



Ron Benham
Director Nuclear and Regulatory Affairs

May 7, 2021
RA 21-0043

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

Subject: Docket No. 50-482: Transmittal of 2020 Annual Financial Reports

Commissioners and Staff:

Wolf Creek Nuclear Operating Corporation (WCNOC) is transmitting one copy each of the enclosed 2020 annual reports, including financial statements, for its owners: Evergy Metro, Inc. (formerly Kansas City Power & Light Company), Evergy Kansas South, Inc. (formerly Kansas Gas & Electric Company), and Kansas Electric Power Cooperative, Inc. (KEPCo).

Enclosure I provides the Evergy, Inc. 2020 Annual Report, which contains both the Evergy Metro, Inc. and the Evergy, Kansas South, Inc. information and Enclosure II provides the KEPCo Annual Report.

This information is being submitted in accordance with 10 CFR 50.71(b).

This letter contains no commitments. If you have any questions concerning this matter, please contact me at (620) 364-4204.

Sincerely,

A handwritten signature in black ink that reads "Ron Benham".

Ron Benham

RDB/rlt

Enclosures: I Evergy, Inc. 2020 Annual Report
II Kansas Electric Power Cooperative 2020 Annual Report

cc: S. S. Lee (NRC), w/e
S. A. Morris (NRC), w/e
N. O'Keefe (NRC), w/e
Senior Resident Inspector (NRC), w/e

Enclosure I to RA 21-0043

Evergy, Inc. 2020 Annual Report
(204 Pages)



Sustainable Transformation

Connecting Purpose to Performance
Eversource Energy, Inc. 2020 Annual Report



FOCUSED ON VALUE CREATION

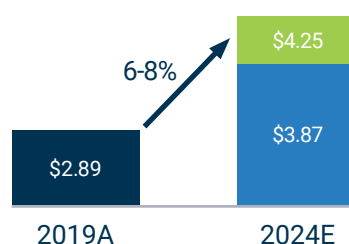
Since its inception in 2018, Evergy has consistently exceeded anticipated merger savings. The company is now positioned to take value creation to the next level. Evergy's Sustainability Transformation Plan (STP) accelerates the company's work to create a forward-thinking, sustainable energy company. The plan seeks to modernize the grid, reduce costs and continue the company's efforts to reduce its carbon footprint, while maintaining reliability and affordability for customers.

Despite the challenges of a global pandemic, Evergy employees adapted to deliver strong financial results and reliable service in 2020. The company is committed to a long-term earnings growth rate consistent with top-performing utilities. The STP positions Evergy to drive industry-leading performance across the company's operations, financial performance and customer service functions, while remaining dedicated to affordable electric rates and improving Evergy's regional rate competitiveness.

\$12.6b

Market Capitalization
(Market cap as of 12/31/20)

STP Targeted Adjusted EPS Growth¹



¹Adjusted EPS is a non-GAAP financial measure. See 10-K Item 7 under the heading Non-GAAP Measures for reconciliation to most comparable GAAP information.

+6%

Dividend increase
in 4Q20

Year Ended December 31 (Dollars in millions except per share amounts)	2020	2019	2018 ^(b)
EVERGY			
Operating Revenues	4,913	5,148	4,276
Net income	630	686	546
Net income attributable to Evergy, Inc.	618	670	536
Basic earnings per common share	\$2.72	\$2.80	\$2.50
Diluted earnings per common share	\$2.72	\$2.79	\$2.50
Total assets at year end	27,115	25,976	25,598
Total long-term obligations at year end ^(a)	9,785	9,200	7,472
Cash dividends per common share	\$2.05	\$1.93	\$1.735

^(a) Includes long-term debt, current maturities of long-term debt, finance leases, operating leases, long-term debt of VIEs and current maturities of long-term debt of VIEs. Obligations related to operating leases are only included beginning in 2019 due to Evergy's adoption of Topic 842, Leases. See Note 1 to the consolidated financial statements for additional information.

^(b) On June 4, 2018, Evergy completed the mergers contemplated by the Amended Merger Agreement. The results of Great Plains Energy's direct subsidiaries have been included in Evergy's results from the date of the closing of the merger and thereafter.

This document includes forward-looking information that is subject to risks and uncertainties. Please refer to the enclosed Annual Report on Form 10-K for additional information.

DEAR

Shareholders,

For all of us, 2020 tested our capacity for change and adaptability. A global pandemic and social unrest taught us much about who we are and who we want to be, both as individuals and corporate citizens.

At Evergy, we addressed those challenges head on. We implemented pandemic response plans resulting in more than 2,000 employees working from home, while those needed for onsite operations continued to provide essential services and changed their way of doing business, adding preventative measures to ensure the ongoing delivery of safe and reliable power. We waived customer late fees and added payment options to help customers relieve some of the strain caused by the pandemic. We launched our Hometown Economic Recovery Program, which donated over \$2 million dollars from our foundation to help local non-profits, customers, and communities respond to and recover from the COVID-19 pandemic.

When racial inequities sparked protests throughout the country, we gathered employees for a conversation moderated by leading change management experts to create dialogue and share thoughts

and solutions to help make our work environment a more inclusive space. In 2021, we've placed additional emphasis on our diversity, equity, and inclusion initiatives internally, and we're expanding our community presence related to equality for the people and communities we serve.

Our employees performed well above expectations while coping with a year of unprecedented challenges. Thanks to their ability to focus and adapt, we gained momentum and once again exceeded our net merger savings target of \$145 million, ending the year at \$162 million, or roughly 12 percent above target – contributing significantly to our goal of providing cost-efficient and reliable service to customers. We reduced adjusted operating and maintenance expense (O&M)* over \$120 million, or 10 percent, in 2020 compared to 2019. In the two full calendar years since creating Evergy, we have reduced adjusted O&M over \$240 million, nearly 20 percent, delivering the cost reduction opportunity our team envisioned.

We achieved 7 percent year-over-year adjusted EPS* growth and, consistent with our guidance, we raised our dividend

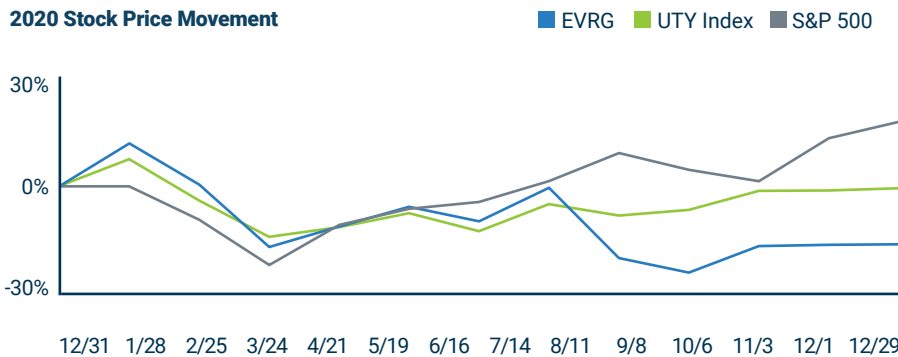
6 percent to an indicated annual rate of \$2.14 per share. We invested more than \$1.5 billion to enhance customer reliability, create jobs, and invest in our communities.

That investment will continue with the Sustainability Transformation Plan (STP) we announced in August 2020. The Board unanimously approved pursuing the plan following a comprehensive, independent review by a committee that was created specifically to explore ways to enhance stakeholder value. The STP accelerates our transformation toward a sustainable, forward-thinking energy company. The plan's four tenets - grid modernization, cost competitiveness, customer experience, and generation transition to cleaner energy - create value for all the stakeholders we serve and advance our goals of reliability, affordability, and sustainability.

GRID MODERNIZATION

As technology breakthroughs transform the energy industry, proactive grid modernization is critical in preparing for the changes ahead. From enabling the grid to accept diverse generation to installing communications devices that reduce restoration times and increase

2020 Stock Price Movement



Adjusted EPS¹



¹Adjusted EPS is a non-GAAP financial measure. See 10-K Item 7 under the heading Non-GAAP Measures for reconciliation to most comparable GAAP information.

Compelling Investment Thesis

- Building upon proven track record of achieving cost reductions
- Traditional, diverse capital expenditure plan without large project risk
- No additional regulatory approvals required as STP is covered under existing recovery mechanisms with limited impact on customer bills
- Targeting top-quartile earnings and dividend growth
- Attractive total shareholder return proposition with upside potential from generation transition

overall grid resiliency, our STP advances grid modernization across the board. We're planning capital investments to replace aged infrastructure, enable grid automation, data handling and analytics capabilities, and build communications infrastructure.

This plan is good news for our communities, too, creating economic development opportunities. A technologically advanced grid helps attract companies by improving cost competitiveness, reliability, and overall sustainability.

COST COMPETITIVENESS AND VALUE CREATION

Speaking of cost competitiveness, the STP's capital investments are targeted to enable long-term and sustainable cost savings in both non-fuel O&M and significant fuel and purchase power savings. With substantial cost savings on top of our merger efficiencies, we can stabilize rate increases over the period of the plan, which is expected to improve regional rate competitiveness for our customers and communities. These efforts are reflective of our continuous improvement culture and our aspirations to achieve top quartile performance. Improving reliability and quality of service while reducing costs creates value for all our stakeholders.

CUSTOMER EXPERIENCE

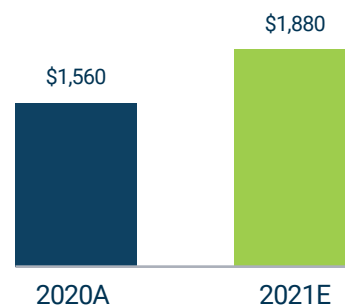
We're aiming to improve customer satisfaction through targeted investments that both improve the customer

experience and drive cost efficiencies. The STP enables automated outage communications, expands digital communications, transactions, and customer self-service options, and modernizes rate structures to offer additional rate options tailored to different types of residential customers. By focusing on the customer, we'll create an omni-channel customer experience that meets the customer where they are, when they need us, and grows performance-based revenue.

GENERATION TRANSITION

We're continuing our transition toward more diverse and cleaner forms of energy. With more than half the energy we deliver to homes and businesses coming from emission-free sources, we're well on our way. In 2021, we're completing our triennial integrated resource planning in both Kansas and Missouri to evaluate our path forward. Our plan builds on Evergy's focus on sustainability with increased investment in renewable energy, including solar energy and battery storage, and expanded energy efficiency programs. We're also pursuing legislative and regulatory policy changes that would facilitate the generation transition through a phased retirement of coal plants, while maintaining a balanced energy mix to ensure reliability for our customers. And, as I mentioned earlier, investments in grid modernization will enable easier access to and development of distributed generation and customer facing grid-edge technology.

Total CapEx
(\$ in millions)



When I accepted the opportunity to join the Evergy team toward the end of last year, the STP was a key factor in my decision. The opportunities this plan delivers are both exciting and challenging, and as I met my colleagues on the Evergy team, it became clear they shared my perspective. During my first few months at the company, I've been most impressed with the work ethic and strategic thought of our Board, management, and employees. Teams throughout Evergy are bringing the STP to life and we're seeing a continuation of the success we anticipated through our merger.

We're gaining momentum, as well, with the recent addition of two outstanding Board members in C. John Wilder of Bluescape Energy Partners and Mary Landrieu, former U.S. Senator and Chair of the Senate Energy Committee. Those moves, as well as the hiring of Kirk Andrews, a previous board member and well-known industry leader, as our new Chief Financial Officer, strengthen our team and add valuable expertise toward achieving our STP goals. We're positioned well to successfully transform our business for your benefit, as well as for our customers, employees, and communities. Knowing you have many options for investing, we appreciate your confidence in Evergy and look forward to delivering the value we know the STP can provide.

David A. Campbell
President and Chief Executive Officer

*Adjusted operating and maintenance expense and adjusted EPS are non-GAAP financial measures. See Page 5 of this document and 10-K Item 7 under the heading Non-GAAP Measures for reconciliation to most comparable GAAP information.

Stakeholder Benefits

The Sustainability Transformation Plan maximizes value and benefits all stakeholders by delivering superior shareholder value while enhancing reliability, affordability, and sustainability for our customers and the communities we serve.

Customers

- + Maintains affordability
- + Enhances customer experience
- + Improves reliability & resiliency

Communities

- + Provides regionally competitive rates
- + Enhances economic development
- + Honors community commitments

Environment

- + Delivers cleaner energy
- + Engages stakeholders for input on path toward a low-carbon, resilient utility

Shareholders

- + Targets top-quartile total return profile
- + Provides attractive, traditional capital plan
- + Maintains strong credit profile

GRID

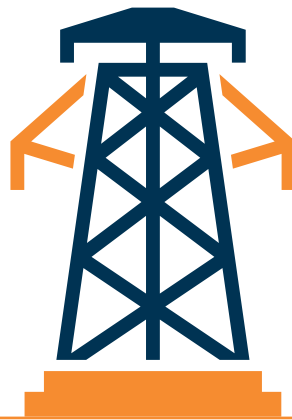
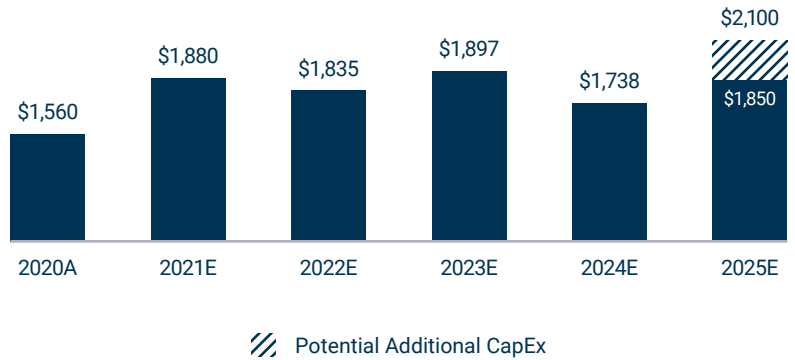
Modernization

Grid modernization plays a critical role in Evergy's Sustainability Transformation Plan. As technologies evolve, our grid capabilities must evolve, as well. The STP includes capital investments to replace aged infrastructure and to enable grid automation, data handling and analytics capabilities, and communications infrastructure that improves grid reliability, reduces restoration times, and increases overall grid resiliency.

The capital expenditure plan includes about \$9.2 billion toward transmission and distribution, generating facilities, and other areas.



Projected 2021-2025 CapEx
(\$ in millions)



\$6 billion

Expected ~\$6b of T&D spend from 2021-2025

Transmission Lines

New infrastructure is required to **unlock decarbonization and enhance communications** equipment

Substations

Smart connections to help **manage power flows & monitor energy levels**

Distribution Lines

Smart assets are required to **further develop automation and outage management**

Smart Devices

Smart devices can **minimize disturbances** on the grid and provide **real-time data** on energy use and problems

Customer Distributed Energy & Electric Vehicles

Sensors & connectivity will become essential to **integrate new customer choices**

COST

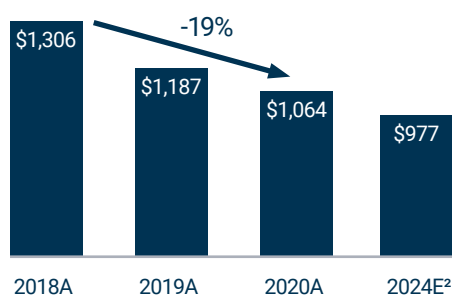
Competitiveness

Since the merger of Great Plains Energy and Westar Energy formed Evergy in 2018, the company has exceeded the efficiencies expected as a result of the merger. The STP builds on the merger savings progress, maintains reliability and quality of service while reducing costs, stabilizes potential price increases at or below expected inflation, and creates a robust structure toward identifying and tracking cost savings.



	Fuel & Purchased Power (F&PP) Fuel contract renegotiations, outage optimization & timing, flexible operations
	Generation Organizational efficiencies, operational improvements in the current fleet, supply chain and maintenance
	Transmission and Distribution Vegetation management, field work force, fleet, office real estate optimization
	Information Technology Infrastructure and operating model efficiency, sourcing and procurement optimization
	Customer Ops Digital adoption and operating model efficiency, metering, contact center operations, account management
	Accounting and General Organization optimization through attrition and scale efficiencies, procurement, benefits, digital transformation

Non-Fuel Adjusted O&M¹ (\$ in millions)



¹ Adjusted O&M is a non-GAAP financial measure. See 10-K Item 7 under the heading Non-GAAP Measures for reconciliation to most comparable GAAP information.

² Represents the mid-point of 2024 O&M forecast range of \$966M to \$988M.

GAAP to Non-GAAP O&M Reconciliation¹

2019 (\$ in millions)	
2019 GAAP O&M	\$1,219
Severance expense & rebranding costs	(32)
2019 Adjusted O&M (non-GAAP)	\$1,187
2020 (\$ in millions)	
2020 GAAP O&M	\$1,163
Severance & advisor expenses	(99)
2020 Adjusted O&M (non-GAAP)	\$1,064

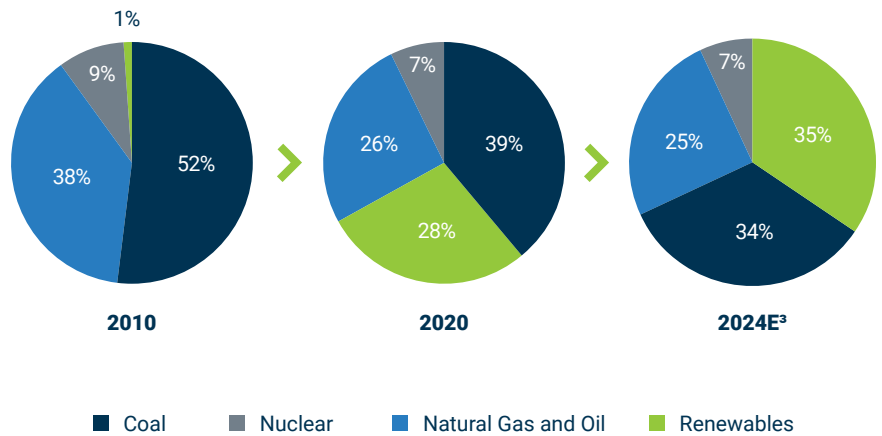
GENERATION

Transition

Evergy is completing its triennial Integrated Resource Plan in 2021 to guide our ongoing generation transition. Already we have reduced carbon emissions by 51% from 2005 levels and now provide half of our retail customers' energy needs through emission free sources (renewable and nuclear). Evergy is home to the largest electric vehicle charging network in the United States and has one of the Top Ten wind portfolios of electric utilities in the country.



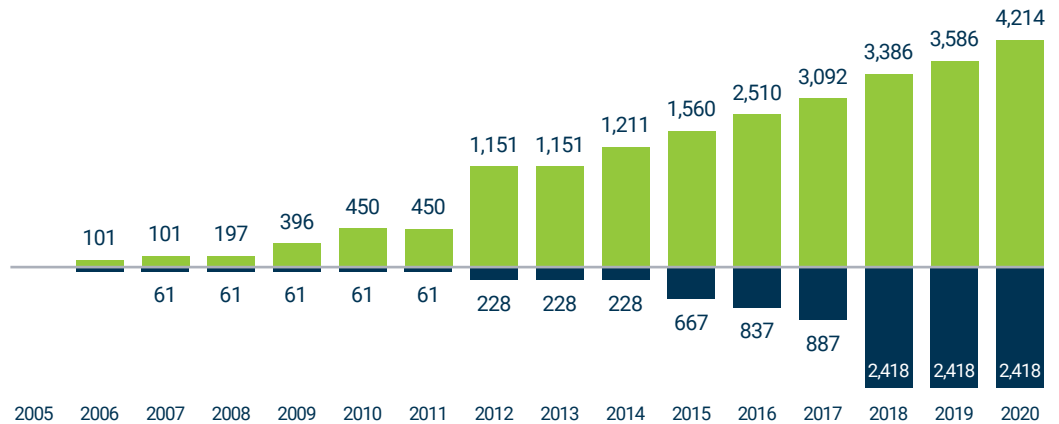
Generation Capacity by Fuel Type^{1,2}



¹Renewables include both owned and power purchase agreements.
²Percentages may not add up to 100% due to rounding.
³Ultimate resource plan and generation capacity will be defined through scenario analysis and in collaboration with stakeholders through IRP process.

Cumulative Retirements/ Additions MW

■ Renewable Additions¹
 ■ Fossil Retirements

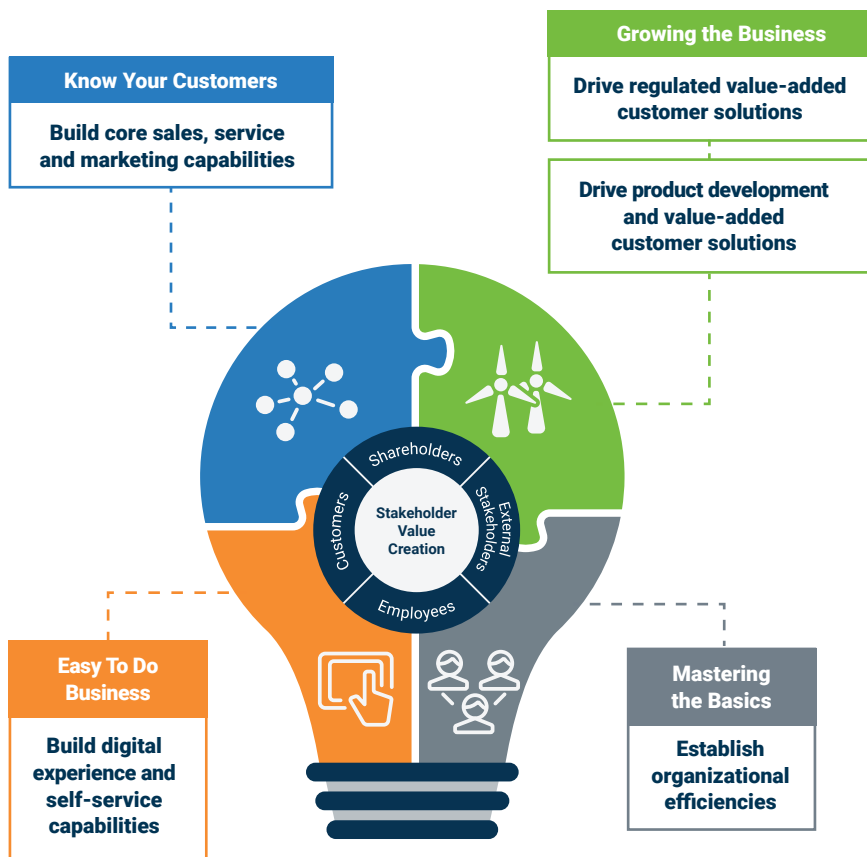


¹Renewables include both owned and power purchase agreements.

CUSTOMER

Experience

Just as our grid is evolving, customer expectations are changing, too. Broader adoption of automated and digital customer service allows Evergy to provide better customer service at a lower cost. Through the STP, the company will improve customers' interactions by enabling automated outage communications, and expanding digital communications, transactions, and customer service options. The plan modernizes rate structures to offer additional rate options tailored to different types of residential customers.



Planned Customer Experience Enhancements



Account opening or change

- Online enrollment
- Adjusted incentives
- Smart dispatch tool
- Digital welcome packet



Billing

- eBill and online pay
- Smart bill redesign
- Site optimization
- Fast authentication



Bill Inquiry

- Robotic process automation
- Standardized payment plans
- Personalized video bill



Outage Management

- Increase outage notification opt-in
- Outage notifications
- Deployment on AMI capabilities



Usage Management

- High bill notifications
- Improved site search functionality
- Agent AI support

ESG METRICS

Fostering sustainability, engagement, diversity and inclusion

Since 2001, we have increased our renewable resources by over **3,900%**




51%
reduction in CO₂ emissions from 2005 levels

\$156,000,000 spent with diverse suppliers



Director Snapshot	Directors' Race/Ethnicity	Directors' Gender	Directors' Independence
	7% diverse	36% female	86% independent

70M
Surpassed 70 million megawatt hours of wind energy generation in 2020.



More than 2,000 employees pledged nearly \$2M to 133 nonprofit organizations.

30+
years active supplier diversity initiative



\$2,200,000 Pledged \$2.2 million in COVID community relief funds

Sustainable Transformation

2020 Annual Report



Form 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2020**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____



Commission File Number	Exact name of registrant as specified in its charter, state of incorporation, address of principal executive offices and telephone number	I.R.S. Employer Identification Number
001-38515	EVERGY, INC. (a Missouri corporation) 1200 Main Street Kansas City, Missouri 64105 (816) 556-2200	82-2733395
001-03523	EVERGY KANSAS CENTRAL, INC. (a Kansas corporation) 818 South Kansas Avenue Topeka, Kansas 66612 (785) 575-6300	48-0290150
000-51873	EVERGY METRO, INC. (a Missouri corporation) 1200 Main Street Kansas City, Missouri 64105 (816) 556-2200	44-0308720

**Securities registered pursuant to Section 12(b) of
the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Evergy, Inc. common stock	EVRG	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Evergy Kansas Central, Inc. Common Stock \$0.01 par value and Evergy Metro, Inc. Common Stock without par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Evergy, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Metro, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Evergy, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Metro, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Evergy, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Metro, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Evergy, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Metro, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Evergy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Evergy Kansas Central, Inc.	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Evergy Metro, Inc.	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Evergy, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Metro, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Evergy, Inc.	<input type="checkbox"/>
Evergy Kansas Central, Inc.	<input type="checkbox"/>
Evergy Metro, Inc.	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Evergy, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Kansas Central, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Evergy Metro, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

The aggregate market value of the voting and non-voting common equity held by non-affiliates of Evergy, Inc. (based on the closing price of its common stock on the New York Stock Exchange on June 30, 2020) was approximately \$13,410,149,293. All of the common equity of Evergy Kansas Central, Inc. and Evergy Metro, Inc. is held by Evergy, Inc.

On February 19, 2021, Evergy, Inc. had 226,944,941 shares of common stock outstanding.

On February 19, 2021, Evergy Kansas Central, Inc. and Evergy Metro, Inc. each had one share of common stock outstanding and held by Evergy, Inc.

Evergy Kansas Central, Inc. and Evergy Metro, Inc. meet the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K and are therefore filing this Form 10-K with the reduced disclosure format.

Documents Incorporated by Reference

Portions of the 2021 annual meeting proxy statement of Evergy, Inc. to be filed with the Securities and Exchange Commission are incorporated by reference in Part III of this report.

