Evergy Kansas Central and Evergy Metro engage in related party transactions with one another. In addition, Evergy Missouri West, Evergy Kansas Central and Evergy Metro plan to engage in the construction of jointly-owned generation facilities. See Note 1 for a discussion of future planned investments. A summary of these related party transactions and the amounts associated with them is provided below.

Jointly-Owned Plants and Shared Services

Evergy Missouri West has no employees of its own. Employees of Evergy Kansas Central and Evergy Metro manage Evergy Missouri West's business and operate its facilities at cost, including Evergy Missouri West's 8% ownership interest in Jeffrey Energy Center (JEC), operated by Evergy Kansas Central, and an 18% ownership interest in Iatan Nos. 1 and 2, operated by Evergy Metro. Employees of Evergy Kansas Central and Evergy Metro also provide Evergy Missouri West with shared service support, including costs related to human resources, information technology, accounting and legal services.

The operating expenses and capital costs billed for jointly-owned plants and shared services are detailed in the following table.

	2024	2023
	(millions)	
Evergy Kansas Central billings to Evergy Missouri West	\$ 29.6	\$ 33.0
Evergy Metro billings to Evergy Missouri West	111.3	124.6

Related Party Net Receivables and Payables

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

	December 31	
	2024	2023
	(millions)	
Net payable to Evergy	\$ 37.5	\$ 380.2
Net payable to Evergy Kansas Central	23.0	11.3
Net payable to Evergy Metro	86.2	91.9

Affiliated Financing

Evergy Missouri West is authorized to participate in the Evergy, Inc. money pool, which is an internal financing arrangement in which funds may be lent on a short-term basis between Evergy Missouri West, Evergy Metro, Evergy Kansas Central and Evergy, Inc. Evergy, Inc. can lend but not borrow under the money pool.

As of December 31, 2024, Evergy Missouri West had no outstanding receivables or payables under the money pool. As of December 31, 2023, Evergy Missouri West had a \$342.6 million outstanding payable to Evergy, Inc. under the money pool.

Tax Allocation Agreement

Evergy files a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of income or loss. As of December 31, 2024 and 2023, Evergy Missouri West had accrued taxes payable to Evergy of \$5.6 million and \$4.5 million, respectively.

14. SHAREHOLDER'S EQUITY

Evergy Missouri West has certain restrictions on its ability to pay dividends to Evergy stemming from statutory requirements, corporate organizational documents, covenants and other conditions that could affect dividend levels or the ability to pay dividends. Under the Federal Power Act, Evergy Missouri West generally can pay dividends only out of retained earnings.

Certain conditions in the MPSC order authorizing the merger transaction also require Evergy Missouri West to maintain a credit rating of at least investment grade. If Evergy Missouri West's credit rating is downgraded below the investment grade level as a result of its affiliation with Evergy or any of Evergy's affiliates, Evergy Missouri West shall not pay a dividend to Evergy without MPSC approval or until Evergy Missouri West's investment grade credit rating has been restored.

The master credit facility of Evergy, under which Evergy Missouri West has borrowing capacity, and the note purchase agreements for certain Evergy Missouri West senior notes contain covenants requiring Evergy Missouri West to maintain a consolidated indebtedness to consolidated total capitalization ratio of not more than 0.65 to 1.00 at all times.

As of December 31, 2024, all of Evergy Missouri West's retained earnings and net income were free of restrictions.

15. VARIABLE INTEREST ENTITY

In determining the primary beneficiary of a VIE, Evergy Missouri West assesses the entity's purpose and design, including the nature of the entity's activities and the risks that the entity was designed to create and pass through to its variable interest holders. A reporting enterprise is deemed to be the primary beneficiary of a VIE if it has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary of a VIE is required to consolidate the VIE.

All involvement with entities by Evergy Missouri West is assessed to determine whether such entities are VIEs and, if so, whether or not Evergy Missouri West is the primary beneficiary of the entities. Evergy Missouri West also continuously assesses whether it is the primary beneficiary of the VIE with which it is involved. Prospective changes in facts and circumstances may cause identification of the primary beneficiary to be reconsidered.

Evergy Missouri West Storm Funding

In 2022, Evergy Missouri West created Evergy Missouri West Storm Funding solely for the purpose of recovering extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. In February 2024, Evergy Missouri West Storm Funding issued, at a discount, \$331.1 million of 5.10% Securitized Bonds with a final payment scheduled for 2038, maturing in 2040. The obligations of Evergy Missouri West Storm Funding's Securitized Bonds are repaid through charges imposed on customers in Evergy Missouri West's service territory and collected by Evergy Missouri West on behalf of Evergy Missouri West Storm Funding. Creditors of Evergy Missouri West have no recourse to any assets or revenues of Evergy Missouri West Storm Funding, and the bondholders have no recourse to the general credit of Evergy Missouri West. See Note 4 for additional information regarding the February 2021 winter weather event securitization.

Evergy Missouri West Storm Funding is considered a VIE. Evergy Missouri West is the primary beneficiary of the VIE primarily because, as described above, Evergy Missouri West has the power to direct the activities of Evergy Missouri West Storm Funding that most significantly impact economic performance and Evergy Missouri West has the obligation to absorb losses or the right to receive benefits from Evergy Missouri West Storm Funding that could potentially be significant. Therefore, Evergy Missouri West consolidates Evergy Missouri West Storm Funding.

The following table summarizes the impact of the VIE on Evergy Missouri West's assets and liabilities as of December 31, 2024. There was no impact on Evergy Missouri West's assets and liabilities as of December 31, 2023.

	December 31 2024
Evergy Missouri West	(millions)
Current assets	
Regulatory assets	\$ 15.9
Other	5.4
Other assets	
Regulatory assets	294.5
Other	1.7
Current liabilities	
Current maturities of long-term debt	16.2
Accrued interest	1.3
Long-term liabilities	
Long-term debt, net	295.7

16. TAXES

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

	2024	2023
Current income taxes	(millions)	
Federal	\$ 11.1	\$ 6.6
State	0.7	0.2
Total	11.8	6.8
Deferred income taxes		
Federal	(2.5)	2.8
State	(7.1)	(6.8)
Total	(9.6)	(4.0)
Investment tax credit amortization	(0.1)	—
Income tax expense	\$ 2.1	\$ 2.8

Effective Income Tax Rates

Effective income tax rates reflected in the financial statements and the reasons for the differences from the statutory federal rates are detailed in the following table.

	2024	2023
Federal statutory income tax rate	21.0 %	21.0 %
Effect of:		
State income taxes	(5.6)	(5.5)
Flow through depreciation for plant-related differences	(15.2)	(13.3)
Federal tax credits	(0.2)	(0.2)
Amortization of federal investment tax credits	(0.1)	—
Changes in uncertain tax positions, net	(0.1)	—
Valuation allowance	—	0.2
Other	2.5	0.7
Effective income tax rate	2.3 %	2.9 %

Deferred Income Taxes

The tax effects of major temporary differences resulting in deferred income tax assets (liabilities) in the consolidated balance sheets is in the following table.

	December 31	
	2024	2023
Deferred tax assets:	(millions)	
Tax credit carryforward	\$ 0.7	\$ 2.1
Income taxes refundable to customers, net	32.0	36.7
Net operating loss carryforward	1.9	21.3
Regulatory liabilities	24.6	31.7
Other	21.5	27.8
Total deferred tax assets before valuation allowance	80.7	119.6
Valuation allowance	(1.8)	(10.2)
Total deferred tax assets, net	78.9	109.4
Deferred tax liabilities:		
Plant-related	(410.7)	(396.0)
Deferred employee benefit costs	(7.4)	(10.6)
Regulatory assets	(35.2)	(33.7)
Fuel recovery mechanism adjustments	—	(19.0)
February 2021 winter weather event AAO	—	(77.2)
Winter weather event securitization	(74.0)	—
Sibley Station NBV Accounting Order	(28.8)	(31.7)
Other	(5.3)	(7.2)
Total deferred tax liabilities	(561.4)	(575.4)
Net deferred income tax liabilities	\$ (482.5)	\$ (466.0)

Tax Credit Carryforwards

As of December 31, 2024 and 2023, Evergy Missouri West had \$0.7 million and \$2.1 million, respectively, of federal general business income tax credit carryforwards. The carryforwards relate primarily to solar and research and development tax credits and expire in the years 2025 to 2044.