This combined annual report on Form 10-K is provided by the following registrants: Evergy, Inc. (Evergy), Evergy Kansas Central, Inc. (Evergy Kansas Central) and Evergy Metro, Inc. (Evergy Metro) (collectively, the Evergy Companies). Information relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

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CAUTIONARY STATEMENTS REGARDING CERTAIN FORWARD-LOOKING INFORMATION

Statements made in this report that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, statements relating to our strategic plan, including, without limitation, those related to earnings per share, dividend, operating and maintenance expense and capital investment goals; the outcome of legislative efforts and regulatory and legal proceedings; future energy demand; future power prices; plans with respect to existing and potential future generation resources; the availability and cost of generation resources and energy storage; target emissions reductions; and other matters relating to expected financial performance or affecting future operations. Forward-looking statements are often accompanied by forward-looking words such as "anticipates," "believes," "expects," "estimates," "forecasts," "should," "could," "may," "seeks," "intends," "proposed," "projects," "planned," "target," "outlook," "remain confident," "goal," "will" or other words of similar meaning. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Evergy Companies are providing a number of risks, uncertainties and other factors that could cause actual results to differ from the forward-looking information. These risks, uncertainties and other factors include, but are not limited to: economic and weather conditions and any impact on sales, prices and costs; changes in business strategy or operations; the impact of federal, state and local political, legislative, judicial and regulatory actions or developments, including deregulation, re-regulation, securitization and restructuring of the electric utility industry; decisions of regulators regarding, among other things, customer rates and the prudence of operational decisions such as capital expenditures and asset retirements; changes in applicable laws, regulations, rules, principles or practices, or the interpretations thereof, governing tax, accounting and environmental matters, including air and water quality and waste management and disposal; the impact of climate change, including increased frequency and severity of significant weather events and the extent to which counterparties are willing to do business with, finance the operations of or purchase energy from the Evergy Companies due to the fact that the Evergy Companies operate coal-fired generation; prices and availability of electricity in wholesale markets; market perception of the energy industry and the Evergy Companies; the impact of the Coronavirus (COVID-19) pandemic on, among other things, sales, results of operations, financial condition, liquidity and cash flows, and also on operational issues, such as the availability and ability of our employees and suppliers to perform the functions that are necessary to operate the Evergy Companies; changes in the energy trading markets in which the Evergy Companies participate, including retroactive repricing of transactions by regional transmission organizations (RTO) and independent system operators; financial market conditions and performance, including changes in interest rates and credit spreads and in availability and cost of capital and the effects on derivatives and hedges, nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; the transition to a replacement for the London Interbank Offered Rate (LIBOR) benchmark interest rate; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of physical and cybersecurity breaches, criminal activity, terrorist attacks and other disruptions to the Evergy Companies' facilities or information technology infrastructure or the facilities and infrastructure of third-party service providers on which the Evergy Companies rely; ability to carry out marketing and sales plans; cost, availability, quality and timely provision of equipment, supplies, labor and fuel; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays and cost increases of generation, transmission, distribution or other projects; the Evergy Companies' ability to manage their transmission and distribution development plans and transmission joint ventures; the inherent risks associated with the ownership and operation of a nuclear facility, including environmental, health, safety, regulatory and financial risks; workforce risks, including those related to the Evergy Companies' ability to attract and retain qualified personnel, maintain satisfactory relationships with their labor unions and manage costs of, or changes in, retirement, health care and other benefits; disruption, costs and uncertainties caused by or related to the actions of individuals or entities, such as activist shareholders or special interest groups, that seek to influence our strategic plan, financial results or operations; the possibility that strategic initiatives, including mergers, acquisitions and divestitures, and long-term financial plans, may not create the value that they are expected to achieve in a timely manner or at all; difficulties in maintaining relationships with customers, employees, regulators or suppliers; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Additional risks and uncertainties are discussed from time to time in current, quarterly and annual reports filed by the Evergy Companies with the Securities and Exchange Commission (SEC). Reports filed by the Evergy Companies with the SEC should also be read for more information regarding risk factors. Each forward-looking statement speaks only as of the date of the particular statement. The Evergy Companies undertake no obligation to publicly update or revise any

forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

AVAILABLE INFORMATION

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at sec.gov. Additionally, information about the Evergy Companies, including their combined annual reports on Form 10-K, combined quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed with the SEC, is also available through the Evergy Companies' website, www.evergy.com. Such reports are accessible at no charge and are made available as soon as reasonably practical after such material is filed with or furnished to the SEC.

Investors should note that the Evergy Companies announce material financial information in SEC filings, press releases and public conference calls. In accordance with SEC guidelines, the Evergy Companies also use the Investor Relations tab on their website, www.evergy.com, to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. The information on Evergy's website is not part of this document.

GLOSSARY OF TERMS

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

<u>Abbreviation or Acronym</u>	<u>Definition</u>
AAO	Accounting authority order
ACE	Affordable Clean Energy
AEP	American Electric Power Company, Inc.
AFUDC	Allowance for funds used during construction
AMT	Alternative Minimum Tax
AROs	Asset retirement obligations
Bluescape	Bluescape Energy Partners, LLC
BSER	Best system of emission reduction
CAA	Clean Air Act Amendments of 1990
CCRs	Coal combustion residuals
CO₂	Carbon dioxide
COLI	Corporate-owned life insurance
COVID-19	Coronavirus
CPP	Clean Power Plan
CWA	Clean Water Act
DOE	Department of Energy
ELG	Effluent limitations guidelines
EPA	Environmental Protection Agency
EPS	Earnings per common share
ERISA	Employee Retirement Income Security Act of 1974, as amended
ERSP	Earnings Review and Sharing Plan
Evergy	Evergy, Inc. and its consolidated subsidiaries
Evergy Board	Evergy Board of Directors
Evergy Companies	Evergy, Evergy Kansas Central, and Evergy Metro, collectively, which are individual registrants within the Evergy consolidated group
Evergy Kansas Central	Evergy Kansas Central, Inc., a wholly-owned subsidiary of Evergy, and its consolidated subsidiaries
Evergy Kansas South	Evergy Kansas South, Inc., a wholly-owned subsidiary of Evergy Kansas Central
Evergy Metro	Evergy Metro, Inc., a wholly-owned subsidiary of Evergy, and its consolidated subsidiaries
Evergy Missouri West	Evergy Missouri West, Inc., a wholly-owned subsidiary of Evergy
Evergy Transmission Company	Evergy Transmission Company, LLC
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMBs	First Mortgage Bonds
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
Great Plains Energy	Great Plains Energy Incorporated
JEC	Jeffrey Energy Center
KCC	State Corporation Commission of the State of Kansas

<u>Abbreviation or Acronym</u>	<u>Definition</u>
kV	Kilovolt
kWh	Kilowatt hour
MDNR	Missouri Department of Natural Resources
MECG	Midwest Energy Consumers Group
MEEIA	Missouri Energy Efficiency Investment Act
MPSC	Public Service Commission of the State of Missouri
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
NAV	Net asset value
NOL	Net operating loss
NRC	Nuclear Regulatory Commission
OCI	Other comprehensive income
OPC	Office of the Public Counsel
Prairie Wind	Prairie Wind Transmission, LLC, 50% owned by Evergy Kansas Central
RSU	Restricted share unit
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
SPP	Southwest Power Pool, Inc.
STP	Sustainability Transformation Plan
TDC	Transmission delivery charge
TFR	Transmission formula rate
Transource	Transource Energy, LLC and its subsidiaries, 13.5% owned by Evergy Transmission Company
VIE	Variable interest entity
Wolf Creek	Wolf Creek Generating Station

PART I

ITEM 1. BUSINESS

General

Evergy, Inc., Evergy Kansas Central, Inc. and Evergy Metro, Inc. are separate registrants filing this combined annual report on Form 10-K. The terms "Evergy," "Evergy Kansas Central," "Evergy Metro" and "Evergy Companies" are used throughout this report. "Evergy" refers to Evergy, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Kansas Central" refers to Evergy Kansas Central, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Metro" refers to Evergy Metro, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Companies" refers to Evergy, Evergy Kansas Central, and Evergy Metro, collectively, which are individual registrants within the Evergy consolidated group.

Information in other Items of this report as to which reference is made in this Item 1 is hereby incorporated by reference in this Item 1. The use of terms such as "see" or "refer to" shall be deemed to incorporate into this Item 1 the information to which such reference is made.

EVERGY, INC.

Evergy is a public utility holding company incorporated in 2017 and headquartered in Kansas City, Missouri. Evergy operates primarily through the following wholly-owned direct subsidiaries listed below.

- Evergy Kansas Central, Inc. (Evergy Kansas Central) is an integrated, regulated electric utility that provides electricity to customers in the state of Kansas. Evergy Kansas Central has one active wholly-owned subsidiary with significant operations, Evergy Kansas South, Inc. (Evergy Kansas South).
- Evergy Metro, Inc. (Evergy Metro) is an integrated, regulated electric utility that provides electricity to customers in the states of Missouri and Kansas.
- Evergy Missouri West, Inc. (Evergy Missouri West) is an integrated, regulated electric utility that provides electricity to customers in the state of Missouri.
- Evergy Transmission Company, LLC (Evergy Transmission Company) owns 13.5% of Transource Energy, LLC (Transource) with the remaining 86.5% owned by AEP Transmission Holding Company, LLC, a subsidiary of American Electric Power Company, Inc. (AEP). Transource is focused on the development of competitive electric transmission projects. Evergy Transmission Company accounts for its investment in Transource under the equity method.

Evergy Kansas Central also owns a 50% interest in Prairie Wind Transmission, LLC (Prairie Wind), which is a joint venture between Evergy Kansas Central and subsidiaries of AEP and Berkshire Hathaway Energy Company. Prairie Wind owns a 108-mile, 345 kilovolt (kV) double-circuit transmission line that provides transmission service in the Southwest Power Pool, Inc. (SPP). Evergy Kansas Central accounts for its investment in Prairie Wind under the equity method.

Evergy Kansas Central, Evergy Kansas South, Evergy Metro, and Evergy Missouri West conduct business in their respective service territories using the name Evergy. The Evergy Companies assess financial performance and allocate resources on a consolidated basis (i.e., operates in one segment). Evergy serves approximately 1,620,400 customers located in Kansas and Missouri. Customers include approximately 1,421,800 residences, 191,700 commercial firms and 6,900 industrials, municipalities and other electric utilities. Evergy is significantly impacted by seasonality with approximately one-third of its retail revenues recorded in the third quarter.

The table below summarizes the percentage of Evergy's revenues by customer classification.

	2020	2019	2018
Residential	39%	37%	37%
Commercial	33%	35%	32%
Industrial	12%	12%	12%
Wholesale	5%	7%	10%
Transmission	6%	6%	7%
Other	5%	3%	2%
Total	100%	100%	100%

The table below summarizes the percentage of Evergy's retail electricity sales by customer class.

	2020	2019	2018
Residential	38%	36%	37%
Commercial	42%	43%	41%
Industrial	20%	21%	22%
Total	100%	100%	100%

Regulation

Evergy Kansas Central's and Evergy Metro's Kansas operations are regulated by the State Corporation Commission of the State of Kansas (KCC) and Evergy Metro's Missouri operations and Evergy Missouri West are regulated by the Public Service Commission of the State of Missouri (MPSC), in each case with respect to retail rates, certain accounting matters, standards of service and, in certain cases, the issuance of securities, certification of facilities and service territories. The Evergy Companies are also subject to regulation by the Federal Energy Regulatory Commission (FERC) with respect to transmission, wholesale sales and rates and other matters. Evergy has an indirect 94% ownership interest in Wolf Creek Generating Station (Wolf Creek), which is subject to regulation by the Nuclear Regulatory Commission (NRC) with respect to licensing, operations and safety-related requirements.

The table below summarizes the rate orders in effect for Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's retail rate jurisdictions.

	Regulator	Allowed Return on Equity	Rate-Making Equity Ratio	Effective Date
Evergy Kansas Central ^(a)	KCC	9.3%	51.46%	September 2018
Evergy Metro - Kansas	KCC	9.3%	49.09%	December 2018
Evergy Metro - Missouri	MPSC	(b)	(b)	December 2018
Evergy Missouri West	MPSC	(b)	(b)	December 2018

^(a) The KCC establishes rates for Evergy Kansas Central and Evergy Kansas South on a consolidated basis.

^(b) Evergy Metro's and Evergy Missouri West's current MPSC rate orders do not contain an allowed return on equity or rate-making equity ratio.

Evergy expects its 2021 Kansas and Missouri jurisdictional retail revenues to be approximately 60% and 40%, respectively, based on historical averages of Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's total retail revenues.

See Item 7 MD&A, Critical Accounting Policies section, and Note 5 to the consolidated financial statements for additional information concerning regulatory matters.

Competition

Missouri and Kansas continue to operate on the fully integrated and regulated retail utility model. As a result, the Evergy Companies do not compete with others to supply and deliver electricity in their franchised service territories in exchange for agreeing to have their terms of service regulated by state regulatory bodies. If Missouri or Kansas were to pass and implement legislation authorizing or mandating retail choice, Evergy may no longer be able to apply regulated utility accounting principles to deregulated portions of its operations, which may require a surcharge to recover certain costs from legacy customers or could lead to a write-off of certain regulatory assets and liabilities.

Evergy competes in the wholesale market to sell power in circumstances when the power it generates is not required for retail customers in its service territory. This competition primarily occurs within the SPP Integrated Marketplace, in which Evergy Kansas Central, Evergy Metro and Evergy Missouri West are participants. This marketplace determines which generating units among market participants should run, within the operating constraints of a unit, at any given time for maximum regional cost-effectiveness.

The SPP Integrated Marketplace is similar to other Regional Transmission Organization (RTO) or Independent System Operator (ISO) markets currently operating in other regions of the United States.

Power Supply

Evergy has approximately 15,400 megawatts (MWs) of owned generating capacity and renewable power purchase agreements. Evergy's owned generation and power purchases from others, as a percentage of total megawatt hours (MWhs) generated and purchased, was approximately 70% and 30%, respectively, over the last three years. Evergy purchases power to meet its customers' needs, to satisfy firm power commitments or to meet renewable energy standards. Management believes Evergy will be able to meet its future power purchase needs due to the coordination of planning and operations in the SPP region and existing power purchase agreements; however, price and availability of power purchases may be impacted during periods of high demand.

Evergy's total capacity by fuel type, including both owned generating capacity and power purchase agreements, is detailed in the table below.

Fuel Type	Estimated MW Capacity	Percent of Total Capacity
Coal	5,919	39 %
Wind ^(a)	4,339	27
Natural gas and oil	3,935	26
Uranium	1,108	7
Solar, landfill gas and hydroelectric ^(b)	72	1
Total capacity	15,373	100 %

^(a) MWs are based on nameplate capacity of the wind facility. Includes owned generating capacity of 579 MWs and long-term power purchase agreements of approximately 3,760 MWs of wind generation that expire from 2028 through 2048. See Item 2, Properties, for additional information.

^(b) Includes a long-term power purchase agreement for approximately 60 MWs of hydroelectric generation that expires in 2023.

Evergy's projected peak summer demand for 2021 is approximately 10,300 MWs. Evergy expects to meet its projected capacity requirements for 2021 with its existing generation assets and power purchases. See "Transforming Evergy's Generation Fleet" for further information regarding Evergy's long-term strategy with regards to its generating assets and power purchases.

Evergy Kansas Central, Evergy Metro and Evergy Missouri West are members of the SPP. The SPP is a FERC-approved RTO with the responsibility to ensure reliable power supply, adequate transmission infrastructure and competitive wholesale electricity prices in the region. As SPP members, Evergy Kansas Central, Evergy Metro and Evergy Missouri West are required to maintain a minimum reserve margin of 12%. This net positive supply of capacity is maintained through generation asset ownership, capacity agreements, power purchase agreements and

peak demand reduction programs. The reserve margin is designed to support reliability of the region's electric supply.

Environmental Matters

The Evergy Companies are subject to extensive and evolving federal, state and local environmental laws, regulations and permit requirements relating to air and water quality, waste management and hazardous substance disposal, protected natural resources (such as wetlands, endangered species and other protected wildlife) and health and safety. For example, Evergy Kansas Central, Evergy Metro and Evergy Missouri West combust large amounts of fossil fuels in the production of electricity, which results in significant emissions of carbon dioxide (CO₂) and other greenhouse gases (GHG). Federal legislation regulates the emission of GHGs and numerous states and regions have adopted programs to stabilize or reduce GHG emissions. The Environmental Protection Agency (EPA), the Kansas Department of Health and Environment (KDHE) and the Missouri Department of Natural Resources (MDNR) regulate emissions under the Clean Air Act Amendments of 1990 (CAA), water under the Clean Water Act (CWA) and waste management under the Resource Conservation and Recovery Act (RCRA), among other laws and regulations. See Note 15 to the consolidated financial statements for additional information. There have been, and management believes there will continue to be, policy, legal and regulatory efforts to influence climate change, such as efforts to reduce GHG emissions, impose a tax on emissions and create incentives for low-carbon generation and energy efficiency. These efforts, and climate change itself, have the potential to adversely affect the Evergy Companies' results of operations, financial position and cash flows. See Part I, Item 1A, Risk Factors, for additional information.

The Evergy Companies have taken, and will continue to take, proactive measures to mitigate the impact of climate change on its businesses. For example, the Evergy Companies regularly conduct preparedness exercises for a variety of disruptive events, including storms, which may become more frequent or intense due to climate change. In addition, the Evergy Companies have invested, and will continue to invest, in grid resiliency. Much of the Evergy Companies' infrastructure is aged, and grid resiliency efforts include building additional transmission and distribution lines, replacing aged infrastructure and proactively managing the vegetation that can damage systems during severe weather. The Evergy Companies also monitor water conditions at their generating facilities and focus on water conservation at these facilities to address resource depletion.

Transforming Evergy's Generation Fleet

The Evergy Companies are committed to a long-term strategy to reduce CO₂ emissions in a cost-effective and reliable manner. In 2020, Evergy achieved a reduction of CO₂ emissions of approximately 50% from 2005 levels and announced a goal to achieve an 80% reduction from 2005 levels by 2050. In August 2020, Evergy also announced a five-year Sustainability Transformation Plan (STP), which seeks to optimize and enhance value creation for stakeholders and has the potential to reduce CO₂ emissions by as much as 85% by 2030 compared to 2005 levels. The STP includes steps that would expedite CO₂ emission reductions by pursuing constructive legislative and regulatory recovery mechanisms to facilitate the retirement of coal-fired generation and expansion of Evergy's wind and solar footprint, while maintaining reliability. The pace of CO₂ emission reductions will ultimately be defined by continued collaboration with stakeholders as part of Evergy's triennial integrated resource plan. Further, the trajectory and timing for reaching this goal could be impacted by political, legal and regulatory actions and applicable technology developments. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) - Executive Summary - Strategy, for additional information regarding the STP.

Public attention is currently focused on transitioning to a low carbon future, including reducing GHG emissions and closing coal-fired generating units. Diversity of fuel supply has historically provided cost and reliability benefits. For example, because renewable generation is intermittent, diversity of baseload generation, including a mix of coal and natural gas, has helped to maintain a consistent availability of power. In addition, the Evergy Companies must prudently utilize the generation assets that regulators have allowed the Evergy Companies to include in rates. The Evergy Companies use a triennial integrated resource plan, which is a detailed analysis that estimates factors that influence the future supply and demand for electricity, to inform the manner in which they supply electricity. The integrated resource plan considers forecasts of future electricity demand, fuel prices, transmission improvements, new generating capacity, cost of environmental compliance, integration of renewables, energy storage, energy

efficiency and demand response initiatives. Strategies that the Evergy Companies are pursuing to reduce emissions include:

- retiring fossil fuel generation;
- developing renewable energy facilities;
- collaborating with regulators to offer customers the opportunity to procure electricity produced with renewable resources; and
- investing in customer energy efficiency programs.

Since 2005, the Evergy Companies have added over 4,400 MWs of renewables, while retiring more than 2,400 MWs of fossil generation. The Evergy Companies are also committed to transparency. On its website, www.evergy.com, Evergy provides quantitative and qualitative data regarding various environmental, social and governance matters, including information related to emissions, waste and water. The contents of the website, including reports and documents contained therein, are not incorporated into this filing.

See Note 15 to the consolidated financial statements for information regarding environmental matters.

Fuel

The fuel sources for Evergy's owned generation and power purchase agreements are coal, wind and other renewable sources, uranium and natural gas and oil. The actual 2020 fuel mix and fuel cost in cents per net kilowatt hour (kWh) delivered are outlined in the following table.

Fuel	Fuel Mix ^(a)	Fuel cost in cents per net kWh delivered ^(b)
	Actual 2020	Actual 2020
Coal	46 %	\$1.99
Wind, hydroelectric, landfill gas and solar	29	2.31
Uranium	21	0.59
Natural gas and oil	4	2.91
Total	100 %	\$1.71

^(a) Fuel mix based on percent of net MWhs generated by owned resources and delivered under renewable power purchase agreements.

^(b) Fuel cost in cents per net kWh delivered includes costs associated with renewable power purchase agreements.

Coal

During 2021, Evergy's generating units, including jointly-owned units, are projected to use approximately 18 million tons of coal. Evergy Kansas Central, Evergy Metro and Evergy Missouri West have entered into coal-purchase contracts with various suppliers in Wyoming's Powder River Basin (PRB), the nation's principal supply region of low-sulfur coal, and with local suppliers. The coal to be provided under these contracts is expected to satisfy approximately 60% of the projected coal requirements for 2021 and approximately 10% for 2022. The remainder of the coal requirements is expected to be fulfilled through entering into additional contracts or spot market purchases.

Evergy Kansas Central, Evergy Metro and Evergy Missouri West have also entered into rail transportation contracts with various railroads to transport coal from the PRB and local suppliers to their generating units. The transportation services to be provided under these contracts are expected to satisfy almost all of the projected transportation requirements for 2021 and approximately 80% for 2022. The contract rates adjust for changes in railroad costs.

Nuclear Fuel

Evergy Kansas South and Evergy Metro each owns 47% of Wolf Creek, which is Evergy's only nuclear generating unit. Wolf Creek purchases uranium and has it processed for use as fuel in its reactor. This process involves conversion of uranium concentrates to uranium hexafluoride, enrichment of uranium hexafluoride and fabrication of nuclear fuel assemblies. The owners of Wolf Creek have on hand or under contract all of the uranium, uranium enrichment and conversion services needed to operate Wolf Creek through the first quarter of 2027. The owners also have under contract all of the uranium fabrication services required to operate Wolf Creek through the third quarter of 2028.

Natural Gas

Evergy purchases natural gas for use in its generating units primarily through spot market purchases. From time to time, Evergy also may enter into contracts, including the use of derivatives, in an effort to manage the cost of natural gas. For additional information about Evergy's exposure to commodity price risks, see Item 7A., Quantitative and Qualitative Disclosures About Market Risk.

Evergy Kansas Central maintains natural gas transportation arrangements with Kansas Gas Service and Southern Star Central Gas Pipeline. The Kansas Gas Service arrangement has historically expired on April 30 of each year and is renegotiated for an additional one-year term. The Southern Star Central Gas Pipeline arrangement expires based on the generating unit being served with expiration dates from 2022 to 2030.

Human Capital Resources

At December 31, 2020, the Evergy Companies had 5,133 employees, including 2,808 represented by five local unions of the International Brotherhood of Electrical Workers (IBEW) and one local union of the United Government Security Officers of America (UGSOA). The Evergy Companies currently have labor agreements with each of these unions that expire at varying times in 2021 and 2022. The Evergy Companies employ 1,684 generation employees, 1,383 transmission and distribution employees and 2,066 support employees that work in the states of Kansas and Missouri.

Evergy's mission is to empower a better future and a key component of this mission is maintaining a culture that emphasizes safety, integrity, ownership and adaptability.

Safety is a crucial part of Evergy's values. The components of Evergy's safety program include a strong management commitment to a safety-conscious work environment, hazard recognition and control, worksite analysis, contractor safety management and training. Evergy also places a significant emphasis on continuous improvement through conducting regular safety audits and assessments. For example, Evergy's 2020 annual cash incentive program included a metric that is based on the number of days of work missed due to preventable injury. During the COVID-19 pandemic, Evergy has prioritized the safety of its employees while continuing to serve its customers and community by providing appropriate personal protective equipment, establishing additional training and protocols and directing employees to work remotely when possible.

Evergy is also working to build a more diverse and inclusive workforce through recruiting and hiring practices, performance management, training and data analysis and reporting initiatives. As of December 31, 2020, Evergy's workforce was 77% male and 23% female, and women represented 21% of Evergy's officer team. The ethnicity of Evergy's workforce was 85% White, 5% Black, 4% Hispanic and 6% other. Evergy also has a Director of Diversity, Equity and Inclusion that reports directly to Evergy's President and Chief Executive Officer.

Evergy offers a competitive package of compensation and benefits to attract and retain talented employees, including market-competitive pay, healthcare and retirement benefits, paid time off, family leave and tuition reimbursement. Evergy also allows employees to participate in a comprehensive well-being program that includes health and wellness-related incentives, business resource groups, gym membership reimbursement and access to an employee assistance program.

Information About Evergy's Executive Officers

Set forth below is information relating to the executive officers of Evergy, Inc. Each executive officer holds the same position with each of Evergy Kansas Central, Inc., Evergy Metro, Inc., Evergy Kansas South, Inc. and Evergy Missouri West, Inc. as he or she does with Evergy, Inc. Executive officers serve at the pleasure of the board of directors. There are no family relationships among any of the executive officers, nor any arrangements or understandings between any executive officer and other persons pursuant to which he or she was appointed as an executive officer.

Name	Age	Current Position(s)	Year First Assumed an Officer Position
David A. Campbell ^(a)	52	President and Chief Executive Officer	2021
Kirkland B. Andrews ^(b)	53	Executive Vice President and Chief Financial Officer	2021
Kevin E. Bryant ^(c)	45	Executive Vice President and Chief Operating Officer	2006
Gregory A. Greenwood ^(d)	55	Executive Vice President, Strategy and Chief Administrative Officer	2003
Anthony D. Somma ^(e)	57	Executive Vice President and Chief Financial Officer	2006
Jerl L. Banning ^(f)	59	Senior Vice President and Chief People Officer	2010
Charles A. Caisley ^(g)	47	Senior Vice President, Marketing and Public Affairs and Chief Customer Officer	2011
Heather A. Humphrey ^(h)	50	Senior Vice President, General Counsel and Corporate Secretary	2010
Charles L. King ⁽ⁱ⁾	56	Senior Vice President and Chief Technology Officer	2013
Steven P. Busser ⁽ⁱ⁾	52	Vice President - Risk Management and Controller	2014

- (a) Mr. Campbell was appointed President and Chief Executive Officer of Evergy, Inc. in January 2021. Mr. Campbell previously served as Executive Vice President and Chief Financial Officer of Vistra Energy Corp. (2019-2020), as President and Chief Executive Officer of InfraREIT, Inc. and President of Hunt Utility Services (2014-2019), as President and Chief Executive Officer of Sharyland Utilities (2016-2019), as President and Chief Operating Officer of Bluescape Resources (2013-2014) and in various roles with TXU Corp. and its affiliated entities after joining the firm in 2004.
- (b) Mr. Andrews was appointed Executive Vice President and Chief Financial Officer of Evergy, Inc. in February 2021. Mr. Andrews previously served as Executive Vice President and Chief Financial Officer of NRG Energy, Inc. (2011-2021) and as Executive Vice President, Chief Financial Officer of Clearway Energy, Inc. (2012-2016). Mr. Andrews also served as Managing Director and Co-Head Investment Banking, Power and Utilities - Americas at Deutsche Bank Securities (2009-2011), and in several capacities at Citigroup Global Markets Inc., including Managing Director, Group Head, North American Power (2007-2009) and Head of Power M&A, Mergers and Acquisitions (2005-2007). Mr. Andrews will assume the duties of principal financial officer following the departure of Mr. Somma.
- (c) Mr. Bryant was appointed Executive Vice President and Chief Operating Officer of Evergy, Inc. in June 2018. Mr. Bryant previously served as Senior Vice President - Finance and Strategy and Chief Financial Officer of Great Plains Energy, Evergy Metro and Evergy Missouri West (2015-2018). He previously served as Vice President - Strategic Planning of Great Plains Energy, Evergy Metro and Evergy Missouri West (2014). He served as Vice President - Investor Relations and Strategic Planning and Treasurer of Great Plains Energy, Evergy Metro and Evergy Missouri West (2013). He served as Vice President - Investor Relations and Treasurer of Great Plains Energy, Evergy Metro and Evergy Missouri West (2011-2013). He was Vice President - Strategy and Risk Management of Evergy Metro and Evergy Missouri West (2011) and Vice President - Energy Solutions of Evergy Metro (2006-2011) and Evergy Missouri West (2008-2011).
- (d) Mr. Greenwood was appointed Executive Vice President, Strategy and Chief Administrative Officer of Evergy, Inc. in June 2018. Mr. Greenwood previously served in the following officer roles for Evergy Kansas Central: Senior Vice President, Strategy (2011-2018); Vice President, Major Construction Projects (2006-2011); and Treasurer (2003-2006). Mr. Greenwood also served in the following roles for Evergy Kansas Central: Executive/Senior Director, Corporate Finance (1999-2003); Director, Financial Strategy and Acting Director, Internal Audit (1999-2000); and Director, Financial Strategy (1998-1999). Mr. Greenwood joined Evergy Kansas Central in 1993.