Net Operating Loss Carryforwards

As of December 31, 2023, Evergy Missouri West had \$17.7 million of tax benefits related to federal net operating loss (NOL) carryforwards, which had valuation allowances against them. The federal NOL carryforwards expired in 2024.

In addition, Evergy Missouri West also had deferred tax benefits of \$1.9 million and \$3.6 million related to state NOLs as of December 31, 2024 and 2023, respectively. Management does not expect to utilize \$1.3 million of tax benefits related to NOLs in state tax jurisdictions where Evergy Missouri West does not expect to operate in the future and \$0.5 million of NOLs due to projected future taxable income in state tax jurisdictions where Evergy Missouri West has operations. Therefore, a valuation allowance has been provided against \$1.8 million of state tax benefits.

Valuation Allowances

Evergy Missouri West is required to assess the ultimate realization of deferred tax assets using a "more likely than not" assessment threshold. This assessment takes into consideration tax planning strategies within Evergy Missouri West's control and is computed using a separate return approach. This approach requires a valuation allowance for deferred tax benefits if Evergy Missouri West would not realize such benefits on a separate company return. As a

result of this assessment, Evergy Missouri West has established a partial valuation allowance for tax benefits related to state tax NOL carryforwards.

During 2024 and 2023, \$8.4 million and \$0.3 million of tax benefit, respectively, was recorded in continuing operations primarily related to federal and state NOL carryforwards that expired. The tax benefit was offset by the reduction in related deferred tax assets.

Uncertain Tax Positions

Evergy and its subsidiaries, including Evergy Missouri West, file a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Evergy is considered open to U.S. federal examination for years after 2009 due to the carryforward of net operating losses and general business income tax credits. With few exceptions, Evergy is no longer subject to state and local tax examinations by tax authorities for years before 2020. As of December 31, 2024, Evergy Missouri West does not have any significant income tax issues under examination and does not have any uncertain tax positions recorded.

17. LEASES

Evergy Missouri West leases generating plant, vehicles and other property and equipment. Under GAAP, a contract is or contains a lease if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Evergy Missouri West assesses a contract as being or containing a lease if the contract identifies property, plant and equipment, provides the lessee the right to obtain substantially all of the economic benefits from use of the property, plant and equipment and provides the lessee the right to direct the use of the property, plant and equipment.

Evergy Missouri West has entered into several agreements to purchase energy through renewable purchase power agreements that are accounted for as leases that commenced prior to the application of *Topic 842-Leases*. Due to the intermittent nature of renewable generation, these leases have significant variable lease payments not included in the initial and subsequent measurement of the lease liability. Variable lease payments are expensed as incurred. In addition, certain other contracts contain payment for activity that transfers a separate good or service such as utilities or common area maintenance. Evergy Missouri West has elected a practical expedient permitted by GAAP to not separate such components of the lease from other lease components for all leases.

Evergy Missouri West's leases have remaining terms ranging from 1 to 8 years. Leases that have original lease terms of twelve months or less are not recognized on Evergy Missouri West's balance sheets. Some leases have options to renew the lease or terminate early at the election of Evergy Missouri West. Judgment is applied at lease commencement to determine the reasonably certain lease term based on then-current assumptions about use of the leased asset, market conditions and terms in the contract. The judgment applied to determine the lease term can significantly impact the measurement of the lease liability and right-of-use asset and lease classification.

Evergy Missouri West typically discounts lease payments over the term of the lease using its incremental borrowing rate at lease commencement to measure its initial and subsequent lease liability.

Leases may be classified as either operating leases or finance leases. The lease classification is based on assumptions of the lease term and discount rate, as discussed above, and the fair market value and economic life of the leased asset. Operating leases recognize a consistent expense each period over the lease term, while finance leases will result in the separate presentation of interest expense on the lease liability and amortization of the right-of-use asset. Finance leases are treated as operating leases for rate making purposes and as such, Evergy Missouri West defers to a regulatory asset or liability any material differences between expense recognition and the timing of payments in order to match what is being recovered in customer rates.

Evergy Missouri West's lease expense is detailed in the following table.

	2024	2023
Finance lease costs	(millions)	
Amortization of right-of-use assets	\$ 0.5	\$ 0.1
Interest on lease liabilities	0.1	0.1
Operating lease costs	0.8	0.5
Short-term lease costs	0.4	0.3
Variable lease costs for renewable purchase power agreements	35.4	36.3
Total lease costs	\$ 37.2	\$ 37.3

Other pertinent information related to leases is detailed in the following table.

	2024	2023
Right-of-use assets obtained in exchange for new lease liabilities	(dollars in millions)	
Finance leases	\$ 1.2	\$ —
Operating leases	0.1	1.0
Right-of-use assets under finance leases included in property, plant and equipment, net on the consolidated balance sheets	259.4	257.2
Right-of-use assets under operating leases included in other assets on the consolidated balance sheets	1.4	1.4
Weighted-average remaining lease term (years)		
Finance leases	5.2	4.7
Operating leases	3.7	3.6
Weighted-average discount rate		
Finance leases	5.4 %	8.7 %
Operating leases	5.0 %	4.5 %

Finance Leases

Right-of-use assets for finance leases are included in property, plant and equipment on Evergy Missouri West's balance sheets. Lease liabilities for finance leases are included in other current and other long-term liabilities. Payments and other supplemental information for finance leases as of December 31, 2024, are detailed in the following table.

	(millions)
2025	\$ 1.0
2026	1.0
2027	1.0
2028	0.8
2029	0.5
After 2029	0.5
Total finance lease payments	4.8
Amounts representing imputed interest	(0.3)
Present value of lease payments	4.5
Less: current portion	(0.9)
Total long-term obligations under finance leases	\$ 3.6

Operating Leases

Right-of-use assets for operating leases are included in other long-term assets on Everygy Missouri West's balance sheets. Lease liabilities for operating leases are included in other current and other long-term liabilities. Lease payments and other supplemental information for operating leases as of December 31, 2024, are detailed in the following table.

	(millions)
2025	\$ 0.4
2026	0.4
2027	0.4
2028	0.3
2029	0.1
After 2029	—
Total operating lease payments	1.6
Amounts representing imputed interest	(0.2)
Present value of lease payments	1.4
Less: current portion	(0.4)
Total long-term obligations under operating leases	\$ 1.0

Evergy Missouri West, Inc. Management's Narrative Analysis of the Results of Operations

(Unaudited)

Year Ended December 2024 vs. 2023

Earnings Variances

		Change (millions)	
2023 Net income	\$	97.7	
			<i>Favorable/(Unfavorable)</i>
Utility gross margin ^(a)		26.4	A
Operating and maintenance		(14.5)	B
Depreciation and amortization		(7.2)	C
Taxes other than income tax		(0.6)	
Total other income (expense), net		(18.7)	D
Interest expense		4.6	E
Income tax expense		0.7	
2024 Net income	\$	88.4	

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in net income -- Favorable/(Unfavorable)

- A Due primarily to the recovery of extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event through a securitized utility tariff charge effective in February 2024 - \$21.6M; and an increase in transmission revenue primarily due to updated transmission costs reflected in Evergy Missouri West FERC transmission formula rate (TFR) effective in January 2024 - \$4.6M.

- B Due to an increase in administrative and general expense primarily due to higher costs billed for common use assets in 2024 from Evergy Metro related to facilities and software assets - (\$7.9M); and an increase in transmission and distribution operating and maintenance expense driven by higher non-labor expense primarily due to higher costs billed for common use transmission and distribution assets in 2024 from Evergy Metro and higher vegetation management costs and higher labor expense primarily due to a decrease in labor capitalization driven by lower capitalization activity related to the installation of transformers and meters in 2024 - (\$6.4M).

- C Due to higher capital additions - (\$7.2M).

- D Due primarily to a decrease in interest and dividend income primarily driven by a reduction in carrying charges related to deferred Evergy Missouri West's costs associated with the February 2021 winter weather event to be recovered through a securitized utility tariff charge effective in February 2024 - (\$18.8M).

- E Due primarily to increases in carrying costs deferred to a regulatory asset in accordance with PISA - \$16.5M; and a decrease in interest expense on short-term borrowings primarily due to a lower short-term debt balance in 2024 - \$13.3M; partially offset by an increase due to issuances of long-term debt - (\$24.4M).