- (e) Mr. Somma was appointed Executive Vice President and Chief Financial Officer of Evergy, Inc. in June 2018. Mr. Somma previously served as Senior Vice President, Chief Financial Officer and Treasurer (2011-2018) for Evergy Kansas Central, after having been appointed as Treasurer in 2006 and Vice President in 2009. He also served as Executive Director, Generation (2004-2006), Executive Director, Finance (1998-1999) and Director, Corporate Strategy (1996-1998) of Evergy Kansas Central, after having joined the company in 1994. From 1999 to 2004, Mr. Somma served in various leadership roles with a former affiliate of Evergy Kansas Central, including Senior Vice President, Finance and Administration, Chief Financial Officer and Secretary. As disclosed by the Evergy Companies in a Current Report on Form 8-K filed with the SEC on January 8, 2021, Mr. Somma will leave the Evergy Companies in connection with the arrival of Mr. Andrews. Mr. Somma will continue to perform the duties of principal financial officer through the filing of the Evergy Companies' 2020 Annual Report on Form 10-K.
- (f) Mr. Banning was appointed Senior Vice President and Chief People Officer of Evergy, Inc. in June 2018. Mr. Banning previously served in the following officer roles for Evergy Kansas Central: Senior Vice President, Operations Support and Administration (2015-2018); Vice President, Human Resources and IT (2014); and Vice President, Human Resources (2010-2013). Mr. Banning also served as Executive Director of Human Resources for Evergy Kansas Central (2008-2010).
- (g) Mr. Caisley was appointed Senior Vice President, Marketing and Public Affairs and Chief Customer Officer of Evergy, Inc. in June 2018. Mr. Caisley served as Vice President - Marketing and Public Affairs of Great Plains Energy, Evergy Metro and Evergy Missouri West (2011-2018). He was Senior Director of Public Affairs (2008-2011) and Director of Governmental Affairs of Evergy Metro (2007-2008).
- (h) Ms. Humphrey was appointed Senior Vice President, General Counsel and Corporate Secretary of Evergy, Inc. in June 2018. Ms. Humphrey previously served as Senior Vice President - Corporate Services and General Counsel of Great Plains Energy, Evergy Metro and Evergy Missouri West (2016-2018). She previously served as General Counsel (2010-2016) and Senior Vice President - Human Resources of Great Plains Energy, Evergy Metro and Evergy Missouri West (2012-2016). She served as Vice President - Human Resources of Great Plains Energy, Evergy Metro and Evergy Missouri West (2010-2012). She was Senior Director of Human Resources and Interim General Counsel of Great Plains Energy, Evergy Metro and Evergy Missouri West (2010) and Managing Attorney of Evergy Metro (2007-2010).
- (i) Mr. King was appointed Senior Vice President and Chief Technology Officer of Evergy, Inc. in February 2020. He previously served as Senior Vice President, Information Technology and Chief Information Officer (2019) and Vice President, Information Technology and Chief Information Officer (2018-2019) of Evergy, Inc. Prior to that, he served as Vice President - Information Technology (2013-2018), as Senior Director of Information Technology Applications and Delivery (2013) and Director of Information Technology Applications (2011-2013) of Evergy Metro and Evergy Missouri West. Mr. King also served in various roles, including leadership roles, with Dish Network, CenturyLink, Sprint and Accenture.
- (j) Mr. Busser was appointed Vice President - Risk Management and Controller of Evergy, Inc. in June 2018. Mr. Busser was appointed Vice President - Risk Management and Controller of Great Plains Energy, Evergy Metro and Evergy Missouri West in 2016. He previously served as Vice President - Business Planning and Controller of Great Plains Energy, Evergy Metro and Evergy Missouri West (2014-2016). He served as Vice President - Treasurer of El Paso Electric Company (2011-2014). Prior to that, he served as Vice President - Treasurer and Chief Risk Officer (2006-2011) and Vice President - Regulatory Affairs and Treasurer (2004-2006) of El Paso Electric Company.

Evergy Kansas Central, Inc.

Evergy Kansas Central, a Kansas corporation incorporated in 1924 and headquartered in Topeka, Kansas, is an integrated, regulated electric utility that engages in the generation, transmission, distribution and sale of electricity. Evergy Kansas Central serves approximately 720,500 customers located in central and eastern Kansas. Customers include approximately 628,100 residences, 88,000 commercial firms, and 4,400 industrials, municipalities and other electric utilities. Evergy Kansas Central's retail revenues averaged approximately 77% of its total operating revenues over the last three years. Wholesale firm power, bulk power sales, transmission and miscellaneous electric revenues accounted for the remainder of Evergy Kansas Central's revenues. Evergy Kansas Central is significantly impacted by seasonality with approximately one-third of its retail revenues recorded in the third quarter.

Evergy Metro, Inc.

Evergy Metro, a Missouri corporation incorporated in 1922 and headquartered in Kansas City, Missouri, is an integrated, regulated electric utility that engages in the generation, transmission, distribution and sale of electricity. Evergy Metro serves approximately 565,800 customers located in western Missouri and eastern Kansas. Customers include approximately 500,100 residences, 63,800 commercial firms, and 1,900 industrials, municipalities and other electric utilities. Evergy Metro's retail revenues averaged approximately 92% of its total operating revenues over the last three years. Wholesale firm power, bulk power sales and miscellaneous electric revenues accounted for the remainder of Evergy Metro's revenues. Evergy Metro is significantly impacted by seasonality with approximately one-third of its retail revenues recorded in the third quarter. Missouri and Kansas jurisdictional retail revenues for Evergy Metro averaged approximately 55% and 45%, respectively, of total retail revenues over the last three years.

ITEM 1A. RISK FACTORS

Utility Regulatory Risks:

Prices are established by regulators and may not be sufficient to result in a recovery of costs or provide for a return on investment.

The prices that the FERC, KCC and MPSC authorize the utility subsidiaries of Evergy to charge significantly influence the Evergy Companies' results of operations, financial position and cash flows.

In general, utilities are allowed to recover in customer rates costs that were prudently incurred to provide utility service, plus a reasonable return on invested capital. There can be no assurance, however, that regulators will determine costs to have been prudently incurred. Further, the amounts approved by the regulators may not be sufficient to allow for a recovery of costs or provide for an adequate return on and of capital investments. Also, amounts that were approved by regulators may be appealed, modified, limited or eliminated by subsequent regulatory or legislative actions. A failure to recover costs or earn a reasonable return on invested capital could have a material adverse effect on the results of operations, financial position and cash flows of Evergy and its utility subsidiaries.

The Evergy Companies are also exposed to cost-recovery shortfalls due to the inherent "regulatory lag" in the rate-setting process. This is because utility rates are generally based on historical information and, except for certain situations where regulators allow for recovery of expenses through use of a formula that tracks costs, are not subject to adjustment between rate cases. In connection with the merger, Evergy Kansas Central and Evergy Metro agreed to a five-year base rate moratorium in Kansas beginning in December 2018. In addition, effective as of January 1, 2019, Evergy Metro and Evergy Missouri West elected into plant-in service accounting (PISA), which, by law, requires each company to keep base rates constant for three years following Evergy Metro's and Evergy Missouri West's last general rate case and limits the extent to which prices can increase thereafter. These and other factors may result in under-recovery of costs or failure to earn the authorized return on investment, or both.

Failure to timely recover the full investment costs of capital projects, the impact of renewable energy and energy efficiency programs, other utility costs and expenses due to regulatory disallowances, regulatory lag or other factors could lead to lowered credit ratings, reduced access to capital markets, increased financing costs, lower flexibility due to constrained financial resources and increased collateral security requirements or reductions or delays in planned capital expenditures. In response to competitive, economic, political, legislative, public perception and regulatory pressures, Evergy's utility subsidiaries may be subject to rate moratoriums, rate refunds, limits on rate increases, lower allowed returns on investments or rate reductions, including phase-in plans designed to spread the impact of rate increases over an extended period for the benefit of customers. Any of these results could have a material adverse effect on the results of operations, financial condition and cash flows of the Evergy Companies.

Legislative and regulatory requirements may increase costs and result in compliance penalties.

FERC, the North American Electric Reliability Corporation (NERC) and SPP have implemented and enforce an extensive set of transmission system reliability, cybersecurity and critical infrastructure protection standards that apply to public utilities. The MPSC and KCC have the authority to implement utility operational standards and requirements, such as vegetation management standards, facilities inspection requirements and quality of service standards. In addition, Evergy is also subject to health, safety and other requirements enacted by the Occupational Safety and Health Administration, the Department of Transportation, the Department of Labor and other federal and state agencies. As discussed more fully below, the Evergy Companies are also subject to numerous environmental laws and regulations, as well as laws and regulations related to nuclear power generation. The costs of complying with existing, new or modified regulations, standards and other requirements could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies. Furthermore, regulatory changes could result in operational changes that increase costs or adversely impact the Evergy Companies' prospects. In addition, failure to meet quality of service, reliability, cybersecurity, critical infrastructure protection, operational or other standards and requirements could expose the Evergy Companies to penalties, additional

compliance costs or adverse rate consequences, any of which could have a material adverse impact on their results of operations, financial position and cash flows.

Environmental Risks:

Costs to comply with environmental laws and regulations, including those relating to GHG emissions, are significant and may adversely impact operations and financial results.

The Evergy Companies are subject to extensive and evolving federal, state and local environmental laws, regulations and permit requirements relating to air and water quality, waste management and hazardous substance disposal, protected natural resources (such as wetlands, endangered species and other protected wildlife) and health and safety. See Item 1. Business - Environmental Matters and Note 15 to the consolidated financial statements for additional information.

Compliance with these laws, regulations and requirements requires significant capital and operating resources, and the failure to comply could result in substantial fines, injunctive relief and other sanctions. In addition, there is a risk of lawsuits alleging violations of environmental laws, regulations or requirements, claiming creation of a public nuisance or other matters, and seeking injunctions or monetary damages or other relief.

Environmental permits are subject to periodic renewal, which may result in more stringent permit conditions and limits. New facilities, or modifications of existing facilities, may require new environmental permits or amendments to existing permits. Delays in the environmental permitting process, public opposition and challenges, denials of permit applications, limits or conditions imposed in permits and the associated uncertainty may materially adversely affect the cost and timing of projects, and thus materially adversely affect the results of operations, financial position and cash flows of the Evergy Companies. In addition, compliance with environmental laws, regulations and requirements could alter the way assets are managed, which in turn could result in retiring assets earlier than expected, recording asset retirement obligations (AROs) or having a regulator disallow recovery of costs that had been prudently incurred in connection with those assets.

Costs of compliance with environmental laws, regulations and requirements, or fines, penalties or negative lawsuit outcomes, if not recovered in rates from customers, could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies.

Financial Risks:

Financial market disruptions or declines in the Evergy Companies' credit ratings may increase financing costs and limit access to the credit markets, which may adversely affect liquidity and financial results.

The Evergy Companies rely on funds from operations and access to the capital and credit markets to fund capital expenditures and for working capital and liquidity. Disruption in capital or credit markets, increases in interest rates, deterioration in the financial condition of the financial institutions on which the Evergy Companies rely, credit rating downgrades, a decrease in the market price of Evergy's common stock or a decrease or disappearance in the demand for debt securities issued by the Evergy Companies or subsidiaries could have material adverse effects on the Evergy Companies. These effects could include, among others: reduced access to capital and increased cost of borrowed funds and collateral requirements; dilution resulting from equity issuances at reduced prices; increased nuclear decommissioning trust and pension and other post-retirement benefit plan funding requirements; reduced ability to pay dividends; rate case disallowance of costs of capital; reductions in or delays of capital expenditures; and limitations in the ability of Evergy to provide credit support for its subsidiaries.

The STP includes an increase in targeted capital investments to enhance the customer experience, improve reliability and resiliency and improve efficiency, which are expected to be funded with cash flows from operations and debt. If cash flows from operations are lower than expected, additional debt will be required to fund the investments, which, in turn, may create pressure on the Evergy Companies' credit ratings or result in a ratings downgrade and increase their cost of capital. Further, Evergy Kansas Central and Evergy Metro have outstanding tax-exempt bonds that may be put back to the respective issuer at the option of the holders, which could adversely

impact liquidity. In addition, market disruption and volatility could have an adverse impact on Evergy's lenders, suppliers and other counterparties or customers, causing them to fail to meet their obligations.

Evergy is a holding company and relies on the earnings of its subsidiaries to meet its financial obligations.

Evergy is a holding company with no significant operations of its own. The primary source of funds for payment of dividends to its shareholders and its other financial obligations is dividends paid to it by its direct subsidiaries, particularly Evergy Kansas Central, Evergy Metro and Evergy Missouri West. Evergy's subsidiaries are separate legal entities and have no obligation to provide Evergy with funds. The ability of Evergy's subsidiaries to pay dividends or make other distributions, and accordingly, Evergy's ability to pay dividends on its common stock and meet its financial obligations, principally depends on the earnings and cash flows, capital requirements and general financial position of its subsidiaries, as well as regulatory factors, financial covenants, general business conditions and other matters.

In addition, the Evergy Companies are subject to certain corporate and regulatory restrictions and financial covenants that could affect their ability to pay dividends. Under the Federal Power Act, Evergy Kansas Central, Evergy Metro and Evergy Missouri West generally can pay dividends only out of retained earnings. Each of Evergy Metro and Evergy Missouri West has committed to Missouri regulators to not pay dividends to Evergy if its credit rating falls below BBB- for S&P Global Ratings or Baa3 for Moody's Investor Services. Each of Evergy Kansas Central and Evergy Metro has committed to Kansas regulators to not pay dividends to Evergy if (i) the payment would result in an increase in the utility's debt level (excluding short-term debt and debt due within one year) above 60 percent of its total capitalization, absent approval from the KCC or (ii) if its credit rating falls below BBB- for S&P Global Ratings or Baa3 for Moody's Investor Services. Under various debt agreements, the Evergy Companies are also required to maintain a consolidated indebtedness to consolidated total capitalization ratio of not more than 0.65 to 1.00, which could restrict the amount of dividends the Evergy Companies are permitted to pay. Evergy cannot guarantee dividends will be paid in the future or that, if paid, dividends will satisfy announced targets or investor expectations or be paid with the same frequency as in the past.

In addition, from time to time Evergy may guarantee debt obligations of its subsidiaries. Under the financing agreements to which Evergy is a party, a guarantee of debt may be considered indebtedness for purposes of complying with financial covenants that dictate the extent to which Evergy can borrow money, and any guarantee payments could adversely affect Evergy's liquidity and ability to service its own debt obligations.

Increasing costs associated with defined benefit retirement and postretirement plans, health care plans and other employee benefits could adversely affect Evergy's financial position and liquidity.

Evergy maintains defined benefit retirement and other post-retirement employee benefit plans for certain current and former employees. The costs of these plans depend on a number of factors, including the rates of return on plan assets, the level and nature of the provided benefits, discount rates, the interest rates used to measure required minimum funding levels, changes in benefit design, changes in laws or regulations and the amount of any required or voluntary contributions to the plans. The Evergy Companies have substantial unfunded liabilities under these plans. Also, if the rate of retirements exceeds planned levels, these plans experience adverse market returns on investments or interest rates fall, required or voluntary contributions to the plans could be material. In addition, changes in accounting rules and assumptions related to future costs, returns on investments, interest rates and other actuarial assumptions, including projected retirements, could have a significant adverse impact on the results of operations, financial position and cash flows of the Evergy Companies.

The costs of providing health care benefits to employees and retirees have increased in recent years and may continue to rise in the future. Future legislative changes related to health care could also cause significant changes to benefit programs and costs. The increasing costs associated with health care plans could have a significant adverse impact on the results of operations, financial position and cash flows of the Evergy Companies.

The Evergy Companies are subject to commodity and other risks associated with energy markets.

The Evergy Companies are required to maintain generation capacity that satisfies regulatory mandates and are obligated to provide power when required by the SPP or pursuant to contractual obligations. Although the Evergy Companies generally have regulatory mechanisms that allow them to recover the cost of fuel and purchased power

necessary to satisfy these requirements, regulatory or legislative actions could limit, eliminate or delay recovery of these expenses after the expenses have been incurred.

The Evergy Companies engage in the wholesale and retail sale of electricity as part of their regulated electric operations in addition to limited energy marketing activities and the management of third-party generation facilities. These activities expose the Evergy Companies to risks associated with the price of electricity and other energy-related products, as well credit exposure to their counterparties. Exposure to these risks is affected by a number of factors, including the availability and cost of fuel and power that the Evergy Companies may purchase on the wholesale markets to satisfy their regulatory or contractual obligations, the ability or effectiveness of strategies utilized by the Evergy Companies to hedge these risks, the extent to which the Evergy Companies may be required to post collateral for the benefit of third parties and the risk that counterparties fail to fulfill their obligations to the Evergy Companies. Market volatility can increase or create unanticipated risks. Regional transmission organizations and independent system operators may also retroactively reprice transactions following execution.

Subject to certain regulatory constraints, the Evergy Companies use derivative instruments, such as transmission congestion rights (TCRs), swaps, options, futures and forwards, to manage commodity and financial risks. Losses could be recognized as a result of volatility in the market values of these contracts, if a counterparty fails to perform or if the underlying transactions, which the derivative instruments are intended to hedge, fail to materialize. The valuation of these financial instruments can involve management's judgment or the use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The Evergy Companies cannot assure that their risk management practices will be effective or will mitigate all risks.

The results of operations, financial position and liquidity of the Evergy Companies could be materially adversely affected if the Evergy Companies fail to recover, or experience a delay in the recovery of, fuel and purchased power expenses; if the Evergy Companies fail to adequately hedge or mitigate commodity or energy market risks; if the Evergy Companies are required to provide collateral in amounts greater than planned; if energy marketing transactions are retroactively repriced; or if counterparties fail to fulfill obligations to the Evergy Companies.

Tax legislation and an inability to utilize tax credits could adversely impact results of operations, financial position and liquidity.

Tax laws and regulations can adversely affect, among other things, financial results, liquidity, credit ratings and the valuation of assets, such as deferred income tax assets. The Evergy Companies regularly assess their ability to utilize tax benefits, including those in the form of net operating loss (NOL), tax credit and other tax carryforwards, that are recorded as deferred income tax assets on its balance sheets to determine whether a valuation allowance is necessary. A reduction in, or disallowance of, these tax benefits could have an adverse impact on the financial results and liquidity of the Evergy Companies.

Additionally, changes in corporate tax rates or policy changes, as well as any inability to generate enough taxable income in the future to utilize all tax benefits before they expire, could have an adverse impact on the results of operations, financial position and liquidity of the Evergy Companies. For example, prior to the U.S. presidential election, President Biden proposed increasing the U.S. corporate income tax rate from 21% to 28% and imposing an alternative minimum tax (AMT) on book income, among other things, and these or similar proposals, if enacted into law, could impact the Evergy Companies' effective tax rate. In addition, the Evergy Companies construct and operate renewable energy facilities that generate tax credits that reduce federal income tax obligations. The amount of tax credits is dependent on several factors, including the amount of electricity produced and the applicable tax credit rate. A variety of factors, including transmission constraints, the ability to timely complete construction of renewable energy facilities, adverse weather conditions and breakdown or failure of equipment, could significantly reduce these tax credits, which could have an adverse impact on the results of operations and financial position of the Evergy Companies.

The anticipated benefits of the Evergy Companies' strategy may not be realized.

The STP includes planned reductions in operating and maintenance expense and planned increases in capital investments. The STP also includes pursuing statutory and regulatory mechanisms to facilitate the retirement of

coal-fired generation and expansion of the Evergy Companies' wind and solar footprint. If regulators determine that the retirement of coal generation facilities was not prudent, they could prohibit the Evergy Companies from recovering, or earning a return on, the investments in those facilities that were prudent when the investments were originally made. This concept is known as a "stranded asset," and generation retirements outside of those contemplated in the integrated resource plan increase the risk that regulators will disallow the recovery of otherwise prudent investments.

See Part II, Item 7, MD&A - Executive Summary - Strategy, for additional information regarding the STP. The risks described elsewhere in Item 1A – Risk Factors apply to the STP. No assurance can be given that the Evergy Companies will be successful in implementing their strategy in a timely manner or at all, and a failure to do so could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies and have an adverse impact on the price of Evergy's common stock.

The price of Evergy common stock may experience volatility.

The price of Evergy common stock may be volatile. Some of the factors that could affect the price of Evergy common stock are Evergy's earnings; the ability of the Evergy Companies to implement their strategic plan; the ability of Evergy to deploy capital; actions by regulators; and statements in the press or investment community about the Evergy Companies' strategy, earnings per share or growth prospects, financial condition or results of operations. Negative perceptions or publicity from increasing scrutiny of environmental, social and governance practices could also adversely impact Evergy's stock price. Also, individuals or entities, such as activist shareholders and special interest groups, may seek to influence the Evergy Companies' strategic plan or take other actions that could disrupt the Evergy Companies' business, financial results or operations and could adversely impact Evergy's stock price. In addition, the Evergy Companies operate almost exclusively in Kansas and Missouri and this concentration may increase exposure to risks arising from unique local or regional factors. Furthermore, general market conditions and U.S. economic factors and political events unrelated to the performance of Evergy (including the COVID-19 pandemic) may also affect Evergy's stock price. For these reasons, shareholders should not rely on historical trends in the price of Evergy common stock to predict the future price of Evergy's common stock.

Evergy has recorded goodwill that could become impaired and adversely affect financial results.

As required by generally accepted accounting principles (GAAP), Evergy recorded a significant amount of goodwill on its balance sheet in connection with completion of the merger that resulted in the formation of Evergy. Evergy assesses goodwill for impairment on an annual basis or whenever events or circumstances occur that would indicate a potential for impairment. If goodwill is deemed to be impaired, Evergy may be required to incur non-cash charges that could materially adversely affect its results of operations.

Customer and Weather-Related Risks:

Changes in electricity consumption could have a material adverse effect on Evergy's results of operations, financial position and cash flows.

Change in customer behaviors in response to energy efficiency programs, changing conditions and preferences or changes in the adoption of technologies could affect the consumption of energy by customers. Federal and state programs exist to influence the way customers use energy and regulators have mandates to promote energy efficiency. Conservation programs and customers' level of participation in the programs could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies.

Technological advances, energy efficiency and other energy conservation measures have reduced and will continue to reduce customer electricity consumption. The Evergy Companies generate electricity at central station power plants to achieve economies of scale and produce electricity at a competitive cost. Self-generation and distributed generation technologies, including microturbines, wind turbines, fuel cells and solar cells, as well as those related to the storage of energy produced by these systems, have become economically competitive with the manner and price at which the Evergy Companies sell electricity. There is also a perception that generating or storing electricity through these technologies is more environmentally friendly than generating electricity with fossil fuels. Increased

adoption of these technologies could reduce electricity demand and the pool of customers from whom fixed costs are recovered, resulting in under recovery of the fixed costs of the Evergy Companies. Increased self-generation and the related use of net energy metering, which allows self-generating customers to receive bill credits for surplus power, could put upward price pressure on remaining customers. If the Evergy Companies are unable to adjust to reduced electricity demand and increased self-generation and net energy metering, their financial condition and results of operations could be adversely affected.

Changes in customer electricity consumption due to sustained financial market disruptions, downturns or sluggishness in the economy or other factors may also adversely affect the results of operations, financial position and cash flows of the Evergy Companies.

Weather is a major driver of the results of operations, financial position and cash flows of the Evergy Companies and the Evergy Companies are subject to risks associated with climate change.

Weather conditions directly influence the demand for and price of electricity. The Evergy Companies are significantly impacted by seasonality, and, due to energy demand created by air conditioning load, highest revenues are typically recorded in the third quarter. Unusually mild winter or summer weather can adversely affect sales. In addition, severe weather and events, including tornados, snow, fire, rain, flooding and ice storms, can be destructive and cause outages and property damage that can result in increased expenses, lower revenues and additional restoration costs. Storm reserves established by the Evergy Companies may be insufficient and rates may not be adjusted in a timely manner, or at all, to recover these costs. Additionally, because many of the Evergy Companies' generating stations utilize water for cooling, low water and flow levels can increase maintenance costs at these stations, result in limited power production and require modifications to plant operations. High water conditions can also impair planned deliveries of fuel to generating stations or otherwise adversely impact the ability of the Evergy Companies to operate these stations. Climate change may produce more frequent or severe weather events, such as storms, droughts or floods and could also impact the economic health of the Evergy Companies' service territories. An increase in the frequency or severity of extreme weather events or a deterioration in the economic health of Evergy's service territories could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies.

In addition, policy, legal and regulatory efforts to influence climate change, such as efforts to reduce GHG emissions, impose a tax on emissions and create incentives for low-carbon generation and energy efficiency, could result in reduced sales and require significant costs to respond to such efforts. These efforts could also result in the early retirement of generation facilities, which could result in stranded costs if regulators disallow recovery of investments that were prudent when originally made. The Evergy Companies announced a goal in 2020 to achieve an 80% reduction of CO₂ emissions from 2005 levels by 2050 and the STP has the potential to reduce CO₂ emissions by as much as 85% by 2030 compared to 2005 levels. The trajectory and timing of the goal could be impacted by many external factors, including national and state energy policies; legal and regulatory matters; stakeholder input into the Evergy Companies' integrated resource plan; the development, deployment and advancement of relevant energy technologies; and other factors. Any of the foregoing could adversely affect the results of operations, financial position and cash flows of the Evergy Companies and the market prices of Evergy's common stock.

Operational Risks:

Operational risks may adversely affect the Evergy Companies.

The operation of electric generation, transmission, distribution and information systems involves many risks, including breakdown or failure of equipment; aging infrastructure; operator error or contractor or subcontractor failure; problems that delay or increase the cost of returning facilities to service after outages; limitations that may be imposed by equipment conditions or environmental, safety or other regulatory requirements; fuel supply or fuel transportation reductions or interruptions; labor disputes; difficulties with the implementation or operation of information systems; transmission scheduling constraints; and catastrophic events such as fires, floods, droughts, explosions, terrorism, severe weather, pandemics or other similar occurrences. Many of the Evergy Companies' generation, transmission and distribution resources are aged, which increases the risk of unplanned outages, reduced

generation output and higher maintenance expense. Any equipment or system outage or constraint can, among other things, reduce sales, increase costs and affect the ability to meet regulatory service metrics, customer expectations and regulatory reliability and security requirements.

The Evergy Companies have general liability and property insurance to cover a portion of their facilities, but such policies do not cover transmission or distribution systems, are subject to certain limits and deductibles and do not include business interruption coverage. Insurance coverage may not be available in the future at reasonable costs or on commercially reasonable terms, and the insurance proceeds received for any loss of, or any damage to, any facilities may not be sufficient to restore the loss or damage.

These and other operating events may reduce revenues or increase costs, or both, and may materially affect the results of operations, financial position and cash flows of the Evergy Companies.

Physical and cybersecurity breaches, criminal activity, terrorist attacks and other disruptions to facilities or information technology infrastructure could interfere with operations, expose the Evergy Companies or their customers or employees to a risk of loss, expose the Evergy Companies to legal or regulatory liability and cause reputational and other harm.

The Evergy Companies rely upon information technology networks and systems to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including the generation, transmission and distribution of electricity, supply chain functions and the invoicing and collection of payments from customers. The Evergy Companies also use information technology networks and systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal and tax requirements. These networks and systems are in some cases owned or managed by third-party service providers. In the ordinary course of business, the Evergy Companies collect, store and transmit sensitive data including operating information, proprietary business information and personal information belonging to customers and employees.

The Evergy Companies' information technology networks and infrastructure, as well as the networks and infrastructure belonging to third-party service providers are vulnerable to damage, disruptions or shutdowns due to attacks or breaches by hackers or other unauthorized third parties; error or malfeasance by one or more employees or service providers; software or hardware upgrades; additions or replacements; malicious software code; telecommunication failures; natural disasters or other catastrophic events. The COVID-19 pandemic has changed the way the Evergy Companies operate and has increased the use of technology to enable remote-working arrangements, which may increase or expose previously unknown vulnerabilities. Public reports have indicated an increase in cyberattacks in general since the start of the pandemic due, in part, to the increase in the number of employees working remotely and the proliferation of the different ways in which employees and third parties interact with the Evergy Companies' information technology infrastructure.

The occurrence of any of these events could, among other things, impact the reliability or safety of the Evergy Companies' generation, transmission and distribution systems; result in the erasure of data or render the Evergy Companies' equipment, or the equipment of third-party service providers, unusable; impact the Evergy Companies' ability to conduct business in the ordinary course; reduce sales; expose the Evergy Companies and their customers, employees and vendors to a risk of loss or misuse of information; and result in legal claims or proceedings, liability or regulatory penalties, damage the Evergy Companies' reputation or otherwise harm their business. The Evergy Companies can provide no assurance that they will be able to identify and remediate all security or system vulnerabilities or that unauthorized access or error will be identified and remediated.

The Evergy Companies are subject to laws and rules issued by multiple government agencies concerning safeguarding and maintaining the confidentiality of their security, customer and business information. For example, NERC has issued comprehensive regulations and standards surrounding the security of bulk power systems and is continually in the process of developing updates and new requirements with which the utility industry must comply. The NRC also has issued regulations and standards related to the protection of critical digital assets at nuclear power plants. Compliance with NERC and NRC rules and standards, and rules and standards promulgated by other regulatory agencies from time to time or future legislation, will increase the Evergy Companies' compliance costs

and their exposure to the potential risk of violations of these rules, standards or future legislation, which includes potential financial penalties. Furthermore, the non-compliance of other utilities with applicable regulations or the occurrence of a serious security event at other utilities could result in increased regulation or oversight, both of which could increase the Evergy Companies' costs and impact their financial results.

Additionally, the Evergy Companies cannot predict the impact that any future information technology or malicious attack may have on the energy industry in general. The electric utility industry, both within the United States and internationally, has experienced physical and cybersecurity attacks on energy infrastructure such as power plants, substations and related assets in the past, and there will likely be more attacks in the future. The Evergy Companies' facilities and systems could be direct targets or indirect casualties of such attacks. The effects of such attacks could include disruption to the Evergy Companies' generation, transmission and distribution systems or to the electrical grid in general, reduced sales and could increase the cost of insurance coverage or result in a decline in the U.S. economy. Furthermore, insurance may not be adequate to cover any associated losses. Any of the foregoing could have a material adverse impact on the Evergy Companies' results of operations or financial position.

The cost and schedule of capital projects may materially change and expected performance may not be achieved.

The Evergy Companies' business is capital intensive and includes significant construction projects. The risks of any capital project include: actual costs may exceed estimated costs; regulators may disallow, limit or delay the recovery of all or part of the cost of, or a return on, a capital project; risks associated with the capital and credit markets to fund projects; delays in receiving, or failure to receive, necessary permits, approvals and other regulatory authorizations; unforeseen engineering problems or changes in project design or scope; the failure of suppliers and contractors to perform as required under their contracts; inadequate availability or increased cost of labor or materials, including commodities such as steel, copper and aluminum that may be subject to uncertain or increased tariffs; inclement weather; new or changed laws, regulations and requirements, including environmental and health and safety laws, regulations and requirements; and other events beyond the Evergy Companies' control may occur that may materially affect the schedule, cost and performance of these projects.

The STP includes an increase in targeted capital investments. The Evergy Companies' ability to implement the investments contemplated in the STP depend, in part, on the availability of adequate internal and external resources, such as employees and qualified contractors and the availability of materials. In this regard, the global COVID-19 pandemic has caused and continues to cause disruptions to the global supply chain and the availability of qualified labor.

These and other risks could cause the Evergy Companies to defer or limit capital expenditures, materially increase the costs of capital projects, delay the in-service dates of projects, adversely affect the performance of the projects and require the purchase of electricity on the wholesale market, at potentially more expensive prices, until the projects are completed. These risks may significantly affect the Evergy Companies' results of operations, financial position and cash flows.

Failure to attract and retain an appropriately qualified workforce and to maintain satisfactory collective bargaining agreements could negatively impact the Evergy Companies' business and operations and adversely impact the Evergy Companies' results of operations, financial position and cash flows.

The Evergy Companies' workforce includes professional, managerial and technical employees, and a failure to attract and retain qualified talent, or retirements without adequate replacements or adjustments to the Evergy Companies' strategy, could adversely impact the Evergy Companies' ability to execute on their strategy. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems are in high demand and have a limited supply, and Evergy competes for qualified employees with these skills on a national level.

A significant portion of the Evergy Companies' workforce is represented by five local unions of the IBEW and one local union of the UGSOA. The collective bargaining agreements with the five IBEW locals all expire in 2021 and the collective bargaining agreement with the UGSOA expires in 2022. A failure to successfully negotiate these collective bargaining agreements could result in a labor disruption and have a significant adverse impact on the Evergy Companies' operations and results of operations.

The STP includes enhanced technology and transmission and distribution investments and a reduction in reliance on coal-fired generation. The Evergy Companies will need to attract and retain personnel that are qualified to implement the Evergy Companies' strategy and may need to retrain or reskill certain employees to support the Evergy Companies' long-term objectives. A failure to attract and retain qualified employees, retrain or reskill existing employees and maintain satisfactory collective bargaining agreements could have a significant adverse impact on the results of operations, financial condition, liquidity and cash flows of the Evergy Companies.

The Evergy Companies are exposed to risks associated with the ownership and operation of a nuclear generating unit, which could adversely impact the Evergy Companies' business and financial results.

Evergy indirectly owns 94% of Wolf Creek, with Evergy Kansas South and Evergy Metro each owning 47% of the nuclear plant. The NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities, including Wolf Creek. In the event of non-compliance, the NRC has the authority to impose fines, shut down the facilities, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Additionally, the non-compliance of other nuclear facility operators with applicable regulations or the occurrence of a serious nuclear incident anywhere in the world could result in increased regulation of the nuclear industry. Such events could increase Wolf Creek's costs and impact the financial results of the Evergy Companies or result in a shutdown of Wolf Creek.

An extended outage of Wolf Creek, whether resulting from NRC action, an incident at the plant or otherwise, could have a material adverse effect on the results of operations, financial position and cash flows of the Evergy Companies in the event replacement power and other costs are not recovered through rates or insurance. If a long-term outage occurred, the state regulatory commissions could reduce rates by excluding the Wolf Creek investment from rate base. Wolf Creek commenced operations in 1985 and the age of Wolf Creek increases the risk of unplanned outages and results in higher maintenance costs.

On an annual basis, Evergy Kansas South and Evergy Metro are required to contribute money to tax-qualified trusts that were established to pay for decommissioning costs at the end of the unit's life. The amount of contributions varies depending on estimates of decommissioning expenses and projected return on trust assets. If the actual return on trust assets is below the projected level or actual decommissioning costs are higher than estimated, Evergy Kansas South and Evergy Metro could be responsible for the balance of funds required and may not be allowed to recover the balance through rates.

The Evergy Companies are also exposed to other risks associated with the ownership and operation of a nuclear generating unit, including, but not limited to, (i) potential liability associated with the potential harmful effects on the environment and human health resulting from the operation of a nuclear generating unit, (ii) the storage, handling, disposal and potential release (by accident, through third-party actions or otherwise) of radioactive materials and (iii) uncertainties with respect to contingencies and assessments if insurance coverage is inadequate. Under the structure for insurance among owners of nuclear generating units, Evergy Kansas South and Evergy Metro are also liable for potential retrospective premium assessments (subject to a cap) per incident at any commercial reactor in the country and losses in excess of insurance coverage.

In addition, Wolf Creek is reliant on a sole supplier for fuel and related services. The supplier has in the past been the subject of Chapter 11 reorganization proceedings, and an extended outage of Wolf Creek could occur if the supplier is not able to perform under its contracts with Wolf Creek. Switching to another supplier could take an extended amount of time and would require NRC approval. An extended outage at Wolf Creek could affect the amount of Wolf Creek investment included in customer rates and could have a material impact on the Evergy Companies' financial results.

The structure of the regional power market in which the Evergy Companies operate could have an adverse effect on their results of operations, financial position and cash flows.

Evergy Kansas Central, Evergy Metro and Evergy Missouri West are members of the SPP regional transmission organization, and each has transferred operational authority (but not ownership) of their transmission facilities to the SPP. The SPP's Integrated Marketplace determines which generating units among market participants should run,

within the operating constraints of a unit, at any given time. The SPP's rules are primarily designed to provide for maximum cost-effectiveness, but in certain respects the rules also provide preferential treatment for certain resources based on public policy initiatives, such as increasing the deployment of renewable generation. If Evergy Kansas Central's, Evergy Metro's or Evergy Missouri West's generating resources are not dispatched, each could experience decreased levels of wholesale electricity sales.

The rules governing the various regional power markets, including the SPP, may change from time to time and such changes could impact the costs and revenues of the Evergy Companies.

Litigation Risks:

The outcome of legal proceedings cannot be predicted. An adverse finding could have a material adverse effect on the Evergy Companies' results of operations, financial position and cash flows.

The Evergy Companies are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. The outcome of these matters cannot be determined, nor, in many cases, can the liability that could potentially result from each case be reasonably estimated. The liability that the Evergy Companies may incur with respect to any of these cases may be in excess of amounts currently accrued and insured against with respect to such matters and could adversely impact the financial results for the Evergy Companies.

COVID-19 Risks:

The spread of COVID-19 and resulting impact on business and economic conditions could continue to negatively affect the Evergy Companies' business and operations.

The COVID-19 pandemic has had, and may continue to have, a significant impact on the way that the Evergy Companies conduct their operations and could adversely impact their results of operations, financial condition, cash flows and liquidity. Further, the spread of COVID-19 has resulted in efforts to contain the virus, such as quarantines, restrictions on travel, closures and reduced operations of businesses, governmental agencies and other institutions. The pandemic, along with the efforts to contain the virus, has caused and could continue to cause an economic slowdown or recession, result in significant disruptions or reductions in various public, commercial or industrial activities and cause employee absences, which could interfere with the Evergy Companies' operations or the operations of their customers.

The COVID-19 pandemic has altered electricity usage patterns, including an overall reduction in demand and shifting usage away from customers with relatively higher load requirements, such as industrial and commercial customers, toward customers with relatively lower load requirements, such as residential customers. These changes in electricity usage patterns and the extent to which some of these shifts could become long-term or permanent could result in a significant decrease in the Evergy Companies' sales of electricity.

The Evergy Companies have also incurred, and will continue to incur, expenses related to monitoring the COVID-19 pandemic and modifying operations in response to the pandemic. In July 2020, the KCC authorized Evergy Kansas Central and Evergy Metro to record to a regulatory asset all net incremental costs incurred with respect to their Kansas operations associated with the COVID-19 pandemic for consideration in their next Kansas rate cases, which are expected to be completed no later than the end of 2023. Additionally, the KCC order stated that the KCC will also consider granting the recovery of Evergy Kansas Central's and Evergy Metro's lost revenues associated with the COVID-19 pandemic as part of their next Kansas rate cases. In January 2021, the MPSC authorized Evergy Metro and Evergy Missouri West to defer to a regulatory asset certain net incremental costs incurred between March 1, 2020 and March 31, 2021 associated with the COVID-19 pandemic for consideration in their next rate cases. Evergy Metro and Evergy Missouri West can petition the MPSC to extend the period subject to the Accounting Authority Order (AAO). Notwithstanding the foregoing, regulators might not allow for recovery of these amounts in a timely manner, or at all. In addition, Evergy Metro and Evergy Missouri West elected into plant-in service accounting (PISA) in Missouri effective as of January 1, 2019, which, by law, requires each company to keep base rates constant for three years following Evergy Metro's and Evergy Missouri West's last

general rate case. These and other factors may result in under-recovery of costs or failure to earn the authorized return on investment, or both.

The Evergy Companies have also temporarily implemented policies, and in the future may implement additional policies, that are intended to ease the financial burden of the pandemic on customers, such as temporarily extending payment options and offering incentives for customer payments on overdue balances as well as the elimination of late payment fees and disconnections for non-payment. There is also the possibility that legislation or regulations could be enacted at the federal or state level that would further restrict the Evergy Companies' ability to discontinue service to customers in the event of non-payment or to collect amounts owed from customers for service provided. These measures could result in an overall increase in customer non-payment or delay in the timely receipt of customer payments, which could result in a significant increase in the Evergy Companies' credit loss expense or significant decrease in operating cash flows.

Evergy Kansas Central, Evergy Metro and Evergy Missouri West sell retail electric accounts receivable to independent outside investors as a source of liquidity. These arrangements include covenants that limit the extent to which accounts receivable can be delinquent or unpaid. A decrease in the amount of, or a delay in receiving, customer collections due to the COVID-19 pandemic or otherwise could, absent a waiver or amendment, result in a breach of these accounts receivable financing arrangements and require the Evergy Companies to repay any outstanding loans. Further, in 2020, the Evergy Companies have experienced lower retail electric sales as a result of decreases in weather-normalized commercial and industrial demand. To the extent that the Evergy Companies continue to experience lower electric sales, they may not have sufficient eligible receivables to maximize their borrowing capacity under their receivables sales facilities or could be required to repay additional portions of their borrowings under the facilities. In addition, the COVID-19 pandemic led to disruption and volatility in the financial markets, which in turn could impair the Evergy Companies' ability to access the capital markets or increase their cost of capital.

The Evergy Companies are planning to make significant capital expenditures and they regularly conduct maintenance on their facilities. The pandemic could disrupt the supply chains that provide services and equipment to the Evergy Companies as part of their capital expenditures or maintenance efforts. If the Evergy Companies' supply chains are disrupted, the Evergy Companies may be unable to perform necessary maintenance, which could result in increased costs as the Evergy Companies implement contingency plans to allow them to continue to operate. Supply chain interruptions may also increase the cost of maintenance and capital expenditures or result in the delay or cancellation of planned projects, any of which could have a material adverse impact on the Evergy Companies' results of operations.

The Evergy Companies also have a significant amount of NOLs, tax credits and other tax carryforwards that are recorded as deferred income tax assets on their balance sheets. These tax benefits have various expiration dates and other limitations on the extent to which the benefits can be realized. The Evergy Companies regularly assess their future ability to utilize tax benefits to determine whether a valuation allowance is necessary. A significant reduction in the Evergy Companies' taxable income due to the impacts of the COVID-19 pandemic or otherwise could require the Evergy Companies to record a valuation allowance against a portion of those tax assets, which in turn reduces earnings, and the Evergy Companies may in general not be able to utilize these tax benefits.

In addition, the COVID-19 pandemic has changed the way the Evergy Companies operate and has increased the use of technology to enable remote-working arrangements, which may increase or expose previously unknown vulnerabilities. Public reports have also indicated an increase in cyberattacks in general since the start of the pandemic due, in part, to the increase in the number of employees working remotely and the proliferation of the different ways in which employees and third parties interact with the Evergy Companies' information technology infrastructure. A successful attack against the Evergy Companies or cyberattacks to interconnected utilities, municipalities, others or widespread attacks to the utility industry could result in disruption to the Evergy Companies' generation, transmission and distribution systems or to the electrical grid in general, reduce sales and could increase the cost of insurance coverage or result in a decline in the U.S. economy. Furthermore, insurance may not be adequate to cover any associated losses.

Any of these circumstances, or other impacts of the pandemic, could adversely affect customer demand or revenues, impact the ability of the Evergy Companies' suppliers, vendors or contractors to perform, or cause other unpredictable events, which could have a significant adverse impact on the results of operations, financial position, liquidity and cash flows of the Evergy Companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Generation Resources

Station	Unit No.	Location	Year Completed	Fuel	Unit Capability (MW) By Owner ^(a)					Total Generation and Renewable Purchased Power
					Evergy Kansas Central	Evergy Metro	Evergy Missouri West	Total Company Generation	Renewable Purchased Power	
Renewable Generation:										
Central Plains		Kansas	2009	Wind	99	—	—	99	—	99
Flat Ridge		Kansas	2009	Wind	50	—	—	50	50 (b)	100
Western Plains		Kansas	2017	Wind	281	—	—	281	—	281
Meridian Way		Kansas	2008	Wind	—	—	—	—	96 (b)	96
Ironwood		Kansas	2012	Wind	—	—	—	—	168 (b)	168
Post Rock		Kansas	2012	Wind	—	—	—	—	201 (b)	201
Cedar Bluff		Kansas	2015	Wind	—	—	—	—	199 (b)	199
Kay Wind		Oklahoma	2015	Wind	—	—	—	—	200 (b)	200
Soldier Creek		Kansas	2020	Wind	—	—	—	—	300 (b)	300
Ninnescah		Kansas	2016	Wind	—	—	—	—	208 (b)	208
Kingman 1		Kansas	2016	Wind	—	—	—	—	103 (b)	103
Kingman 2		Kansas	2016	Wind	—	—	—	—	103 (b)	103
Rolling Meadows		Kansas	2010	Landfill Gas	—	—	—	—	6 (b)	6
Hutch Solar		Kansas	2017	Solar	—	—	—	—	1 (b)	1
Ponderosa		Oklahoma	2020	Wind	—	—	—	—	198 (c)	198
Cimarron II		Kansas	2012	Wind	—	—	—	—	131 (d)	131
Cimarron Bend III		Kansas	2020	Wind	—	—	—	—	199 (e)	199
Spearville 1		Kansas	2006	Wind	—	101	—	101	—	101
Spearville 2		Kansas	2010	Wind	—	48	—	48	—	48
Spearville 3		Kansas	2012	Wind	—	—	—	—	101 (d)	101
Gray County		Kansas	2001	Wind	—	—	—	—	110 (f)	110
Ensign		Kansas	2012	Wind	—	—	—	—	99 (f)	99
Waverly		Kansas	2016	Wind	—	—	—	—	200 (d)	200
Slate Creek		Kansas	2015	Wind	—	—	—	—	150 (d)	150
Rock Creek		Missouri	2017	Wind	—	—	—	—	300 (g)	300
Osborn		Missouri	2016	Wind	—	—	—	—	201 (g)	201
Pratt		Kansas	2018	Wind	—	—	—	—	243 (g)	243
Greenwood Solar		Missouri	2016	Solar	—	—	3	3	—	3
Prairie Queen		Kansas	2019	Wind	—	—	—	—	200 (g)	200
CNPPID (NE) - Hydro		Nebraska	1941	Hydro	—	—	—	—	60 (d)	60
St Joseph Landfill		Missouri	2012	Landfill Gas	—	—	2	2	—	2
Total Renewable Generation:					430	149	5	584	3,827	4,411

Unit Capability (MW) By Owner^(a)

Station	Unit No.	Location	Year Completed	Fuel	Unit Capability (MW) By Owner ^(a)					Total Generation and Renewable Purchased Power
					Evergy Kansas Central	Evergy Metro	Evergy Missouri West	Total Company Generation	Renewable Purchased Power	
Nuclear:										
Wolf Creek	1 (h)	Kansas	1985	Uranium	554	554	—	1,108	—	1,108
Total Nuclear:					554	554	—	1,108	—	1,108
Coal:										
Jeffrey Energy Center		Kansas								
Steam Turbines	1-3 (h)		1978, 1980 & 1983	Coal	2,011	—	175	2,186	—	2,186
Lawrence Energy Center		Kansas								
Steam Turbines	4 & 5		1960, 1971	Coal	485	—	—	485	—	485
La Cygne		Kansas								
Steam Turbines	1 & 2 (h)(i)		1973, 1977	Coal	713	713	—	1,426	—	1,426
Iatan		Missouri								
Steam Turbines	1 & 2 (h)		1980, 2010	Coal	—	974	284	1,258	—	1,258
Hawthorn		Missouri								
Steam Turbines	5 (j)		1969	Coal	—	564	—	564	—	564
Total Coal:					3,209	2,251	459	5,919	—	5,919
Gas and Oil:										
Emporia Energy Center		Kansas								
Combustion Turbines	1 - 7		2008 - 2009	Natural Gas	654	—	—	654	—	654
Gordon Evans Energy Center		Kansas								
Combustion Turbines	1 - 3		2000 - 2001	Natural Gas	292	—	—	292	—	292
Hutchinson Energy Center		Kansas								
Combustion Turbines	1 - 3		1974	Natural Gas	158	—	—	158	—	158
			1975	Oil	58	—	—	58	—	58
Spring Creek Energy Center		Oklahoma								
Combustion Turbines	1 - 4		2001	Natural Gas	270	—	—	270	—	270
State Line		Missouri								
Combined Cycle	2-1, 2-2 & 2-3 (h)		2001	Natural Gas	200	—	—	200	—	200
Hawthorn		Missouri								
Combined Cycle	6/9		2000	Natural Gas	—	225	—	225	—	225
Combustion Turbines	7 & 8		2000	Natural Gas	—	153	—	153	—	153

Unit Capability (MW) By Owner^(a)

Station	Unit No.	Location	Year Completed	Fuel	Unit Capability (MW) By Owner ^(a)					Total Generation and Renewable Purchased Power
					Evergy Kansas Central	Evergy Metro	Evergy Missouri West	Total Company Generation	Renewable Purchased Power	
Gas and Oil (continued):										
West Gardner		Kansas								
Combustion Turbines	1 - 4		2003	Natural Gas	—	313	—	313	—	313
Osawatomie		Kansas								
Combustion Turbines	1		2003	Natural Gas	—	75	—	75	—	75
Ralph Green		Missouri								
Combustion Turbines	3		1981	Natural Gas	—	—	69	69	—	69
Nevada		Missouri								
Combustion Turbines	1		1974	Oil	—	—	18	18	—	18
Lake Road		Missouri								
Combustion Turbines	1 - 3		1951, 1958 & 1962	Natural Gas	—	—	42	42	—	42
	5 - 7		1974, 1989 & 1990	Oil	—	—	89	89	—	89
Steam Turbines	4		1967	Natural Gas	—	—	97	97	—	97
Northeast		Missouri								
Combustion Turbines	11 - 18		1972 - 1977	Oil	—	380	—	380	—	380
South Harper		Missouri								
Combustion Turbines	1 - 3		2005	Natural Gas	—	—	313	313	—	313
Greenwood Energy Center		Missouri								
Combustion Turbines	1 - 4		1975 - 1979	Natural Gas	—	—	234	234	—	234
Crossroads Energy Center		Mississippi								
Combustion Turbines	1 - 4		2002	Natural Gas	—	—	295	295	—	295
Total Gas and Oil					1,632	1,146	1,157	3,935	—	3,935
Total					5,825	4,100	1,621	11,546	3,827	15,373

^(a) Capability (except for wind generating facilities) represents estimated 2021 net generating capacity. Capability for wind generating facilities represents the nameplate capacity. Due to the intermittent nature of wind generation, these facilities are associated with a total of 1,802 MW of accredited generating capacity pursuant to SPP reliability standards.

^(b) Evergy Kansas Central renewable power purchase agreement.

^(c) Evergy Kansas Central and Evergy Metro renewable power purchase agreement.

^(d) Evergy Metro renewable power purchase agreement.

^(e) Evergy Kansas Central and Evergy Missouri West renewable power purchase agreement.

^(f) Evergy Missouri West renewable power purchase agreement.

^(g) Evergy Metro and Evergy Missouri West renewable power purchase agreement.

^(h) Share of a jointly owned unit.

⁽ⁱ⁾ In 1987, Evergy Kansas South entered into a sale-leaseback transaction involving its 50% interest in the La Cygne Unit 2. Evergy and Evergy Kansas Central consolidate the leasing entity as a variable interest entity (VIE). See Note 19 to the consolidated financial statements for more information.

^(j) Although the plant was completed in 1969, a new boiler, air quality control equipment and an uprated turbine were placed in service at the Hawthorn Generating Station in 2001.

Transmission and Distribution Resources

Evergy's electric transmission system interconnects with systems of other utilities for reliability and to permit wholesale transactions with other electricity suppliers. Evergy has approximately 10,100 circuit miles of transmission lines, 39,800 circuit miles of overhead distribution lines and 13,000 circuit miles of underground distribution lines in Missouri and Kansas. Evergy has all material franchise rights necessary to sell electricity within its retail service territory. Evergy's transmission and distribution systems are routinely monitored for adequacy to meet customer needs. Management believes the current system has adequate capacity to serve customers.

General

Evergy's generating plants are located on property owned (or co-owned) by the Evergy Companies, except for certain facilities that are located on easements or are contractually controlled. Evergy's service centers, electric substations and a portion of its transmission and distribution systems are located on property owned or leased by Evergy. Evergy's transmission and distribution systems are for the most part located above or underneath highways, streets, other public places or property owned by others. Evergy believes that it has satisfactory rights to use those places or properties in the form of permits, grants, easements, licenses or franchise rights; however, it has not necessarily undertaken efforts to examine the underlying title to the land upon which the rights rest. Evergy's headquarters are located in leased office space.

Substantially all of the fixed property and franchises of the Evergy Companies, which consist principally of electric generating stations, electric transmission and distribution lines and systems, and buildings (subject to exceptions, reservations and releases), are subject to mortgage indentures pursuant to which bonds have been issued and are outstanding. See Note 13 to the consolidated financial statements for more information.

ITEM 3. LEGAL PROCEEDINGS

The Evergy Companies are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see Notes 5 and 15 to the consolidated financial statements. Such information is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

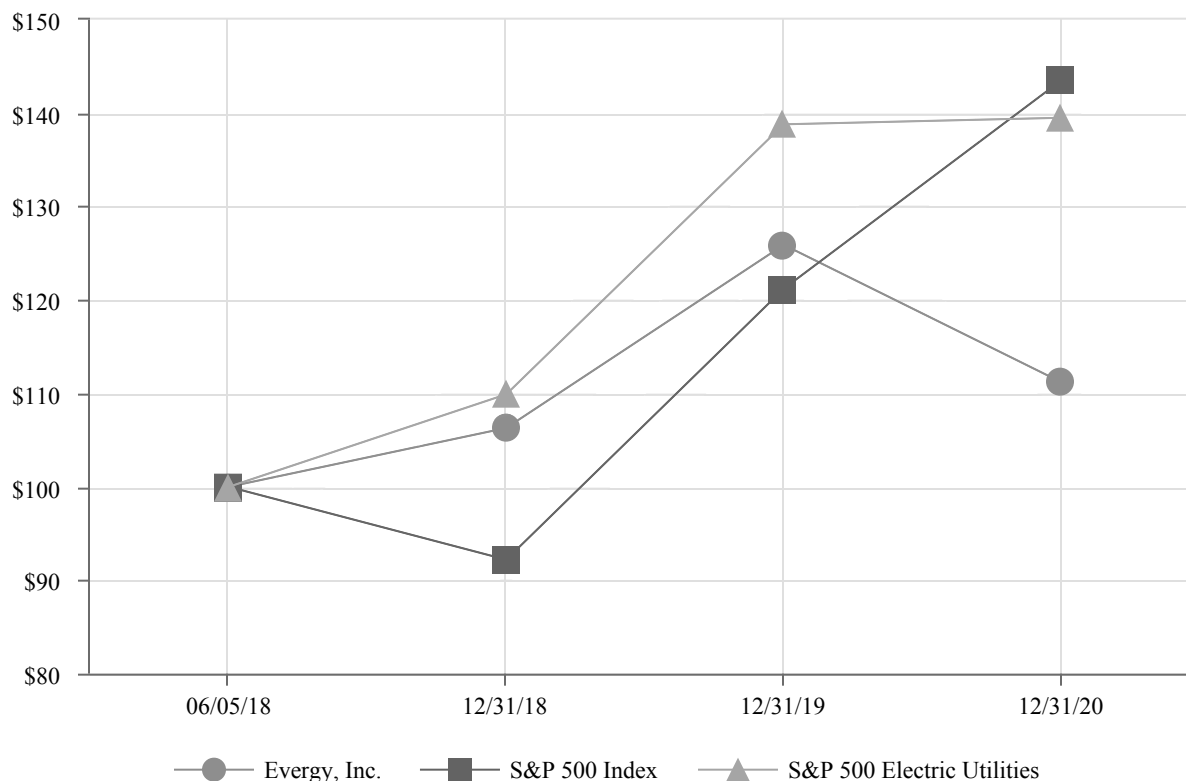
EVERGY, INC.