The Notes to Evergy Missouri West's Consolidated Financial Statements for the year ended December 31, 2024 should be read in conjunction with this financial information.

Evergy Missouri West, Inc.
Financial Results, Revenue and Sales
(Unaudited)

Supplemental Data

Financial Results		
Year Ended December 31	2024	2023
	(dollars in millions)	
Operating revenues	\$ 964.6	\$ 948.0
Fuel and purchased power	389.1	398.9
Operating and maintenance	188.1	173.6
Depreciation and amortization	156.3	149.1
Taxes other than income tax	54.4	53.8
Income from operations	176.7	172.6
Other expense, net	(4.6)	14.1
Interest expense	81.6	86.2
Income tax expense	2.1	2.8
Net income	88.4	97.7
Reconciliation of gross margin (GAAP) to utility gross margin (non-GAAP):		
Operating revenues	964.6	948.0
Fuel and purchased power	(389.1)	(398.9)
Operating and maintenance ^(a)	(77.7)	(71.1)
Depreciation and amortization	(156.3)	(149.1)
Taxes other than income tax	(54.4)	(53.8)
Gross margin (GAAP)	287.1	275.1
Operating and maintenance ^(a)	77.7	71.1
Depreciation and amortization	156.3	149.1
Taxes other than income tax	54.4	53.8
Utility gross margin (non-GAAP)	575.5	549.1
Revenues		
	(dollars in millions)	
Residential	464.3	467.3
Commercial	344.3	330.6
Industrial	100.4	96.5
Other retail revenues	7.8	12.4
Total electric retail	916.8	906.8
Wholesale revenues	19.9	12.4
Transmission	7.7	3.1
Other	20.2	25.7
Operating revenues	964.6	948.0
Electricity Sales		
	(MWh in thousands)	
Residential	3,585	3,610
Commercial	3,518	3,436
Industrial	1,391	1,395
Other retail revenues	17	19
Total electric retail	8,511	8,460
Wholesale revenues	453	314
Total electricity sales	8,964	8,774

^(a)Operating and maintenance expenses which are deemed to be directly attributable to revenue-producing activities include plant operating and maintenance expenses at generating units and transmission and distribution operating and maintenance expenses and have been separately presented in order to calculate gross margin as defined under GAAP. These amounts exclude general and administrative expenses not directly attributable to revenue-producing activities of \$110.4 million and \$102.5 million year to date December 31, 2024 and 2023, respectively.

Evergy Missouri West, Inc.
Non-GAAP Measures
(Unaudited)

Utility Gross Margin (non-GAAP)

Utility gross margin (non-GAAP) is a financial measure that is not calculated in accordance with GAAP. Utility gross margin (non-GAAP), as used by Evergy Missouri West, is defined as operating revenues less fuel and purchased power costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. Evergy Missouri West's definition of utility gross margin (non-GAAP) may differ from similar terms used by other companies.

Utility gross margin (non-GAAP) is intended to aid an investor's overall understanding of results. Management believes that utility gross margin (non-GAAP) provides a meaningful basis for evaluating Evergy Missouri West's operations across periods because utility gross margin (non-GAAP) excludes the revenue effect of fluctuations in fuel and purchased power costs. Utility gross margin (non-GAAP) is used internally to measure performance against budget and in reports for management and the Evergy Missouri West Board of Directors. Utility gross margin (non-GAAP) should be viewed as a supplement to, and not a substitute for, gross margin, which is the most directly comparable financial measure prepared in accordance with GAAP. Gross margin under GAAP is defined as the excess of sales over cost of goods sold.

Utility gross margin (non-GAAP) differs from the GAAP definition of gross margin due to the exclusion of operating and maintenance expenses determined to be directly attributable to revenue-producing activities, depreciation and amortization and taxes other than income tax. See Financial Results, Revenue and Sales above for a reconciliation of utility gross margin (non-GAAP) to gross margin, the most comparable GAAP measure, in December 31, 2024 and 2023.

INDEPENDENT AUDITOR'S REPORT

To the shareholder and the Board of Directors of Evergy Missouri West, Inc.

Opinion

We have audited the consolidated financial statements of Evergy Missouri West, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

February 26, 2025