Evergy's common stock is listed on the New York Stock Exchange under the symbol "EVRG." At February 19, 2021, Evergy's common stock was held by 21,707 shareholders of record.

Performance Graph

The following graph compares the performance of Evergy's common stock during the period that began on June 5, 2018 (the first day that Evergy's common stock traded), and ended on December 31, 2020, to the performance of the Standard & Poor's 500 Index (S&P 500) and the Standard & Poor's Electric Utility Index (S&P 500 Electric Utilities). The graph assumes a \$100 investment in Evergy's common stock and in each of the indices at the beginning of the period and a reinvestment of dividends paid on such investments throughout the period.

CUMULATIVE TOTAL RETURN
Based on an initial investment of \$100 on June 5, 2018, with dividends
reinvested



Purchases of Equity Securities

Evergy had no purchases of its equity securities during the three months ended December 31, 2020.

Dividend Restrictions

For information regarding dividend restrictions, see Note 18 to the consolidated financial statements.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31	2020	2019	2018 ^(b)	2017 ^(b)	2016 ^(b)
Evergy	(dollars in millions except per share amounts)				
Operating revenues	\$ 4,913	\$ 5,148	\$ 4,276	\$ 2,571	\$ 2,562
Net income	\$ 630	\$ 686	\$ 546	\$ 337	\$ 361
Net income attributable to Evergy, Inc.	\$ 618	\$ 670	\$ 536	\$ 324	\$ 347
Basic earnings per common share	\$ 2.72	\$ 2.80	\$ 2.50	\$ 2.27	\$ 2.43
Diluted earnings per common share	\$ 2.72	\$ 2.79	\$ 2.50	\$ 2.27	\$ 2.43
Total assets at year end	\$ 27,115	\$ 25,976	\$ 25,598	\$ 11,624	\$ 11,487
Total long-term obligations at year end ^(a)	\$ 9,785	\$ 9,200	\$ 7,472	\$ 3,846	\$ 3,699
Cash dividends per common share	\$ 2.05	\$ 1.93	\$ 1.735	\$ 1.60	\$ 1.52

^(a) Includes long-term debt, current maturities of long-term debt, finance leases, operating leases, long-term debt of VIEs and current maturities of long-term debt of VIEs. Obligations related to operating leases are only included beginning in 2019 due to Evergy's adoption of Topic 842, *Leases*. See Note 1 to the consolidated financial statements for additional information.

^(b) On June 4, 2018, Evergy completed the mergers contemplated by the Amended Merger Agreement. The results of Great Plains Energy's direct subsidiaries have been included in Evergy's results from the date of the closing of the merger and thereafter. Evergy amounts for 2017 and 2016 reflect the results of operation and financial position of Evergy Kansas Central as the accounting acquirer in the merger transaction.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined MD&A should be read in conjunction with the consolidated financial statements and accompanying notes in this combined annual report on Form 10-K. None of the registrants make any representation as to information related solely to Evergy, Evergy Kansas Central or Evergy Metro other than itself.

The following MD&A generally discusses 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussions of 2018 items and year-to-year comparisons between 2019 and 2018 can be found in MD&A in Part II, Item 7, of the Evergy Companies' combined annual report on Form 10-K for the fiscal year ended December 31, 2019.

EVERGY, INC.

EXECUTIVE SUMMARY

Evergy is a public utility holding company incorporated in 2017 and headquartered in Kansas City, Missouri. Evergy operates primarily through the following wholly-owned direct subsidiaries listed below.

- Evergy Kansas Central is an integrated, regulated electric utility that provides electricity to customers in the state of Kansas. Evergy Kansas Central has one active wholly-owned subsidiary with significant operations, Evergy Kansas South.
- Evergy Metro is an integrated, regulated electric utility that provides electricity to customers in the states of Missouri and Kansas.
- Evergy Missouri West is an integrated, regulated electric utility that provides electricity to customers in the state of Missouri.
- Evergy Transmission Company owns 13.5% of Transource with the remaining 86.5% owned by AEP Transmission Holding Company, LLC, a subsidiary of AEP. Transource is focused on the development of competitive electric transmission projects. Evergy Transmission Company accounts for its investment in Transource under the equity method.

Evergy Kansas Central also owns a 50% interest in Prairie Wind, which is a joint venture between Evergy Kansas Central and subsidiaries of AEP and Berkshire Hathaway Energy Company. Prairie Wind owns a 108-mile, 345 kV double-circuit transmission line that provides transmission service in the SPP. Evergy Kansas Central accounts for its investment in Prairie Wind under the equity method.

Evergy Kansas Central, Evergy Kansas South, Evergy Metro and Evergy Missouri West conduct business in their respective service territories using the name Evergy. Collectively, the Evergy Companies have approximately 15,400 MWs of owned generating capacity and renewable power purchase agreements and engage in the generation, transmission, distribution and sale of electricity to approximately 1.6 million customers in the states of Kansas and Missouri. The Evergy Companies assess financial performance and allocate resources on a consolidated basis (i.e., operate in one segment).

Strategy

Evergy expects to continue operating its integrated utilities within the currently existing regulatory frameworks. In August 2020, Evergy announced a five-year Sustainability Transformation Plan, or STP, to optimize and enhance value creation for shareholders, customers, communities and employees. Significant elements of the plan include:

- targeting a reduction of approximately \$330 million of operating and maintenance expense by 2024 from 2018 adjusted operating and maintenance expense (non-GAAP) (see "Non-GAAP Measures" within this Executive Summary for a reconciliation of this non-GAAP measure to the most directly comparable GAAP measure);
- targeting a reduction of approximately \$145 million of fuel and purchased power expense between 2019 and 2024; and
- targeting approximately \$8.9 billion of expected base capital investments through 2024. Of this amount, Evergy estimates approximately \$2.9 billion to qualify for PISA in Missouri, and approximately \$1.9 billion to be focused on FERC-jurisdictional improvements. See "Liquidity and Capital Resources; Capital Expenditures", for further information regarding Evergy's projected capital expenditures through 2024.

The STP also enhances Evergy's efforts to mitigate future strategic risk through the responsible and accelerated reduction of CO₂ emissions. In 2020, Evergy achieved a reduction of CO₂ emissions of approximately 50% from 2005 levels and announced a goal to achieve an 80% reduction from 2005 levels by 2050. The STP has the potential to reduce CO₂ emissions by as much as 85% by 2030 compared to 2005 levels. The STP includes steps that would expedite CO₂ emission reductions by pursuing constructive legislative and regulatory recovery mechanisms to facilitate the retirement of coal-fired generation and expansion of Evergy's wind and solar footprint, while maintaining reliability. The pace of CO₂ emission reductions will ultimately be defined by continued collaboration with stakeholders as part of Evergy's triennial integrated resource plan. Furthermore, the trajectory and timing for reaching this goal could be impacted by political, legal and regulatory actions and applicable technology developments.

See "Cautionary Statements Regarding Certain Forward-Looking Information" and Part I, Item 1A, Risk Factors, for additional information.

Agreements with Elliott Investment Management L.P. and Bluescape Energy Partners, LLC

On February 25, 2021, Evergy entered into separate agreements with Bluescape Energy Partners, LLC, (Bluescape) Elliott Investment Management L.P. (Elliott) and affiliates of Elliott. As part of the agreement with Bluescape (the Bluescape Agreement), C. John Wilder, Executive Chairman of Bluescape, and Mary L. Landrieu, former U.S. Senator for Louisiana, will join the Evergy Board effective as of March 1, 2021.

In addition, pursuant to a securities purchase agreement, by and between Evergy and an affiliate of Bluescape, dated as of February 25, 2021 (the Bluescape Investment Agreement), Bluescape has agreed to purchase 2,269,447 shares of Evergy's common stock for approximately \$113.2 million and will receive a warrant to purchase up to 3,950,000 additional shares of Evergy's common stock, in each case subject to satisfaction of customary closing conditions,

including the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The warrant will have a term of three years and an exercise price equal to \$64.70.

Each of Bluescape and Elliott also agreed to customary standstill, voting and other provisions in connection with the foregoing. The foregoing summaries of the Bluescape Agreement and the Bluescape Investment Agreement are qualified in their entirety by reference to the Bluescape Agreement and the Bluescape Investment Agreement, respectively, a copy of which is attached as Exhibit 10.1 and Exhibit 10.2, respectively, to Evergy's Current Report on Form 8-K filed on February 26, 2021 and are incorporated herein by reference.

Impact of COVID-19

The COVID-19 pandemic has had, and may continue to have, a significant impact on the way that the Evergy Companies conduct their operations, including the implementation of social distancing and other preventative protocols and the direction of employees to work remotely when possible. Further, the spread of COVID-19 has resulted in efforts to contain the virus, such as quarantines, restrictions on travel, closures and the reduced operations of businesses, governmental agencies and other institutions. The pandemic, along with the efforts to contain the virus, has caused and could continue to cause an economic slowdown or recession, result in significant disruptions or reductions in various public, commercial or industrial activities and cause employee absences. In the states of Missouri and Kansas as well as certain counties and municipalities within the Evergy Companies' service territory, "stay-at-home" orders were in effect for parts of 2020 and could be implemented again in the future.

Governmental mandates that restrict the operation of businesses, governmental agencies and other institutions continue to remain in effect and a substantial portion of the Evergy Companies' service territory is also required to utilize preventative measures such as the wearing of face coverings while in public areas. The announcement in late 2020 of multiple COVID-19 vaccines with high expected effectiveness rates could serve to mitigate both the severity and ongoing duration of the COVID-19 outbreak. However, both the magnitude and timing of the impact of the COVID-19 vaccines is not yet known and could be subject to multiple factors including the available supply of vaccine, the vaccine adoption rate by the general public and the achievement of the vaccines' expected effectiveness rates. Management cannot foresee whether the outbreak of COVID-19 will be effectively contained, nor can it predict the severity and ongoing duration of its impact.

During 2020, Evergy experienced an overall reduction in demand and shift of usage away from customers with relatively higher load requirements, such as industrial and commercial customers, towards customers with relatively lower load requirements, such as residential customers. In 2020, approximately 39% of Evergy's total revenues came from residential customers and approximately 45% came from commercial and industrial customers, compared with approximately 37% from residential customers and 47% from commercial and industrial customers in 2019. The KCC and MPSC have established different prices for the Evergy Companies' residential, commercial and industrial customers and a similar change in demand across each customer class will have a different impact on earnings. As a result, the impacts to Evergy's earnings from a reduction in demand from industrial and commercial customers have been partially offset by an increase in demand from residential customers.

The Evergy Companies have also temporarily implemented policies, and in the future may implement additional policies, that are intended to ease the financial burden of the pandemic on customers. These policies, such as temporarily extending payment options and offering incentives for customer payments on overdue balances as well as the elimination of late payment fees and disconnections for non-payment, could lead to lower levels of operating cash flows compared to historical levels for the Evergy Companies. In addition, these policies, along with lower electric sales as a result of the overall reduction in demand discussed above, could also lead to the additional repayment of portions of the Evergy Companies' borrowings under receivable sale facilities.

Finally, the Evergy Companies have incurred, and will continue to incur, expenses related to monitoring the COVID-19 pandemic and modifying operations in response to the pandemic that are recorded in operating and maintenance expense.

In May 2020, Evergy Kansas Central, Evergy Metro and Evergy Missouri West filed joint requests for AAOs with the KCC and MPSC, as applicable, that would allow for the extraordinary costs and lost revenues incurred by the

companies, net of any COVID-19-related savings, as a result of the COVID-19 pandemic to be considered for future recovery from customers as part of their next rate cases. The KCC approved the AAO request in July 2020.

In October 2020, Evergy Metro and Evergy Missouri West entered into a non-unanimous stipulation and agreement with the MPSC staff and other intervenors that would allow Evergy Metro and Evergy Missouri West to defer to a regulatory asset certain net incremental costs incurred associated with the COVID-19 pandemic for consideration in their next rate cases. The MPSC approved the AAO request in January 2021.

Evergy's management is actively monitoring the evolving impact of COVID-19 on its results of operations and developments affecting its workforce and suppliers and will take additional actions as it believes are warranted. The situation is continuously evolving and future impacts may materialize that are not yet known. Accordingly, the extent to which COVID-19 and the factors noted above may impact the results of operations, financial position, cash flows and liquidity of the Evergy Companies will depend on future developments that are highly uncertain and cannot be predicted, including new information concerning the severity and ongoing duration of the COVID-19 outbreak and the actions taken to contain it or to seek recovery of its impact, among others.

See "Cautionary Statements Regarding Certain Forward-Looking Information" and Part I, Item 1A, Risk Factors, for additional information.

February 2021 Winter Weather Event

In February 2021, much of the central and southern United States, including the service territories of the Evergy Companies, experienced a significant winter weather event that resulted in extremely cold temperatures over a multi-day period. This winter weather event resulted in an increase in the demand for natural gas used by the Evergy Companies for generating electricity and also contributed to the limited availability of other generation resources, including coal and renewables, within the SPP Integrated Marketplace. The Evergy Companies are members of the SPP and, as a result, principally sell and purchase power through the SPP's Integrated Marketplace for the Evergy Companies' retail electric customers. These circumstances resulted in higher than normal market prices for both natural gas and power for the duration of the winter weather event. Evergy estimates that as part of the winter weather event, it experienced an increase in natural gas and purchased power costs, net of wholesale revenues, of approximately \$300 million. This \$300 million increase in net fuel and purchased power costs was primarily driven by a \$260 million increase in costs at Evergy Missouri West and a \$100 million increase at Evergy Kansas Central, partially offset by a \$60 million net increase in wholesale revenues at Evergy Metro. These amounts represent preliminary estimates and are still under development. Further, the final amount of purchased power costs incurred by the Evergy Companies is subject to final settlement pricing by the SPP Integrated Marketplace, which is currently expected to take an additional 30 to 45 days, though the ultimate timing is uncertain.

The Evergy Companies have fuel recovery mechanisms in their Kansas and Missouri jurisdictions, as applicable, that allow them to defer substantially all of any increased fuel and purchased power costs, net of wholesale revenues, to a regulatory asset for future recovery from customers. Further, in February 2021, the KCC issued an emergency order that would allow the Evergy Companies, as applicable, to defer to a regulatory asset any extraordinary costs incurred to continue providing electric service during the winter weather event for consideration in future rate proceedings. While the Evergy Companies expect to recover substantially all of any increased fuel and purchased power costs related to the winter weather event from customers, it is possible that the timing of the cost recovery could be delayed or spread over a longer than typical recovery timeframe by the KCC or the MPSC given the extraordinary nature of the winter weather event.

The Evergy Companies also engage in limited non-regulated energy marketing activities in various regional power markets that have historically not had a significant impact on the Evergy Companies' results of operations. As a result of the elevated market prices experienced in regional power markets in February 2021 across the central and southern United States driven by the winter weather event discussed above, the Evergy Companies currently expect that their energy marketing margins will be higher in 2021 compared with historical results.

The full financial statement impact of the winter weather event is unknown and cannot be estimated at this time due in part to the timing of market settlement data. The Evergy Companies believe they have sufficient liquidity to pay any outstanding balances or fulfill collateral posting requirements related to purchases made during the winter storm event and to operate their retail electric businesses through their cash on hand and master credit facility with available borrowing capacity as of February 25, 2021 of approximately \$2 billion.

Regulatory Proceedings

See Note 5 to the consolidated financial statements for information regarding regulatory proceedings.

Earnings Overview

The following table summarizes Evergy's net income and diluted earnings per share (EPS).

	2020	Change	2019
	(millions, except per share amounts)		
Net income attributable to Evergy, Inc.	\$ 618.3	\$ (51.6)	\$ 669.9
Earnings per common share, diluted	2.72	(0.07)	2.79

Net income attributable to Evergy, Inc. decreased in 2020, compared to 2019, primarily due to lower retail sales driven by unfavorable weather and a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures and hours of operation and capacity limitations as a result of COVID-19 that were partially offset by an increase in weather-normalized residential demand and higher depreciation expense and higher interest expense; partially offset by lower operating and maintenance expenses in 2020.

Diluted EPS decreased in 2020 compared to 2019, primarily due to the decrease in net income attributable to Evergy discussed above, partially offset by a lower number of diluted weighted average common shares outstanding in 2020, which increased EPS by \$0.14 for 2020.

For additional information regarding the change in net income, refer to the Evergy Results of Operations section within this MD&A.

Adjusted Earnings (non-GAAP) and Adjusted EPS (non-GAAP)

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for 2020 were \$705.5 million or \$3.10 per share, respectively. For 2019, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$694.0 million or \$2.89 per share, respectively. In addition to net income attributable to Evergy, Inc. and diluted EPS, Evergy's management uses adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) to evaluate earnings and EPS without the costs resulting from rebranding, voluntary severance, advisor expenses and the revaluation of deferred tax assets and liabilities from a change in the Kansas corporate income tax rate.

Non-GAAP Measures

Adjusted Earnings and Adjusted EPS

Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are intended to enhance an investor's overall understanding of results. Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are used internally to measure performance against budget and in reports for management and the Evergy Board. Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to Evergy, Inc. and diluted EPS as determined in accordance with GAAP and adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP).

	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
	2020		2019	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 618.3	\$ 2.72	\$ 669.9	\$ 2.79
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(a)	—	—	12.1	0.05
Voluntary severance costs, pre-tax ^(b)	66.3	0.29	19.8	0.08
Advisor expenses, pre-tax ^(c)	32.3	0.14	—	—
Income tax benefit ^(d)	(25.2)	(0.11)	(7.8)	(0.03)
Kansas corporate income tax change ^(e)	13.8	0.06	—	—
Adjusted earnings (non-GAAP)	\$ 705.5	\$ 3.10	\$ 694.0	\$ 2.89

^(a) Reflects external costs incurred to rebrand the legacy Westar Energy and KCP&L utility brands to Evergy and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(b) Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(c) Reflects advisor expenses incurred associated with strategic planning and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(d) Reflects an income tax effect calculated at a statutory rate of approximately 26%, with the exception of certain non-deductible items.

^(e) Reflects the revaluation of Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's deferred income tax assets and liabilities from the Kansas corporate income tax rate change and are included in income tax expense on the consolidated statements of comprehensive income.

2018 Adjusted Operating and Maintenance Expense

The following table provides a reconciliation between 2018 operating and maintenance expense and 2018 pro forma operating and maintenance expense as determined in accordance with GAAP and 2018 adjusted operating and maintenance expense (non-GAAP). Evergy's 2018 adjusted operating and maintenance expense (non-GAAP) is used as the base for targeted operating and maintenance expense reductions by 2024 as part of Evergy's STP.

	(millions)
2018 Operating and maintenance expense	\$ 1,115.8
Pro forma adjustments ^(a) :	
Great Plains Energy operating and maintenance expense prior to the merger	317.9
Non-recurring merger costs and other	(101.3)
2018 Pro forma operating and maintenance expense	\$ 1,332.4
Non-GAAP reconciling items:	
Voluntary severance costs ^(b)	(23.5)
Deferral of merger transition costs ^(c)	28.5
Inventory write-offs at retiring generating units ^(d)	(31.0)
2018 Adjusted operating and maintenance expense (non-GAAP)	\$ 1,306.4

^(a) Reflects pro forma adjustments made in accordance with Article 11 of Regulation S-X and ASC 805 - *Business Combinations*. See Note 2 to the consolidated financial statements in the Evergy Companies' combined 2018 Annual Report on Form 10-K for further information regarding these adjustments.

^(b) Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the 2018 consolidated statements of comprehensive income in the Evergy Companies' combined 2018 Annual Report on Form 10-K.

^(c) Reflects the portion of the \$47.8 million deferral of merger transition costs to a regulatory asset in June 2018 that related to costs incurred prior to 2018. The remaining merger transition costs included within the \$47.8 million deferral were both incurred and deferred in 2018 and did not impact earnings. This item is included in operating and maintenance expense on the 2018 consolidated statements of comprehensive income in the Evergy Companies' combined 2018 Annual Report on Form 10-K.

^(d) Reflects obsolete inventory write-offs for Evergy Kansas Central's Unit 7 at Tecumseh Energy Center, Units 3 and 4 at Murray Gill Energy Center, Units 1 and 2 at Gordon Evans Energy Center, Evergy Metro's Montrose Station and Evergy Missouri West's Sibley Station and are included in operating and maintenance expense on the 2018 consolidated statements of comprehensive income in the Evergy Companies' combined 2018 Annual Report on Form 10-K.

ENVIRONMENTAL MATTERS

See Note 15 to the consolidated financial statements for information regarding environmental matters.

RELATED PARTY TRANSACTIONS

See Note 17 to the consolidated financial statements for information regarding related party transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Management considers an accounting estimate to be critical if it requires assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate, or different estimates that could have been used, could have a material impact on Evergy's results of operations and financial position. Management has identified the following accounting policies as critical to the understanding of Evergy's results of operations and financial position. Management has discussed the development and selection of these critical accounting policies with the Audit Committee of the Evergy Board.

Pensions

Evergy incurs significant costs in providing non-contributory defined pension benefits. The costs are measured using actuarial valuations that are dependent upon numerous factors derived from actual plan experience and assumptions of future plan experience.

Pension costs are impacted by actual employee demographics (including age, life expectancies, compensation levels and employment periods), earnings on plan assets, the level of contributions made to the plan, and plan amendments. In addition, pension costs are also affected by changes in key actuarial assumptions, including anticipated rates of return on plan assets and the discount rates used in determining the projected benefit obligation and pension costs.

The assumed rate of return on plan assets was developed based on the weighted-average of long-term returns forecast for the expected portfolio mix of investments held by the plan. The assumed discount rate was selected based on the prevailing market rate of fixed income debt instruments with maturities matching the expected timing of the benefit obligation. These assumptions, updated annually at the measurement date, are based on management's best estimates and judgment; however, material changes may occur if these assumptions differ from actual events. See Note 10 to the consolidated financial statements for information regarding the assumptions used to determine benefit obligations and net costs.

The following table reflects the sensitivities associated with a 0.5% increase or a 0.5% decrease in key actuarial assumptions for Evergy's qualified pension plans. Each sensitivity reflects the impact of the change based on a change in that assumption only.

Actuarial assumption	Change in Assumption	Impact on Projected Benefit Obligation	Impact on 2021 Pension Expense
		(millions)	
Discount rate	0.5 % increase	\$ (221.2)	\$ (21.9)
Rate of return on plan assets	0.5 % increase	—	(8.2)
Rate of compensation	0.5 % increase	59.6	10.8
Discount rate	0.5 % decrease	255.5	24.4
Rate of return on plan assets	0.5 % decrease	—	8.2
Rate of compensation	0.5 % decrease	(51.6)	(10.0)

Pension expense for Evergy Kansas Central, Evergy Metro and Evergy Missouri West is recorded in accordance with rate orders from the KCC and MPSC. The orders allow the difference between pension costs under GAAP and pension costs for ratemaking to be recorded as a regulatory asset or liability with future ratemaking recovery or refunds, as appropriate.

In 2020, Evergy's pension expense was \$129.5 million under GAAP and \$159.1 million for ratemaking. The impact on 2021 pension expense in the table above reflects the impact on GAAP pension costs. Under the Evergy Companies' rate agreements, any increase or decrease in GAAP pension expense is deferred to a regulatory asset or liability for future ratemaking treatment. See Note 10 to the consolidated financial statements for additional information regarding the accounting for pensions.

Market conditions and interest rates significantly affect the future assets and liabilities of the plan. It is difficult to predict future pension costs, changes in pension liability and cash funding requirements due to the inherent uncertainty of market conditions.

Revenue Recognition

Evergy 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. 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's estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates. Evergy'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 4 to the consolidated financial statements for the balance of unbilled receivables for Evergy as of December 31, 2020 and 2019.

Regulatory Assets and Liabilities

Evergy has recorded assets and liabilities on its consolidated balance sheets resulting from the effects of the ratemaking process, which would not otherwise be recorded under GAAP. 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, KCC or FERC in Evergy's rate case filings; decisions in other regulatory proceedings, including decisions related to other companies that establish precedent on matters applicable to Evergy; 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'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 all or a portion of Evergy'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. See Note 5 to the consolidated financial statements for additional information.

Impairments of Assets and Goodwill

Long-lived assets are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable as prescribed under GAAP.

Accounting rules require goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. 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's consolidated operations are considered one reporting unit for assessment of impairment, as management assesses financial performance and allocates resources on a consolidated basis. The annual impairment test for the \$2,336.6 million of goodwill from the Great Plains Energy and Evergy Kansas Central merger was conducted as of May 1, 2020. The fair value of the reporting unit substantially exceeded the carrying amount, including goodwill. As a result, there was no impairment of goodwill.

The determination of fair value for 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, which involves a significant amount of management judgment.

The discounted cash flow analysis is most significantly impacted by two assumptions: estimated future cash flows and the discount rate applied to those cash flows. Management determines the appropriate discount rate to be based on the reporting unit's weighted average cost of capital (WACC). The WACC takes into account both the return on equity authorized by the KCC and MPSC and after-tax cost of debt. Estimated future cash flows are based on Evergy's internal business plan, which assumes the occurrence of certain events in the future, such as the outcome of future rate filings, future approved rates of return on equity, anticipated returns of and earnings on future capital investments, continued recovery of cost of service and the renewal of certain contracts. Management also makes assumptions regarding the run rate of operations, maintenance and general and administrative costs based on the expected outcome of the aforementioned events. Should the actual outcome of some or all of these assumptions differ significantly from the current assumptions, revisions to current cash flow assumptions could cause the fair

value of the Evergy reporting unit under the income approach to be significantly different in future periods and could result in a future impairment charge to goodwill.

The market approach analysis is most significantly impacted by management's selection of relevant peer companies as well as the determination of an appropriate control premium to be added to the calculated invested capital of the reporting unit, as control premiums associated with a controlling interest are not reflected in the quoted market price of a single share of stock. Management determines an appropriate control premium by using an average of control premiums for recent acquisitions in the industry. Changes in results of peer companies, selection of different peer companies and future acquisitions with significantly different control premiums could result in a significantly different fair value of the Evergy reporting unit.

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 investment tax credits are amortized ratably over the life of the related property. Deferred tax assets are also recorded for net operating losses, capital losses and tax credit carryforwards. Evergy is required to estimate the amount of taxes payable or refundable for the current year and the deferred tax liabilities and assets for future tax consequences of events reflected in Evergy's consolidated financial statements or tax returns. Actual results could differ from these estimates for a variety of reasons including changes in income tax laws, enacted tax rates and results of audits by taxing authorities. This process also requires management to make assessments regarding the timing and probability of the ultimate tax impact from which actual results may differ. Evergy records valuation allowances on deferred tax assets if it is determined that it is more likely than not that the asset will not be realized. See Note 20 to the consolidated financial statements for additional information.

Asset Retirement Obligations

Evergy has recognized legal obligations associated with the disposal of long-lived assets that result from the acquisition, construction, development or normal operation of such assets. Concurrent with the recognition of the liability, the estimated cost of the ARO incurred at the time the related long-lived assets were either acquired, placed in service or when regulations establishing the obligation became effective is also recorded to property, plant and equipment, net on the consolidated balance sheets. The recording of AROs for regulated operations has no income statement impact due to the deferral of the adjustments through the establishment of a regulatory asset or an offset to a regulatory liability.

Evergy initially recorded AROs at fair value for the estimated cost to decommission Wolf Creek (94% indirect share), retire wind generating facilities, dispose of asbestos insulating material at its power plants, remediate ash disposal ponds and close ash landfills, among other items. ARO refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement may be conditional on a future event that may or may not be within the control of the entity. In determining Evergy's AROs, assumptions are made regarding probable future disposal costs and the timing of their occurrence. A change in these assumptions could have a significant impact on Evergy's AROs reflected on its consolidated balance sheets.

As of December 31, 2020 and 2019, Evergy had recorded AROs of \$941.9 million and \$674.1 million, respectively. See Note 7 to the consolidated financial statements for more information regarding Evergy's AROs.

EVERGY RESULTS OF OPERATIONS

Evergy's results of operations and financial position are affected by a variety of factors including rate regulation, fuel costs, weather, customer behavior and demand, the economy and competitive forces.

Substantially all of Evergy's revenues are subject to state or federal regulation. This regulation has a significant impact on the price the Evergy Companies charge for electric service. Evergy's results of operations and financial position are affected by its ability to align overall spending, both operating and capital, within the frameworks established by its regulators.

Wholesale revenues are impacted by, among other factors, demand, cost and availability of fuel and purchased power, price volatility, available generation capacity, transmission availability and weather.

The Evergy Companies primarily use coal and uranium for the generation of electricity for their customers and also purchase power through renewable power purchase agreements or on the open market. The prices for fuel used in generation or the market price of power purchases can fluctuate significantly due to a variety of factors including supply, demand, weather and the broader economic environment. Evergy Kansas Central, Evergy Metro and Evergy Missouri West have fuel recovery mechanisms in their Kansas and Missouri jurisdictions, as applicable, that allow them to defer and subsequently recover or refund, through customer rates, substantially all of the variance in net energy costs from the amount set in base rates without a general rate case proceeding.

Weather significantly affects the amount of electricity that Evergy's customers use as electricity sales are seasonal. As summer peaking utilities, the third quarter typically accounts for the greatest electricity sales by the Evergy Companies. Hot summer temperatures and cold winter temperatures prompt more demand, especially among residential and commercial customers, and to a lesser extent, industrial customers. Mild weather reduces customer demand.

Energy efficiency investments by customers and the Evergy Companies also can affect the demand for electric service. Through the Missouri Energy Efficiency Investment Act (MEEIA), Evergy Metro and Evergy Missouri West offer energy efficiency and demand side management programs to their Missouri retail customers and recover program costs, throughput disincentive, and as applicable, certain earnings opportunities in retail rates through a rider mechanism.

The Evergy Companies' taxes other than income taxes, of which property taxes are a significant component, can fluctuate significantly due to a variety of factors, including changes in taxable values and property tax rates. Evergy Kansas Central and Evergy Metro's Kansas jurisdiction have property tax surcharges that allow them to defer and subsequently recover or refund, through customer rates, substantially all of the variance in property tax costs from the amounts set in base rates without a general rate case proceeding.

See "Executive Summary - Impact of COVID-19" for information regarding the effects of COVID-19 on Evergy's results of operation and financial position.

The following table summarizes Evergy's comparative results of operations.

	2020	Change	2019
	(millions)		
Operating revenues	\$ 4,913.4	\$ (234.4)	\$ 5,147.8
Fuel and purchased power	1,099.0	(166.0)	1,265.0
SPP network transmission costs	263.2	11.9	251.3
Operating and maintenance	1,163.0	(55.5)	1,218.5
Depreciation and amortization	880.1	18.4	861.7
Taxes other than income tax	364.2	(1.3)	365.5
Income from operations	1,143.9	(41.9)	1,185.8
Other expense, net	(36.1)	2.9	(39.0)
Interest expense	383.9	9.9	374.0
Income tax expense	102.2	5.2	97.0
Equity in earnings of equity method investees, net of income taxes	8.3	(1.5)	9.8
Net income	630.0	(55.6)	685.6
Less: Net income attributable to noncontrolling interests	11.7	(4.0)	15.7
Net income attributable to Evergy, Inc.	\$ 618.3	\$ (51.6)	\$ 669.9

Evergy Utility Gross Margin and MWh Sales

Utility gross margin is a financial measure that is not calculated in accordance with GAAP. Utility gross margin, as used by the Evergy Companies, is defined as operating revenues less fuel and purchased power costs and amounts billed by the SPP for network transmission 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. In addition, SPP network transmission costs fluctuate primarily due to investments by SPP members for upgrades to the transmission grid within the SPP RTO. As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices charged to customers with minimal impact on net income. See Note 3 to the consolidated financial statements for additional information regarding the manner in which Evergy reflects SPP revenues and expenses.

Management believes that utility gross margin provides a meaningful basis for evaluating the Evergy Companies' operations across periods because utility gross margin excludes the revenue effect of fluctuations in these expenses. Utility gross margin is used internally to measure performance against budget and in reports for management and the Evergy Board. Utility gross margin should be viewed as a supplement to, and not a substitute for, income from operations, which is the most directly comparable financial measure prepared in accordance with GAAP. The Evergy Companies' definition of utility gross margin may differ from similar terms used by other companies.

The following table summarizes Evergy's utility gross margin and MWhs sold.

Utility Gross Margin	Revenues and Expenses			MWhs Sold		
	2020	Change	2019	2020	Change	2019
Retail revenues		(millions)			(thousands)	
Residential	\$ 1,909.2	\$ 1.1	\$ 1,908.1	15,483	(9)	15,492
Commercial	1,641.7	(139.9)	1,781.6	16,995	(1,300)	18,295
Industrial	588.7	(32.9)	621.6	8,243	(327)	8,570
Other retail revenues	38.5	(8.6)	47.1	132	(7)	139
Total electric retail	4,178.1	(180.3)	4,358.4	40,853	(1,643)	42,496
Wholesale revenues	264.0	(63.5)	327.5	14,860	711	14,398
Transmission revenues	318.5	9.3	309.2	N/A	N/A	N/A
Other revenues	152.8	0.1	152.7	N/A	N/A	N/A
Operating revenues	4,913.4	(234.4)	5,147.8	55,713	(932)	56,894
Fuel and purchased power	(1,099.0)	166.0	(1,265.0)			
SPP network transmission costs	(263.2)	(11.9)	(251.3)			
Utility gross margin^(a)	3,551.2	(80.3)	3,631.5			
Operating and maintenance	(1,163.0)	55.5	(1,218.5)			
Depreciation and amortization	(880.1)	(18.4)	(861.7)			
Taxes other than income tax	(364.2)	1.3	(365.5)			
Income from operations	\$ 1,143.9	\$ (41.9)	\$ 1,185.8			

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin above.

Evergy's utility gross margin decreased \$80.3 million in 2020, compared to 2019, driven by:

- a \$71.4 million decrease primarily due to lower retail sales driven by unfavorable weather (cooling degree days decreased 5% and heating degree days decreased 11%) and a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures and hours of operation and capacity limitations resulting from government restrictions to slow the spread of COVID-19 in 2020, partially offset by an increase in weather-normalized residential demand;
- a \$14.4 million decrease in revenue recognized for the MEEIA earnings opportunity in 2020 related to the achievement of certain customer energy savings levels in the second cycle of Evergy Metro's and Evergy Missouri West's MEEIA programs; and

- a \$5.9 million decrease related to Evergy Kansas Central's and Evergy Metro's transmission delivery charge (TDC) riders in 2020; partially offset by
- a \$7.6 million increase in Evergy Metro's and Evergy Missouri West's MEEIA throughput disincentive in 2020 primarily driven by the cumulative amount of customer energy savings achieved in the second and third cycles of Evergy Metro's and Evergy Missouri West's MEEIA programs; and
- a \$3.8 million increase for recovery of programs costs for energy efficiency programs under MEEIA in 2020, which have a direct offset in operating and maintenance expense.

Operating and Maintenance

Evergy's operating and maintenance expense decreased \$55.5 million in 2020, compared to 2019, primarily driven by:

- a \$44.2 million decrease in transmission and distribution operating and maintenance expense primarily due to \$13.1 million of costs at Evergy Metro and Evergy Missouri West incurred from storms that occurred in January 2019, a \$6.9 million decrease due to lower vegetation management expense at Evergy Kansas Central and Evergy Metro in 2020 and lower labor expense in 2020;
- a \$37.4 million decrease in various administrative and general operating and maintenance expenses primarily driven by:
 - a \$15.5 million decrease in labor and employee benefits expense that included lower employee headcount in 2020;
 - an \$8.9 million decrease in outside services expenses including lower consulting and legal fees at Evergy Kansas Central and Evergy Metro in 2020; and
 - a \$3.7 million decrease in property insurance expense due to a higher annual refund of nuclear insurance premiums received by Evergy Kansas Central and Evergy Metro in 2020 related to their ownership interest in Wolf Creek;
- a \$27.2 million decrease in plant operating and maintenance expense at fossil-fuel generating units primarily due to:
 - a \$14.5 million decrease at Evergy Metro driven by a \$12.4 million decrease primarily due to outages at Hawthorn Station, Iatan Station and La Cygne Unit 2 as well as lower employee headcount in 2020; and
 - a \$8.3 million decrease at Evergy Kansas Central primarily due to an \$8.4 million write-off of a regulatory asset for costs incurred during the Jeffrey Energy Center (JEC) lease extension in 2019, a \$6.0 million decrease related to maintenance outages at JEC, La Cygne Unit 2 and Lawrence Energy Center as well as lower employee headcount in 2020; partially offset by a \$3.9 million asset write-off in 2020; and
- \$12.1 million of external costs incurred to rebrand the legacy Westar Energy and KCP&L utility brands to Evergy in 2019; partially offset by
- a \$46.7 million increase in voluntary severance expenses due to a \$39.3 million increase at Evergy Kansas Central, Evergy Metro and Evergy Missouri West related to Evergy voluntary exit programs in 2020 and \$7.4 million of voluntary severance expenses incurred in 2020 by Evergy Kansas Central and Evergy Metro related to Wolf Creek voluntary exit programs;
- \$32.3 million of advisor expenses incurred in 2020 by Evergy associated with strategic planning; and
- a \$3.8 million increase in program costs for energy efficiency programs under MEEIA in 2020, which have a direct offset in revenue.

Depreciation and Amortization

Evergy's depreciation and amortization increased \$18.4 million in 2020, compared to 2019, primarily driven by capital additions at Evergy Kansas Central and Evergy Metro.

Other Expense, Net

Evergy's other expense, net decreased \$2.9 million in 2020, compared to 2019, primarily driven by:

- a \$15.0 million decrease due to higher Evergy Kansas Central and Evergy Metro equity allowance for funds used during construction (AFUDC) in 2020 primarily driven by lower short-term debt and higher construction work in progress balances in 2020; partially offset by
- a \$10.3 million increase due to recording lower Evergy Kansas Central corporate-owned life insurance (COLI) benefits in 2020; and
- a \$2.9 million increase primarily due to higher Evergy Metro pension non-service costs in 2020.

Interest Expense

Evergy's interest expense increased \$9.9 million in 2020, compared to 2019, primarily driven by:

- a \$35.3 million increase due to the issuance of Evergy's \$1.6 billion of senior notes in September 2019;
- a \$6.6 million net increase due to the issuance of Evergy Kansas Central's \$500.0 million of 3.45% first mortgage bonds (FMBs) in April 2020, which increased interest expense by \$12.6 million, partially offset by a \$6.0 million decrease due to the repayment of Evergy Kansas Central's \$250.0 million of 5.10% FMBs in May 2020; and
- a \$5.4 million increase due to the issuance of Evergy Metro's \$400.0 million of 2.25% Mortgage Bonds in May 2020; partially offset by
- a \$29.5 million decrease primarily due to Evergy's borrowings under its \$1.0 billion term loan credit agreement in 2019 and lower commercial paper balances and weighted-average interest rates on short-term borrowings at Evergy Kansas Central and Evergy Metro in 2020;
- a \$4.6 million net decrease due to the repayment of Evergy Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, which decreased interest expense by \$8.5 million, partially offset by a \$3.9 million increase due to Evergy Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019; and
- a \$3.1 million net decrease due to the repayment of Evergy Kansas South's \$300.0 million of 6.70% FMBs at maturity in June 2019, which decreased interest expense by \$9.2 million, partially offset by a \$6.1 million increase due to the issuance of Evergy Kansas Central's \$300.0 million of 3.25% FMBs in August 2019.

Income Tax Expense

Evergy's income tax expense increased \$5.2 million in 2020, compared to 2019, driven by a \$13.8 million net increase due to the revaluation of deferred income tax assets and liabilities in the second quarter of 2020 due to the change in the Kansas corporate income tax rate, a \$5.8 million valuation allowance reversal in 2019 primarily related to alternative minimum tax (AMT) credits and the expiration of certain state NOL carryforwards and a \$3.9 million increase due to lower wind and other income tax credits in 2020; partially offset by a \$13.3 million decrease due to lower Evergy pre-tax income in 2020 and a \$5.1 million decrease due to flow-through items primarily driven by higher amortization of excess deferred income taxes.

See Note 20 to the consolidated financial statements for more information regarding the change in the Kansas corporate income tax rate.

EVERGY SIGNIFICANT BALANCE SHEET CHANGES **(December 31, 2020 compared to December 31, 2019)**

- Evergy's cash and cash equivalents increased \$121.7 million primarily due to proceeds from the issuance of Evergy Metro's \$400.0 million of 2.25% Mortgage Bonds in May 2020 and the issuance of Evergy

Kansas Central's \$500.0 million of 3.45% FMBs in April 2020 after the redemption of Evergy Kansas Central's \$250.0 million of 5.10% FMBs in May 2020 and the repayment of certain short-term borrowings.

- Evergy's income tax receivable decreased by \$22.6 million primarily due to Evergy's receipt of a federal AMT tax credit refund in the third quarter of 2020.
- Evergy's current maturities of long-term debt increased \$185.3 million primarily due to the reclassification of Evergy's \$350.0 million of 4.85% Senior Notes and Evergy Missouri West's \$80.9 million of 8.27% Senior Notes from long-term to current, partially offset by the repayment of Evergy Kansas Central's \$250.0 million of 5.10% FMBs in May 2020.
- Evergy's notes payable and commercial paper decreased \$246.9 million primarily due to a \$199.2 million decrease at Evergy Kansas Central and a \$199.3 million decrease at Evergy Metro due to the repayment of short-term borrowings with funds from operations and with the issuance of Evergy Kansas Central's \$500.0 million of 3.45% FMBs in April 2020 and Evergy Metro's \$400.0 million of 2.25% Mortgage Bonds in May 2020, partially offset by a \$180.0 million increase at Evergy, Inc. due to cash borrowings under its master credit facility.
- Evergy's accounts payable increased \$125.2 million primarily due to the timing of cash payments, including for property tax payments, at Evergy Kansas Central and Evergy Metro.
- Evergy's regulatory liabilities - current decreased \$37.2 million primarily due to a \$30.2 million decrease in Evergy Kansas Central's regulatory liability for its fuel recovery mechanism due to refunds exceeding over-collections.
- Evergy's asset retirement obligations - current decreased \$31.1 million primarily due to settlements incurred in 2020 and the expected timing of remediation at several Evergy Kansas Central and Evergy Metro ash ponds.
- Evergy's unamortized investment tax credits decreased \$188.7 million primarily due to the revaluation of certain Kansas income tax credits due to the exemption of Evergy Kansas Central from Kansas corporate income tax beginning in 2021. See Note 20 to the consolidated financial statements for additional information.
- Evergy's asset retirement obligation - long-term increased \$298.9 million primarily due to a \$259.1 million increase due to the change in estimate of Evergy's ARO relating to the decommissioning of Wolf Creek.

LIQUIDITY AND CAPITAL RESOURCES

Evergy relies primarily upon cash from operations, short-term borrowings, debt and equity issuances and its existing cash and cash equivalents to fund its capital requirements. Evergy's capital requirements primarily consist of capital expenditures, payment of contractual obligations and other commitments and the payment of dividends to shareholders.

Capital Sources

Cash Flows from Operations

Evergy's cash flows from operations are driven by the regulated sale of electricity. These cash flows are relatively stable but the timing and level of these cash flows can vary based on weather and economic conditions, future regulatory proceedings, the timing of cash payments made for costs recoverable under regulatory mechanisms and the time such costs are recovered, and unanticipated expenses such as unplanned plant outages and storms.

Short-Term Borrowings

As of December 31, 2020, Evergy had \$2.2 billion of available borrowing capacity from its master credit facility. The available borrowing capacity under the master credit facility consisted of \$249.3 million for Evergy, Inc., \$933.0 million for Evergy Kansas Central, \$600.0 million for Evergy Metro and \$383.0 million for Evergy Missouri West. Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's borrowing capacity under the master

credit facility also supports their issuance of commercial paper. See Note 12 to the consolidated financial statements for more information regarding the master credit facility. Along with cash flows from operations and receivable sales facilities, Evergy generally uses borrowings under its master credit facility and the issuance of commercial paper to meet its day-to-day cash flow requirements.

Long-Term Debt and Equity Issuances

From time to time, Evergy issues long-term debt and equity to repay short-term debt, refinance maturing long-term debt and finance growth. As of December 31, 2020 and 2019, Evergy's capital structure, excluding short-term debt, was as follows:

	December 31	
	2020	2019
Common equity	47%	49%
Long-term debt, including VIEs	53%	51%

Under stipulations with the MPSC and KCC, Evergy, Evergy Kansas Central and Evergy Metro are required to maintain common equity at not less than 35%, 40% and 40%, respectively, of total capitalization. The master credit facility and certain debt instruments of the Evergy Companies also contain restrictions that require the maintenance of certain capitalization and leverage ratios. As of December 31, 2020, the Evergy Companies were in compliance with these covenants.

Significant Debt Issuances

See Note 13 to the consolidated financial statements for information regarding significant debt issuances.

Equity Issuance

See Note 18 to the consolidated financial statements for information regarding Evergy's securities purchase agreement with Bluescape to purchase Evergy's common stock in 2021.

Credit Ratings

The ratings of the Evergy Companies' debt securities by the credit rating agencies impact the Evergy Companies' liquidity, including the cost of borrowings under their master credit facility and in the capital markets. The Evergy Companies view maintenance of strong credit ratings as vital to their access to and cost of debt financing and, to that end, maintain an active and ongoing dialogue with the agencies with respect to results of operations, financial position and future prospects. While a decrease in these credit ratings would not cause any acceleration of the Evergy Companies' debt, it could increase interest charges under the master credit facility. A decrease in credit ratings could also have, among other things, an adverse impact, which could be material, on the Evergy Companies' access to capital, the cost of funds, the ability to recover actual interest costs in state regulatory proceedings, the type and amounts of collateral required under supply agreements and Evergy's ability to provide credit support for its subsidiaries.

As of February 25, 2021, the major credit rating agencies rated the Evergy Companies' securities as detailed in the following table.

	Moody's Investors Service ^(a)	S&P Global Ratings ^(a)
Evergy		
Outlook	Stable	Stable
Corporate Credit Rating	--	A-
Senior Unsecured Debt	Baa2	BBB+
Short-Term Rating	--	A-2
Evergy Kansas Central		
Outlook	Stable	Stable
Corporate Credit Rating	Baa1	A-
Senior Secured Debt	A2	A
Commercial Paper	P-2	A-2
Evergy Kansas South		
Outlook	Stable	Stable
Corporate Credit Rating	Baa1	A-
Senior Secured Debt	--	A
Short-Term Rating	P-2	A-2
Evergy Metro		
Outlook	Stable	Stable
Corporate Credit Rating	Baa1	A
Senior Secured Debt	A2	A+
Senior Unsecured Debt	--	A
Commercial Paper	P-2	A-1
Evergy Missouri West		
Outlook	Stable	Stable
Corporate Credit Rating	Baa2	A-
Senior Unsecured Debt	Baa2	A-
Commercial Paper	P-2	--

^(a)A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

Shelf Registration Statements and Regulatory Authorizations

Evergy

In November 2018, Evergy filed an automatic shelf registration statement providing for the sale of unlimited amounts of securities with the SEC, which expires in November 2021.

Evergy Kansas Central

In November 2018, Evergy Kansas Central filed an automatic shelf registration statement providing for the sale of unlimited amounts of unsecured debt securities and FMBs with the SEC, which expires in November 2021.

Evergy Metro

In November 2018, Evergy Metro filed an automatic shelf registration statement providing for the sale of unlimited amounts of unsecured notes and mortgage bonds with the SEC, which expires in November 2021.

The following table summarizes the regulatory short-term and long-term debt financing authorizations for Evergy Kansas Central, Evergy Kansas South, Evergy Metro and Evergy Missouri West and the remaining amount available under these authorizations as of December 31, 2020.

Type of Authorization	Commission	Expiration Date	Authorization Amount	Available Under Authorization
Evergy Kansas Central & Evergy Kansas South				
(in millions)				
Short-Term Debt	FERC	December 2022	\$1,250.0	\$1,200.0
Evergy Metro				
Short-Term Debt	FERC	December 2022	\$1,250.0	\$1,250.0
Evergy Missouri West				
Short-Term Debt	FERC	December 2022	\$750.0	\$585.0
Long-Term Debt ^(a)	FERC	February 2023	\$1,000.0	\$1,000.0

^(a) Evergy Missouri West's application for long-term debt authority with FERC was approved in February 2021.

In addition to the above regulatory authorizations, the Evergy Kansas Central, Evergy Kansas South and Evergy Metro mortgages each contain provisions restricting the amount of FMBs or mortgage bonds, as applicable, that can be issued by each entity. Evergy Kansas Central, Evergy Kansas South and Evergy Metro must comply with these restrictions prior to the issuance of additional FMBs, mortgage bonds or other secured indebtedness.

Under the Evergy Kansas Central mortgage, the issuance of FMBs is subject to limitations based on the amount of bondable property additions. In addition, so long as any bonds issued prior to January 1, 1997, remain outstanding, the mortgage prohibits additional FMBs from being issued, except in connection with certain refundings, unless Evergy Kansas Central's unconsolidated net earnings available for interest, depreciation and property retirement (which, as defined, does not include earnings or losses attributable to the ownership of securities of subsidiaries), for a period of 12 consecutive months within 15 months preceding the issuance, are not less than the greater of twice the annual interest charges on or 10% of the principal amount of all FMBs outstanding after giving effect to the proposed issuance. As of December 31, 2020, \$780.6 million principal amount of additional FMBs could be issued under the most restrictive provisions in the mortgage, except in connection with certain refundings.

Under the Evergy Kansas South mortgage, the amount of FMBs authorized is limited to a maximum of \$3.5 billion and the issuance of FMBs is subject to limitations based on the amount of bondable property additions. In addition, the mortgage prohibits additional FMBs from being issued, except in connection with certain refundings, unless Evergy Kansas South's net earnings before income taxes and before provision for retirement and depreciation of property for a period of 12 consecutive months within 15 months preceding the issuance are not less than either two and one-half times the annual interest charges on or 10% of the principal amount of all Evergy Kansas South FMBs outstanding after giving effect to the proposed issuance. As of December 31, 2020, approximately \$2,828.6 million principal amount of additional Evergy Kansas South FMBs could be issued under the most restrictive provisions in the mortgage, except in connection with certain refundings.

Under the General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, as supplemented (Evergy Metro Mortgage Indenture), additional Evergy Metro mortgage bonds may be issued on the basis of 75% of property additions or retired bonds. As of December 31, 2020, approximately \$4,733.1 million principal amount of additional Evergy Metro mortgage bonds could be issued under the most restrictive provisions in the mortgage.

Cash and Cash Equivalents

At December 31, 2020, Evergy had approximately \$144.9 million of cash and cash equivalents on hand.

Capital Requirements

Capital Expenditures

Evergy requires significant capital investments and expects to need cash for the STP as well as other utility construction programs designed to improve and expand facilities related to providing electric service, which include, but are not limited to, expenditures to develop new transmission lines and improvements to power plants, transmission and distribution lines and equipment. See "Executive Summary - Strategy", above for further information regarding the STP. Evergy's capital expenditures were \$1,560.3 million, \$1,210.1 million and \$1,069.7 million in 2020, 2019 and 2018, respectively.

Capital expenditures projected for the next five years, excluding AFUDC and including costs of removal, are detailed in the following table. This capital expenditure plan is subject to continual review and change.

	2021	2022	2023	2024	2025
	(millions)				
Generating facilities - new renewable generation	\$ —	\$ —	\$ 337.0	\$ 338.0	\$ —
Generating facilities - other	319.0	306.0	264.0	186.0	236.0
Transmission facilities	629.0	590.0	567.0	513.0	734.0
Distribution facilities	648.0	656.0	481.0	487.0	624.0
General facilities	284.0	283.0	248.0	214.0	256.0
Total capital expenditures	\$1,880.0	\$1,835.0	\$1,897.0	\$1,738.0	\$1,850.0

Contractual Obligations and Other Commitments

In the course of its business activities, the Evergy Companies enter into a variety of contracts and commercial commitments. Some of these result in direct obligations reflected on Evergy's consolidated balance sheets while others are commitments, some firm and some based on uncertainties, not reflected in Evergy's underlying consolidated financial statements.

The information in the following table is provided to summarize Evergy's cash obligations and commercial commitments.

Payment due by period	2021	2022	2023	2024	2025	After 2025	Total
Long-term debt	(millions)						
Principal	\$ 432.0	\$ 387.5	\$ 439.5	\$ 800.0	\$ 636.0	\$ 6,906.8	\$ 9,601.8
Interest	350.2	327.1	311.9	302.6	282.6	4,201.3	5,775.7
Long-term debt of VIEs							
Principal	18.8	—	—	—	—	—	18.8
Interest	0.2	—	—	—	—	—	0.2
Lease commitments							
Operating leases	18.5	15.3	12.2	10.4	7.9	37.3	101.6
Finance leases	8.8	7.3	6.6	5.3	4.6	42.4	75.0
Pension and other post-retirement plans ^(a)	135.7	135.7	135.7	135.7	135.7	(a)	678.5
Purchase commitments							
Fuel	311.2	118.3	134.6	97.6	88.4	94.0	844.1
Power	62.4	62.6	63.2	57.6	58.0	349.7	653.5
Other	135.4	25.7	19.3	23.6	21.9	86.0	311.9
Total contractual commitments ^(a)	\$ 1,473.2	\$ 1,079.5	\$ 1,123.0	\$ 1,432.8	\$ 1,235.1	\$ 11,717.5	\$ 18,061.1

^(a) Evergy expects to make contributions to the pension and other post-retirement plans beyond 2025 but the amounts are not yet determined.

Long-term debt includes current maturities. Long-term debt principal excludes \$84.9 million of unamortized net discounts and debt issuance costs and a \$110.4 million fair value adjustment recorded in connection with purchase

accounting for the Great Plains Energy and Evergy Kansas Central merger that was completed in June 2018. Variable rate interest obligations are based on rates as of December 31, 2020.

Operating lease commitments include leases for office buildings, computer equipment, operating facilities, vehicles and rail cars to serve jointly-owned generating units where Evergy Kansas Central or Evergy Metro is the managing partner and is reimbursed by other joint-owners for its proportionate share of the cost. Finance lease commitments include obligations for both principal and interest.

Evergy expects to contribute \$135.7 million to the pension and other post-retirement plans in 2021, of which the majority is expected to be paid by Evergy Kansas Central and Evergy Metro. Additional contributions to the plans are expected beyond 2025 in amounts at least sufficient to meet the greater of Employee Retirement Income Security Act of 1974, as amended (ERISA) or regulatory funding requirements; however, these amounts have not yet been determined. Amounts for years after 2021 are estimates based on information available in determining the amount for 2021. Actual amounts for years after 2021 could be significantly different than the estimated amounts in the table above.

Fuel commitments consist of commitments for nuclear fuel, coal and coal transportation costs. Power commitments consist of certain commitments for renewable energy under power purchase agreements, capacity purchases and firm transmission service. Other represents individual commitments entered into in the ordinary course of business.

Evergy has other insignificant long-term liabilities recorded on its consolidated balance sheet at December 31, 2020, which do not have a definitive cash payout date and are not included in the table above.

Common Stock Dividends

The amount and timing of dividends payable on Evergy's common stock are within the sole discretion of the Evergy Board. The amount and timing of dividends declared by the Evergy Board will be dependent on considerations such as Evergy's earnings, financial position, cash flows, capitalization ratios, regulation, reinvestment opportunities and debt covenants. Evergy targets a long-term dividend payout ratio of 60% to 70% of earnings. See Note 1 to the consolidated financial statements for information on the common stock dividend declared by the Evergy Board in February 2021.

The Evergy Companies also have certain restrictions stemming from statutory requirements, corporate organizational documents, covenants and other conditions that could affect dividend levels. See Note 18 to the consolidated financial statements for further discussion of restrictions on dividend payments.

Off-Balance Sheet Arrangements

In the ordinary course of business, Evergy and certain of its subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees and letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiary's intended business purposes. The majority of these agreements guarantee Evergy's own future performance, so a liability for the fair value of the obligation is not recorded.

At December 31, 2020, Evergy has provided \$140.0 million of credit support for certain of its subsidiaries as follows:

- Evergy direct guarantees to Evergy Kansas Central and Evergy Metro counterparties for certain fuel supply contracts totaling \$48.0 million, which expire in 2027; and
- Evergy's guarantee of Evergy Missouri West long-term debt totaling \$92.0 million, which includes debt with maturity dates ranging from 2021 to 2023.

Evergy has also guaranteed Evergy Missouri West's short-term debt, including its commercial paper program. At December 31, 2020, Evergy Missouri West had \$65.0 million of commercial paper outstanding. None of the

guaranteed obligations are subject to default or prepayment if Evergy Missouri West's credit ratings were downgraded.

The Evergy Companies also have off-balance sheet arrangements in the form of letters of credit entered into in the ordinary course of business.

Cash Flows

The following table presents Evergy's cash flows from operating, investing and financing activities.

	2020	2019
	(millions)	
Cash flows from operating activities	\$ 1,753.8	\$ 1,749.0
Cash flows from (used in) investing activities	(1,533.7)	(1,080.3)
Cash flows used in financing activities	(98.4)	(805.8)

Cash Flows from Operating Activities

Evergy's cash flows from operating activities increased \$4.8 million in 2020 compared to 2019 primarily driven by:

- a \$99.5 million increase due to the the timing of cash payments made to taxing authorities for property tax payments as well as various suppliers and other service providers for goods and services purchased in the ordinary course of business;
- a \$64.3 million one-time refund made to certain Evergy Metro and Evergy Missouri West customers in 2019 reflecting customer benefits associated with the Tax Cuts and Jobs Act;
- a \$41.3 million increase in cash receipts for net tax refunds in 2020 primarily driven by a \$57.2 million increase in refunds related to federal AMT credits;
- \$34.6 million in payments made for a Wolf Creek refueling outage in 2019; and
- an \$8.8 million decrease in payments made for rebranding costs in 2020 related to rebranding the legacy Westar Energy and KCP&L utility brands to Evergy in 2019; partially offset by
- a \$185.6 million decrease in cash receipts for retail electric sales in 2020 primarily driven by lower retail sales as a result of unfavorable weather and a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures and hours of operation and capacity limitations resulting from government restrictions to slow the spread of COVID-19 in 2020;
- a \$38.1 million increase in interest payments in 2020 primarily due to payments made in March and September of 2020 on Evergy's \$1.6 billion of senior notes issued in September 2019; and
- \$27.6 million in cash payments to advisors associated with strategic planning in 2020.

Cash Flows used in Investing Activities

Evergy's cash flows used in investing activities increased \$453.4 million in 2020 compared to 2019 primarily driven by:

- a \$350.2 million increase in additions to property, plant and equipment due to increases at Evergy Kansas Central, Evergy Metro and Evergy Missouri West of \$122.9 million, \$120.4 million and \$107.0 million, respectively, primarily due to increased spending for a variety of capital projects including transmission infrastructure additions, customer meters and a customer billing system; and
- a decrease of \$95.8 million in proceeds from COLI investments, primarily from Evergy Kansas Central due to a higher number of policy settlements in 2019.

Cash Flows used in Financing Activities

Evergy's cash flows used in financing activities decreased \$707.4 million in 2020 compared to 2019 primarily driven by:

- \$1,628.7 million of common stock repurchased as a result of Evergy's share repurchase program in 2019;
- a \$450.0 million decrease in retirements of long-term debt, net due to Evergy Metro's repayment of \$400.0 million of 7.15% Mortgage Bonds in April 2019 and Evergy Kansas South's repayment of its \$300.0 million of 6.70% FMBs in June 2019; partially offset by Evergy Kansas Central's repayment of its \$250.0 million of 5.10% FMBs in May 2020;
- a \$72.7 million decrease in the repayment of borrowings against cash surrender value of corporate-owned life insurance primarily due to a higher number of policy settlements in 2019; and
- a \$69.8 million payment for the settlement of an interest rate swap accounted for as a cash flow hedge of Evergy's \$800.0 million of 2.90% Senior Notes issued in September 2019; partially offset by
- a \$1,483.9 million decrease in proceeds from long-term debt, net primarily due to Evergy's issuance of \$800.0 million of 2.45% Senior Notes and \$800.0 million of 2.90% Senior Notes in September 2019.

EVERGY KANSAS CENTRAL, INC.

MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

The below results of operations and related discussion for Evergy Kansas Central is presented in a reduced disclosure format in accordance with General Instruction (I)(2)(a) to Form 10-K.

The following table summarizes Evergy Kansas Central's comparative results of operations.

	2020	Change	2019
		(millions)	
Operating revenues	\$ 2,418.1	\$ (89.3)	\$ 2,507.4
Fuel and purchased power	427.6	(65.4)	493.0
SPP network transmission costs	263.2	11.9	251.3
Operating and maintenance	513.6	(16.9)	530.5
Depreciation and amortization	453.1	9.3	443.8
Taxes other than income tax	193.3	1.0	192.3
Income from operations	567.3	(29.2)	596.5
Other expense, net	(12.7)	0.2	(12.9)
Interest expense	167.6	(9.4)	177.0
Income tax expense	155.8	103.7	52.1
Equity in earnings of equity method investees, net of income taxes	4.6	—	4.6
Net income	235.8	(123.3)	359.1
Less: Net income attributable to noncontrolling interests	11.7	(4.0)	15.7
Net income attributable to Evergy Kansas Central, Inc.	\$ 224.1	\$ (119.3)	\$ 343.4

Evergy Kansas Central Utility Gross Margin and MWh Sales

The following table summarizes Evergy Kansas Central's utility gross margin and MWhs sold.

	Revenues and Expenses			MWhs Sold		
	2020	Change	2019	2020	Change	2019
Retail revenues		(millions)			(thousands)	
Residential	\$ 801.2	\$ 7.3	\$ 793.9	6,491	31	6,460
Commercial	665.6	(43.5)	709.1	6,875	(524)	7,399
Industrial	379.9	(21.4)	401.3	5,242	(380)	5,622
Other retail revenues	17.7	(3.3)	21.0	41	(4)	45
Total electric retail	1,864.4	(60.9)	1,925.3	18,649	(877)	19,526
Wholesale revenues	215.4	(24.5)	239.9	7,851	311	7,540
Transmission revenues	287.3	14.0	273.3	N/A	N/A	N/A
Other revenues	51.0	(17.9)	68.9	N/A	N/A	N/A
Operating revenues	2,418.1	(89.3)	2,507.4	26,500	(566)	27,066
Fuel and purchased power	(427.6)	65.4	(493.0)			
SPP network transmission costs	(263.2)	(11.9)	(251.3)			
Utility gross margin ^(a)	1,727.3	(35.8)	1,763.1			
Operating and maintenance	(513.6)	16.9	(530.5)			
Depreciation and amortization	(453.1)	(9.3)	(443.8)			
Taxes other than income tax	(193.3)	(1.0)	(192.3)			
Income from operations	\$ 567.3	\$ (29.2)	\$ 596.5			

^(a)Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin under Evergy's Results of Operations.

Evergy Kansas Central's utility gross margin decreased \$35.8 million in 2020, compared to 2019, driven by:

- a \$27.2 million decrease primarily due to lower retail sales driven by unfavorable weather (cooling degree days decreased 5% and heating degree days decreased 10%) and a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures and hours of operation and capacity limitations resulting from government restrictions to slow the spread of COVID-19 in 2020, partially offset by an increase in weather-normalized residential demand; and
- an \$8.6 million decrease related to Evergy Kansas Central's TDC rider in 2020.

Evergy Kansas Central Operating and Maintenance

Evergy Kansas Central's operating and maintenance expense decreased \$16.9 million in 2020, compared to 2019, primarily driven by:

- a \$13.6 million decrease in transmission and distribution operating and maintenance expense primarily due to lower labor expense in 2020 and a \$3.4 million decrease due to lower vegetation management expense in 2020;
- a \$13.2 million decrease in various administrative and general operating and maintenance expenses primarily driven by a \$15.4 million decrease in labor and employee benefits expense that included lower employee headcount in 2020 and a \$1.9 million decrease in property insurance expense due to a higher annual refund of nuclear insurance premiums received by Evergy Kansas Central related to its indirect ownership interest in Wolf Creek; and
- an \$8.3 million decrease in plant operating and maintenance expense at fossil-fuel generating units primarily due to an \$8.4 million write-off of a regulatory asset for costs incurred during the JEC lease extension in 2019, a \$6.0 million decrease related to maintenance outages at JEC, La Cygne Unit 2 and Lawrence Energy Center as well as lower employee headcount in 2020; partially offset by a \$3.9 million asset write-off in 2020; partially offset by

- a \$22.8 million increase in voluntary severance expenses due to a \$19.1 million increase related to Evergy voluntary exit programs in 2020 and \$3.7 million of voluntary severance expenses incurred in 2020 related to Wolf Creek voluntary exit programs.

Evergy Kansas Central Depreciation and Amortization

Evergy Kansas Central's depreciation and amortization expense increased \$9.3 million in 2020, compared to 2019, primarily driven by capital additions.

Evergy Kansas Central Interest Expense

Evergy Kansas Central's interest expense decreased \$9.4 million in 2020, compared to 2019, primarily driven by:

- an \$11.9 million decrease due to lower commercial paper balances and weighted-average interest rates on short-term borrowings in 2020; and
- a \$3.1 million net decrease due to the repayment of Evergy Kansas South's \$300.0 million of 6.70% FMBs at maturity in June 2019, which decreased interest expense by \$9.2 million, partially offset by a \$6.1 million increase due to the issuance of Evergy Kansas Central's \$300.0 million of 3.25% FMBs in August 2019; partially offset by
- a \$6.6 million net increase due to the issuance of Evergy Kansas Central's \$500.0 million of 3.45% FMBs in April 2020, which increased interest expense by \$12.6 million, partially offset by a \$6.0 million decrease due to the repayment of Evergy Kansas Central's \$250.0 million of 5.10% FMBs in May 2020.

Evergy Kansas Central Income Tax Expense

Evergy Kansas Central's income tax expense increased \$103.7 million in 2020, compared to 2019, primarily driven by a \$109.0 million net increase due to the revaluation of deferred income tax assets and liabilities in the second quarter of 2020 due to the change in the Kansas corporate income tax rate, partially offset by a \$5.2 million decrease due to lower pre-tax income in 2020.

See Note 20 to the consolidated financial statements for more information regarding the change in the Kansas corporate income tax rate.

EVERGY METRO, INC.

MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

The below results of operations and related discussion for Evergy Metro is presented in a reduced disclosure format in accordance with General Instruction (I)(2)(a) to Form 10-K.

The following table summarizes Evergy Metro's comparative results of operations.

	2020	Change	2019
		(millions)	
Operating revenues	\$ 1,705.6	\$ (100.9)	\$ 1,806.5
Fuel and purchased power	416.1	(66.0)	482.1
Operating and maintenance	407.5	(44.4)	451.9
Depreciation and amortization	326.1	7.7	318.4
Taxes other than income tax	121.6	(6.0)	127.6
Income from operations	434.3	7.8	426.5
Other expense, net	(14.9)	0.9	(15.8)
Interest expense	113.6	(6.2)	119.8
Income tax expense	7.1	(28.6)	35.7
Net income	\$ 298.7	\$ 43.5	\$ 255.2

Evergy Metro Utility Gross Margin and MWh Sales

The following table summarizes Evergy Metro's utility gross margin and MWhs sold.

	Revenues and Expenses			MWhs Sold		
	2020	Change	2019	2020	Change	2019
Retail revenues		(millions)			(thousands)	
Residential	\$ 714.7	2.3	\$ 712.4	5,430	5	5,425
Commercial	717.1	(69.0)	786.1	7,028	(595)	7,623
Industrial	128.8	(8.1)	136.9	1,695	(18)	1,713
Other retail revenues	11.7	(4.6)	16.3	71	(4)	75
Total electric retail	1,572.3	(79.4)	1,651.7	14,224	(612)	14,836
Wholesale revenues	35.0	(35.9)	70.9	5,957	(141)	6,098
Transmission revenues	13.9	(3.6)	17.5	N/A	N/A	N/A
Other revenues	84.4	18.0	66.4	N/A	N/A	N/A
Operating revenues	1,705.6	(100.9)	1,806.5	20,181	(753)	20,934
Fuel and purchased power	(416.1)	66.0	(482.1)			
Utility gross margin^(a)	1,289.5	(34.9)	1,324.4			
Operating and maintenance	(407.5)	44.4	(451.9)			
Depreciation and amortization	(326.1)	(7.7)	(318.4)			
Taxes other than income tax	(121.6)	6.0	(127.6)			
Income from operations	\$ 434.3	\$ 42.7	\$ 426.5			

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin under Evergy's Results of Operations.

Evergy Metro's utility gross margin decreased \$34.9 million in 2020, compared to 2019, driven by:

- a \$35.4 million decrease primarily due to lower retail sales driven by unfavorable weather (cooling degree days decreased 5% and heating degree days decreased 12%) and a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures and hours of operation and capacity limitations resulting from government restrictions to slow the spread of COVID-19 in 2020, partially offset by an increase in weather-normalized residential demand; and
- a \$6.4 million decrease in revenue recognized for the MEEIA earnings opportunity in 2020 related to the achievement of certain customer energy savings levels in the second cycle of Evergy Metro's MEEIA program; partially offset by
- a \$4.4 million increase in MEEIA throughput disincentive in 2020 primarily driven by the cumulative amount of customer energy savings achieved in the second and third cycles of Evergy Metro's MEEIA program; and
- a \$2.5 million increase for recovery of programs costs for energy efficiency programs under MEEIA, which have a direct offset in operating and maintenance expense.

Evergy Metro Operating and Maintenance

Evergy Metro's operating and maintenance expense decreased \$44.4 million in 2020, compared to 2019, primarily driven by:

- a \$26.7 million decrease in transmission and distribution operating and maintenance expense primarily due to \$11.7 million of costs incurred from storms that occurred in January 2019, a \$3.5 million decrease due to lower vegetation management expense in 2020 and lower labor expense in 2020;
- a \$14.0 million decrease in various administrative and general operating and maintenance expenses primarily due to a \$4.7 million decrease in credit loss expense due to lower levels of customer disconnections in 2020, a \$3.9 million decrease in outside services expenses including lower consulting and legal fees in 2020 and a \$1.8 million decrease in property insurance expense due to a higher annual refund of nuclear insurance premiums received by Evergy Metro related to its ownership interest in Wolf Creek in the first quarter of 2020; and

- a \$14.5 million decrease in plant operating and maintenance expense at fossil-fuel generating units driven by a \$12.4 million decrease primarily due to outages at Hawthorn Station, Iatan Station and La Cygne Unit 2 as well as lower employee headcount in 2020; partially offset by
- a \$17.8 million increase in voluntary severance expenses due to a \$14.1 million increase related to Evergy voluntary exit programs in 2020 and \$3.7 million of voluntary severance expenses incurred in 2020 related to Wolf Creek voluntary exit programs; and
- a \$2.5 million increase in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue.

Evergy Metro Depreciation and Amortization

Evergy Metro's depreciation and amortization increased \$7.7 million in 2020, compared to 2019, primarily driven by capital additions.

Evergy Metro Other Expense, Net

Evergy Metro's other expense, net decreased \$0.9 million in 2020, compared to the same period in 2019, primarily driven by:

- a \$5.8 million increase in equity AFUDC in 2020 primarily driven by lower short-term debt and higher construction work in progress balances in 2020; partially offset by
- a \$3.3 million increase in pension non-service costs in 2020.

Evergy Metro Interest Expense

Evergy Metro's interest expense decreased \$6.2 million in 2020, compared to 2019, primarily driven by:

- a \$4.6 million net decrease due to the repayment of Evergy Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, which decreased interest expense by \$8.5 million, partially offset by a \$3.9 million increase due to Evergy Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019; and
- a \$3.8 million decrease due to lower commercial paper balances and weighted-average interest rates on short-term borrowings in 2020; partially offset by
- a \$5.4 million increase due to the issuance of Evergy Metro's \$400.0 million of 2.25% Mortgage Bonds in May 2020.

Evergy Metro Income Tax Expense

Evergy Metro's income tax expense decreased \$28.6 million in 2020, compared to 2019, primarily driven by a \$32.2 million net decrease due to the revaluation of deferred income tax assets and liabilities in the second quarter of 2020 due to the change in the Kansas corporate income tax rate, partially offset by a \$3.9 million increase due to higher pre-tax income in 2020.

See Note 20 to the consolidated financial statements for more information regarding the change in the Kansas corporate income tax rate.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, Evergy faces risks that are either non-financial or non-quantifiable. Such risks principally include business, legal, operational and credit risks and are not represented in the following analysis. See Part I, Item 1A, Risk Factors and Part II, Item 7, MD&A for further discussion of risk factors.

The Evergy Companies are exposed to market risks associated with commodity price and supply, interest rates and security prices. Commodity price risk is the potential adverse price impact related to the purchase or sale of electricity and energy-related products. Credit risk is the potential adverse financial impact resulting from non-performance by a counterparty of its contractual obligations. Interest rate risk is the potential adverse financial

impact related to changes in interest rates. In addition, Evergy's investments in trusts to fund nuclear plant decommissioning and to fund non-qualified retirement benefits give rise to security price risk.

Management has established risk management policies and strategies to reduce the potentially adverse effects that the volatility of the markets may have on Evergy's operating results. During the ordinary course of business, the Evergy Companies' hedging strategies are reviewed to determine the hedging approach deemed appropriate based upon the circumstances of each situation. Though management believes its risk management practices are effective, it is not possible to identify and eliminate all risk. Evergy could experience losses, which could have a material adverse effect on its results of operations or financial position, due to many factors, including unexpectedly large or rapid movements or disruptions in the energy markets, regulatory-driven market rule changes and/or bankruptcy or non-performance of customers or counterparties, and/or failure of underlying transactions that have been hedged to materialize.

Hedging Strategies

From time to time, Evergy utilizes derivative instruments to execute risk management and hedging strategies. Derivative instruments, such as futures, forward contracts, swaps or options, derive their value from underlying assets, indices, reference rates or a combination of these factors. These derivative instruments include negotiated contracts, which are referred to as over-the-counter derivatives, and instruments listed and traded on an exchange.

Commodity Price Risk

The Evergy Companies engage in the wholesale and retail sale of electricity as part of their regulated electric operations in addition to limited energy marketing activities. These activities expose the Evergy Companies to risks associated with the price of electricity and other energy-related products. Exposure to these risks is affected by a number of factors including the quantity and availability of fuel used for generation and the quantity of electricity customers consume. Customers' electricity usage could also vary from year to year based on the weather or other factors. Quantities of fossil fuel used for generation vary from year to year based on the availability, price and deliverability of a given fuel type as well as planned and unplanned outages at facilities that use fossil fuels. Evergy's exposure to fluctuations in these factors is limited by the cost-based regulation of its regulated operations in Kansas and Missouri as these operations are typically allowed to recover substantially all of these costs through fuel recovery mechanisms. While there may be a delay in timing between when these costs are incurred and when they are recovered through rates, changes from year to year generally do not have a material impact on operating results.

Interest Rate Risk

Evergy manages interest rate risk and short- and long-term liquidity by limiting its exposure to variable interest rate debt to a percentage of total debt, diversifying maturity dates and, from time to time, entering into interest rate hedging transactions. At December 31, 2020, 3% of Evergy's long-term debt was variable rate debt. Evergy also has short-term borrowings and current maturities of fixed rate debt that are exposed to interest rate risk. Evergy computes and presents information regarding the sensitivity to changes in interest rates for variable rate debt and current maturities of fixed rate debt by assuming a 100-basis-point change in the current interest rates applicable to such debt over the remaining time the debt is outstanding.

Evergy had \$1,038.7 million of variable rate debt, including notes payable, commercial paper and current maturities of fixed rate debt as of December 31, 2020. A 100-basis-point change in interest rates applicable to this debt would impact income before income taxes on an annualized basis by approximately \$6.2 million.

Credit Risk

Evergy is exposed to counterparty credit risk largely in the form of accounts receivable from its retail and wholesale electric customers and through executory contracts with market risk exposure. The credit risk associated with accounts receivable from retail and wholesale customers is largely mitigated by Evergy's large number of individual customers spread across diverse customer classes and the ability to recover bad debt expense in customer rates. The Evergy Companies maintain credit policies and employ credit risk control mechanisms, such as letters of credit, when necessary to minimize their overall credit risk and monitor exposure.

Investment Risk

Evergy maintains trust funds, as required by the NRC, to fund its 94% share of decommissioning the Wolf Creek nuclear power plant and also maintains trusts to fund pension benefits as well as certain non-qualified retirement benefits. As of December 31, 2020, these funds were primarily invested in a diversified mix of equity and debt securities and reflected at fair value on Evergy's balance sheet. The equity securities in the trusts are exposed to price fluctuations in equity markets and the value of debt securities are exposed to changes in interest rates and other market factors.

As nuclear decommissioning costs are currently recovered in customer rates, Evergy defers both realized and unrealized gains and losses for these securities as an offset to its regulatory liability for decommissioning Wolf Creek and as such, fluctuations in the value of these securities do not impact earnings. A significant decline in the value of pension or non-qualified retirement assets could require Evergy to increase funding of its pension plans in future periods, which could adversely affect cash flows in those periods. In addition, a decline in the fair value of these plan assets, in the absence of additional cash contributions to the plans by Evergy, could increase the amount of pension cost required to be recorded in future periods by Evergy.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Evergy, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Evergy, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Rate Matters and Regulation - Impact of Rate Regulation on the Financial Statements - Refer to Notes 1 and 5 to the financial statements

Critical Audit Matter Description

The Company is subject to rate regulation by the Kansas Corporation Commission and by the Missouri Public Service Commission (collectively the "Commissions"), which have jurisdiction with respect to the rates of electric distribution companies in Kansas and Missouri, respectively. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the

economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant, and equipment, including asset retirements and abandonments; regulatory assets and liabilities; operating revenues; operating and maintenance expense; and depreciation expense.

The Company's rates are subject to regulatory rate-setting processes and annual earnings oversight. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The Commissions' regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the Commissions in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the Commissions will not approve (1) full recovery of the costs of providing utility service or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

When the Company retires a regulated plant, the Company must assess the probability of recovery of the regulated plant, which is dependent upon amounts that may be recovered through regulated rates, including any return. Pending receipt of regulatory approval for the retirement and/or recovery of the affected plants, accounting for early retirements of regulated plants involves judgment related to the nature of the early retirement and the likelihood that the Company will recover its remaining investment in these retired generating plants with a return. Auditing the judgments related to the nature and likelihood of the retirement and the probability of recovering the generating plant investment with a return involves especially subjective and complex judgment.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) probability of potential charges related to the abandonment of regulated plants, and (3) a refund to customers. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by the Commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities.
- We tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment; regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates, including Company management's determination of the likelihood of recovery of the full investment of certain regulated plants and probability of refunding amounts previously collected from customers related to certain regulated plants.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We evaluated external information and compared it to management's recorded regulatory asset and liability balances for completeness. Such external information included relevant regulatory orders issued by the Commissions for the Company and other public utilities in Kansas and Missouri, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available

information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commissions' treatment of similar costs under similar circumstances.

- For regulatory matters in process, including those that could impact the early retirement of regulated plants, we inspected the Company's filings with the Commissions and the filings with the Commissions by intervenors that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We evaluated the reasonableness of management's judgments for potential indicators of abandonment by performing the following:
 - We inquired of management about property, plant, and equipment that may be abandoned.
 - We inspected the capital projects budget and construction-in-process listings and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life.
 - We inspected minutes of the board of directors and regulatory orders and other filings with the Commissions to identify any evidence that may contradict management's assertion regarding probability of an abandonment.
- We compared actual spend for projects that have been capitalized to property, plant, and equipment to budget. We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects. For significant projects that were over budget or if full recovery of project costs is being challenged by intervenors, we evaluated management's assessment of the probability of a disallowance. We tested selected costs included in the capitalized project costs for completeness and accuracy.
- We evaluated management's analysis, and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.
- We evaluated management's conclusions for the probable recovery of the retired regulated plant investment with a return. We evaluated management's conclusions regarding the accounting for the abandonment of certain regulated plants and the impact of recent rate orders on the accounting.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 26, 2021

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholder and the Board of Directors of Evergy Kansas Central, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Evergy Kansas Central, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Rate Matters and Regulation - Impact of Rate Regulation on the Financial Statements - Refer to Notes 1 and 5 to the financial statements

Critical Audit Matter Description

The Company is subject to rate regulation by the Kansas Corporation Commission (the "Commission"), which has jurisdiction with respect to the rates of electric distribution companies in Kansas. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures,

such as property, plant, and equipment, including asset retirements and abandonments; regulatory assets and liabilities; operating revenues; operating and maintenance expense; and depreciation expense.

The Company's rates are subject to regulatory rate-setting processes and annual earnings oversight. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The Commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the Commission will not approve (1) full recovery of the costs of providing utility service or (2) recovery of all amounts invested in the utility business and a reasonable return on that investment.

When the Company retires a regulated plant, the Company must assess the probability of recovery of the regulated plant, which is dependent upon amounts that may be recovered through regulated rates, including any return. Pending receipt of regulatory approval for the retirement and/or recovery of the affected plants, accounting for early retirements of regulated plants involves judgment related to the nature of the early retirement and the likelihood that the Company will recover its remaining investment in these retired generating plants with a return. Auditing the judgments related to the nature and likelihood of the retirement and the probability of recovering the generating plant investment with a return involves especially subjective and complex judgment.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) probability of potential charges related to the abandonment of regulated plants, and (3) a refund to customers. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by the Commission, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the Commission included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities.
- We tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment; regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We evaluated external information and compared it to management's recorded regulatory asset and liability balances for completeness. Such external information included relevant regulatory orders issued by the Commission for the Company and other public utilities in Kansas, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commission's treatment of similar costs under similar circumstances.
- For regulatory matters in process, including those that could impact the early retirement of regulated plants, we inspected the Company's filings with the Commission and the filings with the Commission by

interveners that may impact the Company's future rates, for any evidence that might contradict management's assertions.

- We evaluated the reasonableness of management's judgments for potential indicators of abandonment by performing the following:
 - We inquired of management about property, plant, and equipment that may be abandoned.
 - We inspected the capital projects budget and construction-in-process listings and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life.
 - We inspected minutes of the board of directors and regulatory orders and other filings with the Commission to identify any evidence that may contradict management's assertion regarding probability of an abandonment.
- We compared actual spend for projects that have been capitalized to property, plant, and equipment to budget. We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects. For significant projects that were over budget or if full recovery of project costs is being challenged by intervenors, we evaluated management's assessment of the probability of a disallowance. We tested selected costs included in the capitalized project costs for completeness and accuracy.
- We evaluated management's analysis, and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 26, 2021

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholder and the Board of Directors of Evergy Metro, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Evergy Metro, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Rate Matters and Regulation - Impact of Rate Regulation on the Financial Statements - Refer to Notes 1 and 5 to the financial statements

Critical Audit Matter Description

The Company is subject to rate regulation by the Kansas Corporation Commission and by the Missouri Public Service Commission (collectively the "Commissions"), which have jurisdiction with respect to the rates of electric distribution companies in Kansas and Missouri, respectively. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant,

and equipment, including asset retirements and abandonments; regulatory assets and liabilities; operating revenues; operating and maintenance expense; and depreciation expense.

The Company's rates are subject to regulatory rate-setting processes and annual earnings oversight. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The Commissions' regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the Commissions will not approve (1) full recovery of the costs of providing utility service or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

When the Company retires a regulated plant, the Company must assess the probability of recovery of the regulated plant, which is dependent upon amounts that may be recovered through regulated rates, including any return. Pending receipt of regulatory approval for the retirement and/or recovery of the affected plants, accounting for early retirements of regulated plants involves judgment related to the nature of the early retirement and the likelihood that the Company will recover its remaining investment in these retired generating plants with a return. Auditing the judgments related to the nature and likelihood of the retirement and the probability of recovering the generating plant investment with a return involves especially subjective and complex judgment.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) probability of potential charges related to the abandonment of regulated plants, and (3) a refund to customers. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by the Commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred as property, plant, and equipment and deferred as regulatory assets and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities.
- We tested the effectiveness of management's controls over the initial recognition of amounts as property, plant, and equipment; regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We evaluated external information and compared it to management's recorded regulatory asset and liability balances for completeness. Such external information included relevant regulatory orders issued by the Commissions for the Company and other public utilities in Kansas and Missouri, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commissions' treatment of similar costs under similar circumstances.

- For regulatory matters in process, we inspected the Company's filings with the Commissions and the filings with the Commissions by interveners that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We evaluated the reasonableness of management's judgments for potential indicators of abandonment by performing the following:
 - We inquired of management about property, plant, and equipment that may be abandoned.
 - We inspected the capital projects budget and construction-in-process listings and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life.
 - We inspected minutes of the board of directors and regulatory orders and other filings with the Commissions to identify any evidence that may contradict management's assertion regarding probability of an abandonment.
- We compared actual spend for projects that have been capitalized to property, plant, and equipment to budget. We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects. For significant projects that were over budget or if full recovery of project costs is being challenged by intervenors, we evaluated management's assessment of the probability of a disallowance. We tested selected costs included in the capitalized project costs for completeness and accuracy.
- We evaluated management's analysis, and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 26, 2021

We have served as the Company's auditor since 2002.

EVERGY, INC.
Consolidated Statements of Comprehensive Income

Year Ended December 31	2020	2019	2018
	(millions, except per share amounts)		
OPERATING REVENUES	\$ 4,913.4	\$ 5,147.8	\$ 4,275.9
OPERATING EXPENSES:			
Fuel and purchased power	1,099.0	1,265.0	1,078.7
SPP network transmission costs	263.2	251.3	259.9
Operating and maintenance	1,163.0	1,218.5	1,115.8
Depreciation and amortization	880.1	861.7	618.8
Taxes other than income tax	364.2	365.5	269.1
Total Operating Expenses	3,769.5	3,962.0	3,342.3
INCOME FROM OPERATIONS	1,143.9	1,185.8	933.6
OTHER INCOME (EXPENSE):			
Investment earnings	10.8	11.0	8.8
Other income	31.3	26.9	15.5
Other expense	(78.2)	(76.9)	(78.7)
Total Other Expense, Net	(36.1)	(39.0)	(54.4)
Interest expense	383.9	374.0	279.6
INCOME BEFORE INCOME TAXES	723.9	772.8	599.6
Income tax expense	102.2	97.0	59.0
Equity in earnings of equity method investees, net of income taxes	8.3	9.8	5.4
NET INCOME	630.0	685.6	546.0
Less: Net income attributable to noncontrolling interests	11.7	15.7	10.2
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 618.3	\$ 669.9	\$ 535.8
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY, INC. (see Note 1)			
Basic earnings per common share	\$ 2.72	\$ 2.80	\$ 2.50
Diluted earnings per common share	\$ 2.72	\$ 2.79	\$ 2.50
AVERAGE COMMON SHARES OUTSTANDING			
Basic	227.2	239.5	213.9
Diluted	227.5	239.9	214.1
COMPREHENSIVE INCOME			
NET INCOME	\$ 630.0	\$ 685.6	\$ 546.0
Derivative hedging activity			
Loss on derivative hedging instruments	—	(64.4)	(5.4)
Income tax benefit	—	16.5	1.4
Net loss on derivative hedging instruments	—	(47.9)	(4.0)
Reclassification to expenses, net of tax	3.0	1.5	—
Derivative hedging activity, net of tax	3.0	(46.4)	(4.0)
Defined benefit pension plans			
Net gain (loss) arising during period	(3.0)	(0.8)	1.4
Income tax expense (benefit)	0.7	0.2	(0.4)
Net gain (loss) arising during period, net of tax	(2.3)	(0.6)	1.0
Amortization of net losses included in net periodic benefit costs, net of tax	(0.1)	—	—
Change in unrecognized pension expense, net of tax	(2.4)	(0.6)	1.0
Total other comprehensive income (loss)	0.6	(47.0)	(3.0)
COMPREHENSIVE INCOME	630.6	638.6	543.0
Less: comprehensive income attributable to noncontrolling interest	11.7	15.7	10.2
COMPREHENSIVE INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 618.9	\$ 622.9	\$ 532.8

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

EVERGY, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 144.9	\$ 23.2
Receivables, net of allowance for credit losses of \$19.3 and \$10.5, respectively	273.9	228.5
Accounts receivable pledged as collateral	360.0	339.0
Fuel inventory and supplies	504.5	481.6
Income taxes receivable	62.9	85.5
Regulatory assets	206.2	231.7
Prepaid expenses and other assets	71.9	78.2
Total Current Assets	1,624.3	1,467.7
PROPERTY, PLANT AND EQUIPMENT, NET	19,951.0	19,184.4
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	154.9	162.0
OTHER ASSETS:		
Regulatory assets	1,868.2	1,740.5
Nuclear decommissioning trust fund	652.1	573.2
Goodwill	2,336.6	2,336.6
Other	527.7	511.5
Total Other Assets	5,384.6	5,161.8
TOTAL ASSETS	\$ 27,114.8	\$ 25,975.9

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

EVERGY, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 436.4	\$ 251.1
Current maturities of long-term debt of variable interest entities	18.8	32.3
Notes payable and commercial paper	315.0	561.9
Collateralized note payable	360.0	339.0
Accounts payable	654.0	528.8
Accrued taxes	143.8	145.1
Accrued interest	123.4	122.3
Regulatory liabilities	26.1	63.3
Asset retirement obligations	40.2	71.3
Accrued compensation and benefits	55.5	59.2
Other	182.6	161.6
Total Current Liabilities	2,355.8	2,335.9
LONG-TERM LIABILITIES:		
Long-term debt, net	9,190.9	8,746.7
Long-term debt of variable interest entities, net	—	18.8
Deferred income taxes	1,664.8	1,744.4
Unamortized investment tax credits	186.7	375.4
Regulatory liabilities	2,638.8	2,248.3
Pension and post-retirement liability	1,149.4	1,017.6
Asset retirement obligations	901.7	602.8
Other	308.2	340.7
Total Long-Term Liabilities	16,040.5	15,094.7
Commitments and Contingencies (Note 15)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 226,836,670 and 226,641,443 shares issued, stated value	7,080.0	7,070.4
Retained earnings	1,702.8	1,551.5
Accumulated other comprehensive loss	(49.4)	(50.0)
Total Evergy, Inc. Shareholders' Equity	8,733.4	8,571.9
Noncontrolling Interests	(14.9)	(26.6)
Total Equity	8,718.5	8,545.3
TOTAL LIABILITIES AND EQUITY	\$ 27,114.8	\$ 25,975.9

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

EVERGY, INC.
Consolidated Statements of Cash Flows

Year Ended December 31	2020	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		(millions)	
Net income	\$ 630.0	\$ 685.6	\$ 546.0
Adjustments to reconcile income to net cash from operating activities:			
Depreciation and amortization	880.1	861.7	618.8
Amortization of nuclear fuel	58.3	51.4	43.6
Amortization of deferred refueling outage	25.4	25.5	21.2
Amortization of corporate-owned life insurance	20.1	19.8	22.6
Non-cash compensation	16.0	16.3	29.9
Net deferred income taxes and credits	126.9	121.5	124.2
Allowance for equity funds used during construction	(17.2)	(2.2)	(3.1)
Payments for asset retirement obligations	(18.4)	(17.8)	(22.4)
Equity in earnings of equity method investees, net of income taxes	(8.3)	(9.8)	(5.4)
Income from corporate-owned life insurance	(8.2)	(29.6)	(2.3)
Other	0.8	(3.2)	(5.2)
Changes in working capital items:			
Accounts receivable	(4.9)	(23.1)	265.1
Accounts receivable pledged as collateral	(21.0)	26.0	(185.0)
Fuel inventory and supplies	(22.3)	29.9	54.7
Prepaid expenses and other current assets	16.9	43.4	(128.1)
Accounts payable	134.3	16.9	56.7
Accrued taxes	6.7	(8.2)	(76.4)
Other current liabilities	(98.9)	(59.4)	92.0
Changes in other assets	119.5	79.8	66.8
Changes in other liabilities	(82.0)	(75.5)	(15.9)
Cash Flows from Operating Activities	1,753.8	1,749.0	1,497.8
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(1,560.3)	(1,210.1)	(1,069.7)
Cash acquired from the merger with Great Plains Energy	—	—	1,154.2
Purchase of securities - trusts	(65.6)	(55.8)	(117.5)
Sale of securities - trusts	56.5	47.3	117.7
Investment in corporate-owned life insurance	(19.1)	(18.3)	(17.1)
Proceeds from investment in corporate-owned life insurance	65.9	161.7	6.8
Proceeds from settlement of interest rate swap	—	—	140.6
Other investing activities	(11.1)	(5.1)	(17.6)
Cash Flows from (used in) Investing Activities	(1,533.7)	(1,080.3)	197.4
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Short-term debt, net	(246.9)	(176.7)	(104.0)
Proceeds from term loan facility	—	1,000.0	—
Repayment of term loan facility	—	(1,000.0)	—
Collateralized short-term borrowings, net	21.0	(26.0)	185.0
Proceeds from long-term debt	888.8	2,372.7	290.9
Retirements of long-term debt	(251.1)	(701.1)	(395.8)
Retirements of long-term debt of variable interest entities	(32.3)	(30.3)	(28.5)
Payment for settlement of interest rate swap accounted for as a cash flow hedge	—	(69.8)	—
Borrowings against cash surrender value of corporate-owned life insurance	55.5	59.4	56.5
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(54.8)	(127.5)	(3.9)
Cash dividends paid	(465.0)	(462.5)	(475.0)
Repurchase of common stock under repurchase plan	—	(1,628.7)	(1,042.3)
Distributions to shareholders of noncontrolling interests	—	(8.6)	—
Other financing activities	(13.6)	(6.7)	(21.3)
Cash Flows used in Financing Activities	(98.4)	(805.8)	(1,538.4)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	121.7	(137.1)	156.8
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:			
Beginning of period	23.2	160.3	3.5
End of period	\$ 144.9	\$ 23.2	\$ 160.3

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

EVERGY, INC.
Consolidated Statements of Changes in Equity

	Evergy, Inc. Shareholders					Non- controlling interests	Total equity
	Common stock shares	Common stock	Retained earnings	AOCI			
	(millions, except share amounts)						
Balance as of December 31, 2017	142,094,275	\$ 2,734.8	\$ 1,173.3	\$ —	\$ (47.7)	\$	3,860.4
Net income	—	—	535.8	—	10.2		546.0
Issuance of stock to Great Plains Energy shareholders	128,947,518	6,979.9	—	—	—		6,979.9
Issuance of restricted common stock	122,505	—	—	—	—		—
Issuance of stock compensation and reinvested dividends, net of tax withholding	533,273	(16.7)	—	—	—		(16.7)
Dividends declared on common stock (\$1.735 per share)	—	—	(362.1)	—	—		(362.1)
Dividend equivalents declared	—	—	(1.0)	—	—		(1.0)
Stock compensation expense	—	29.9	—	—	—		29.9
Repurchase of common stock under repurchase plan	(16,371,319)	(1,042.3)	—	—	—		(1,042.3)
Derivative hedging activity, net of tax	—	—	—	(4.0)	—		(4.0)
Change in unrecognized pension expense, net of tax	—	—	—	1.0	—		1.0
Other	—	(0.4)	—	—	—		(0.4)
Balance as of December 31, 2018	255,326,252	8,685.2	1,346.0	(3.0)	(37.5)		9,990.7
Net income	—	—	669.9	—	15.7		685.6
Issuance of stock compensation and reinvested dividends, net of tax withholding	111,849	(2.4)	—	—	—		(2.4)
Dividends declared on common stock (\$1.93 per share)	—	—	(462.5)	—	—		(462.5)
Dividend equivalents declared	—	—	(1.9)	—	—		(1.9)
Stock compensation expense	—	16.3	—	—	—		16.3
Repurchase of common stock under repurchase plan	(28,796,658)	(1,628.7)	—	—	—		(1,628.7)
Consolidation of noncontrolling interests	—	—	—	—	3.8		3.8
Distributions to shareholders of noncontrolling interests	—	—	—	—	(8.6)		(8.6)
Derivative hedging activity, net of tax	—	—	—	(46.4)	—		(46.4)
Change in unrecognized pension expense, net of tax	—	—	—	(0.6)	—		(0.6)
Balance as of December 31, 2019	226,641,443	7,070.4	1,551.5	(50.0)	(26.6)		8,545.3
Net income	—	—	618.3	—	11.7		630.0
Issuance of stock compensation and reinvested dividends, net of tax withholding	195,227	(5.9)	—	—	—		(5.9)
Dividends declared on common stock (\$2.05 per share)	—	—	(465.0)	—	—		(465.0)
Dividend equivalents declared	—	—	(2.0)	—	—		(2.0)
Stock compensation expense	—	16.0	—	—	—		16.0
Derivative hedging activity, net of tax	—	—	—	3.0	—		3.0
Change in unrecognized pension expense, net of tax	—	—	—	(2.4)	—		(2.4)
Other	—	(0.5)	—	—	—		(0.5)
Balance as of December 31, 2020	226,836,670	\$ 7,080.0	\$ 1,702.8	\$ (49.4)	\$ (14.9)		\$ 8,718.5

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

EVERGY KANSAS CENTRAL, INC.
Consolidated Statements of Income

Year Ended December 31	2020	2019	2018
	(millions)		
OPERATING REVENUES	\$ 2,418.1	\$ 2,507.4	\$ 2,614.9
OPERATING EXPENSES:			
Fuel and purchased power	427.6	493.0	599.2
SPP network transmission costs	263.2	251.3	259.9
Operating and maintenance	513.6	530.5	640.7
Depreciation and amortization	453.1	443.8	390.9
Taxes other than income tax	193.3	192.3	173.7
Total Operating Expenses	1,850.8	1,910.9	2,064.4
INCOME FROM OPERATIONS	567.3	596.5	550.5
OTHER INCOME (EXPENSE):			
Investment earnings (loss)	4.8	4.1	(0.6)
Other income	21.4	23.1	13.9
Other expense	(38.9)	(40.1)	(46.8)
Total Other Expense, Net	(12.7)	(12.9)	(33.5)
Interest expense	167.6	177.0	176.8
INCOME BEFORE INCOME TAXES	387.0	406.6	340.2
Income tax expense (benefit)	155.8	52.1	(4.3)
Equity in earnings of equity method investees, net of income taxes	4.6	4.6	4.6
NET INCOME	235.8	359.1	349.1
Less: Net income attributable to noncontrolling interests	11.7	15.7	10.2
NET INCOME ATTRIBUTABLE TO EVERGY KANSAS CENTRAL, INC.	\$ 224.1	\$ 343.4	\$ 338.9

The disclosures regarding Evergy Kansas Central included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY KANSAS CENTRAL, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 28.7	\$ 5.2
Receivables, net of allowance for credit losses of \$7.5 and \$3.8, respectively	218.9	140.4
Related party receivables	6.7	9.9
Accounts receivable pledged as collateral	180.0	171.0
Fuel inventory and supplies	276.4	266.4
Income taxes receivable	25.3	30.4
Regulatory assets	96.2	93.3
Prepaid expenses and other assets	27.4	34.3
Total Current Assets	859.6	750.9
PROPERTY, PLANT AND EQUIPMENT, NET	10,193.6	9,864.9
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	154.9	162.0
OTHER ASSETS:		
Regulatory assets	800.1	730.4
Nuclear decommissioning trust fund	309.8	272.5
Other	271.1	266.0
Total Other Assets	1,381.0	1,268.9
TOTAL ASSETS	\$ 12,589.1	\$ 12,046.7

The disclosures regarding Evergy Kansas Central included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY KANSAS CENTRAL, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ —	\$ 250.0
Current maturities of long-term debt of variable interest entities	18.8	32.3
Notes payable and commercial paper	50.0	249.2
Collateralized note payable	180.0	171.0
Accounts payable	280.1	200.5
Related party payables	21.7	14.8
Accrued taxes	101.5	98.7
Accrued interest	72.8	74.2
Regulatory liabilities	11.9	42.3
Asset retirement obligations	11.2	23.3
Accrued compensation and benefits	11.1	14.2
Other	133.5	116.0
Total Current Liabilities	892.6	1,286.5
LONG-TERM LIABILITIES:		
Long-term debt, net	3,931.5	3,436.1
Long-term debt of variable interest entities, net	—	18.8
Deferred income taxes	824.5	817.7
Unamortized investment tax credits	65.7	253.2
Regulatory liabilities	1,461.0	1,132.5
Pension and post-retirement liability	560.3	495.5
Asset retirement obligations	416.0	249.6
Other	156.7	151.8
Total Long-Term Liabilities	7,415.7	6,555.2
Commitments and Contingencies (Note 15)		
EQUITY:		
Evergy Kansas Central, Inc. Shareholder's Equity:		
Common stock - 1,000 shares authorized, \$0.01 par value, 1 share issued	2,737.6	2,737.6
Retained earnings	1,558.1	1,494.0
Total Evergy Kansas Central, Inc. Shareholder's Equity	4,295.7	4,231.6
Noncontrolling Interests	(14.9)	(26.6)
Total Equity	4,280.8	4,205.0
TOTAL LIABILITIES AND EQUITY	\$ 12,589.1	\$ 12,046.7

The disclosures regarding Evergy Kansas Central included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY KANSAS CENTRAL, INC.
Consolidated Statements of Cash Flows

Year Ended December 31	2020	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
	(millions)		
Net income	\$ 235.8	\$ 359.1	\$ 349.1
Adjustments to reconcile income to net cash from operating activities:			
Depreciation and amortization	453.1	443.8	390.9
Amortization of nuclear fuel	28.8	25.6	26.0
Amortization of deferred refueling outage	12.7	12.8	13.7
Amortization of corporate-owned life insurance	20.1	19.8	22.6
Non-cash compensation	—	—	19.9
Net deferred income taxes and credits	146.6	11.6	(2.2)
Allowance for equity funds used during construction	(9.1)	—	(2.9)
Payments for asset retirement obligations	(2.2)	(14.8)	(12.0)
Equity in earnings of equity method investees, net of income taxes	(4.6)	(4.6)	(4.6)
Income from corporate-owned life insurance	(8.2)	(29.0)	(2.3)
Other	(5.5)	(5.5)	(5.4)
Changes in working capital items:			
Accounts receivable	(33.8)	(65.9)	207.9
Accounts receivable pledged as collateral	(9.0)	14.0	(185.0)
Fuel inventory and supplies	(9.4)	10.9	17.3
Prepaid expenses and other current assets	10.0	(11.7)	(134.2)
Accounts payable	111.6	6.9	(17.6)
Accrued taxes	(6.7)	20.2	(24.1)
Other current liabilities	(95.5)	12.1	88.3
Changes in other assets	42.9	47.0	42.7
Changes in other liabilities	(30.2)	(29.5)	(36.2)
Cash Flows from Operating Activities	<u>847.4</u>	<u>822.8</u>	<u>751.9</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(719.0)	(596.1)	(713.3)
Purchase of securities - trusts	(20.2)	(21.8)	(99.4)
Sale of securities - trusts	18.6	21.6	104.2
Investment in corporate-owned life insurance	(18.3)	(17.6)	(17.1)
Proceeds from investment in corporate-owned life insurance	63.8	158.9	6.8
Other investing activities	(2.2)	(3.2)	(8.6)
Cash Flows used in Investing Activities	<u>(677.3)</u>	<u>(458.2)</u>	<u>(727.4)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Short-term debt, net	(199.2)	(162.5)	133.7
Collateralized short-term debt, net	9.0	(14.0)	185.0
Proceeds from long-term debt	492.7	294.7	121.9
Retirements of long-term debt	(250.0)	(300.0)	(121.9)
Retirements of long-term debt of variable interest entities	(32.3)	(30.3)	(28.5)
Borrowings against cash surrender value of corporate-owned life insurance	52.7	56.5	56.5
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(53.7)	(125.4)	(3.9)
Cash dividends paid	(160.0)	(110.0)	(305.1)
Distributions to shareholders of noncontrolling interests	—	(8.6)	—
Other financing activities	(5.8)	(4.3)	(21.2)
Cash Flows from (used in) Financing Activities	<u>(146.6)</u>	<u>(403.9)</u>	<u>16.5</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	23.5	(39.3)	41.0
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:			
Beginning of period	5.2	44.5	3.5
End of period	<u>\$ 28.7</u>	<u>\$ 5.2</u>	<u>\$ 44.5</u>

The disclosures regarding Evergy Kansas Central included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY KANSAS CENTRAL, INC.
Consolidated Statements of Changes in Equity

	Evergy Kansas Central, Inc. Shareholder				
	Common stock shares	Common stock	Retained earnings	Non- controlling interests	Total equity
	(millions, except share amounts)				
Balance as of December 31, 2017	142,094,275	\$ 2,734.8	\$ 1,173.3	\$ (47.7)	\$ 3,860.4
Net income	—	—	338.9	10.2	349.1
Issuance of stock compensation and reinvested dividends, net of tax withholding	516,990	(17.2)	—	—	(17.2)
Stock cancelled pursuant to Amended Merger Agreement	(142,611,264)	—	—	—	—
Dividends declared on common stock	—	—	(251.6)	—	(251.6)
Stock compensation expense	—	19.9	—	—	19.9
Other	—	0.1	—	—	0.1
Balance as of December 31, 2018	1	2,737.6	1,260.6	(37.5)	3,960.7
Net income	—	—	343.4	15.7	359.1
Dividends declared on common stock	—	—	(110.0)	—	(110.0)
Consolidation of noncontrolling interests	—	—	—	3.8	3.8
Distributions to shareholders of noncontrolling interests	—	—	—	(8.6)	(8.6)
Balance as of December 31, 2019	1	2,737.6	1,494.0	(26.6)	4,205.0
Net income	—	—	224.1	11.7	235.8
Dividends declared on common stock	—	—	(160.0)	—	(160.0)
Balance as of December 31, 2020	1	\$ 2,737.6	\$ 1,558.1	\$ (14.9)	\$ 4,280.8

The disclosures regarding Evergy Kansas Central included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY METRO, INC.
Consolidated Statements of Comprehensive Income

Year Ended December 31	2020	2019	2018
		(millions)	
OPERATING REVENUES	\$ 1,705.6	\$ 1,806.5	\$ 1,823.1
OPERATING EXPENSES:			
Fuel and purchased power	416.1	482.1	520.6
Operating and maintenance	407.5	451.9	494.2
Depreciation and amortization	326.1	318.4	281.3
Taxes other than income tax	121.6	127.6	117.2
Total Operating Expenses	1,271.3	1,380.0	1,413.3
INCOME FROM OPERATIONS	434.3	426.5	409.8
OTHER INCOME (EXPENSE):			
Investment earnings	1.4	2.4	2.8
Other income	9.2	3.2	2.2
Other expense	(25.5)	(21.4)	(30.9)
Total Other Expense, Net	(14.9)	(15.8)	(25.9)
Interest expense	113.6	119.8	133.7
INCOME BEFORE INCOME TAXES	305.8	290.9	250.2
Income tax expense	7.1	35.7	87.3
NET INCOME	\$ 298.7	\$ 255.2	\$ 162.9
COMPREHENSIVE INCOME			
NET INCOME	\$ 298.7	\$ 255.2	\$ 162.9
OTHER COMPREHENSIVE INCOME:			
Derivative hedging activity			
Reclassification to expenses, net of tax	(0.2)	0.7	3.7
Derivative hedging activity, net of tax	(0.2)	0.7	3.7
Total other comprehensive income (loss)	(0.2)	0.7	3.7
COMPREHENSIVE INCOME	\$ 298.5	\$ 255.9	\$ 166.6

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY METRO, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 71.6	\$ 2.0
Receivables, net of allowance for credit losses of \$8.1 and \$4.6, respectively	45.0	48.1
Related party receivables	225.6	93.9
Accounts receivable pledged as collateral	130.0	118.0
Fuel inventory and supplies	170.4	163.0
Income taxes receivable	3.2	8.7
Regulatory assets	82.0	95.4
Prepaid expenses	22.9	22.8
Other assets	14.2	15.0
Total Current Assets	764.9	566.9
PROPERTY, PLANT AND EQUIPMENT, NET	7,141.2	6,839.0
OTHER ASSETS:		
Regulatory assets	533.5	464.4
Nuclear decommissioning trust fund	342.3	300.7
Other	133.9	134.1
Total Other Assets	1,009.7	899.2
TOTAL ASSETS	\$ 8,915.8	\$ 8,305.1

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY METRO, INC.
Consolidated Balance Sheets

	December 31	
	2020	2019
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Notes payable and commercial paper	\$ —	\$ 199.3
Collateralized note payable	130.0	118.0
Accounts payable	280.1	233.6
Related party payables	0.1	4.6
Accrued taxes	34.9	38.8
Accrued interest	30.0	26.7
Regulatory liabilities	8.0	11.4
Asset retirement obligations	21.2	36.1
Accrued compensation and benefits	44.4	45.1
Other	37.3	34.0
Total Current Liabilities	586.0	747.6
LONG-TERM LIABILITIES:		
Long-term debt, net	2,923.0	2,525.0
Deferred income taxes	558.8	642.8
Unamortized investment tax credits	118.5	119.6
Regulatory liabilities	899.4	792.2
Pension and post-retirement liability	565.1	499.7
Asset retirement obligations	357.7	217.5
Other	148.1	180.0
Total Long-Term Liabilities	5,570.6	4,976.8
Commitments and Contingencies (Note 15)		
EQUITY:		
Common stock - 1,000 shares authorized, without par value, 1 share issued, stated value	1,563.1	1,563.1
Retained earnings	1,191.5	1,012.8
Accumulated other comprehensive income	4.6	4.8
Total Equity	2,759.2	2,580.7
TOTAL LIABILITIES AND EQUITY	\$ 8,915.8	\$ 8,305.1

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY METRO, INC.
Consolidated Statements of Cash Flows

Year Ended December 31	2020	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
		(millions)	
Net income	\$ 298.7	\$ 255.2	\$ 162.9
Adjustments to reconcile income to net cash from operating activities:			
Depreciation and amortization	326.1	318.4	281.3
Amortization of nuclear fuel	29.5	25.9	26.2
Amortization of deferred refueling outage	12.7	12.8	13.5
Net deferred income taxes and credits	(3.5)	(30.6)	48.6
Allowance for equity funds used during construction	(8.0)	(2.2)	(1.4)
Payments for asset retirement obligations	(7.5)	(2.5)	(13.1)
Other	(0.4)	0.3	3.9
Changes in working capital items:			
Accounts receivable	(13.2)	37.0	36.5
Accounts receivable pledged as collateral	(12.0)	12.0	—
Fuel inventory and supplies	(7.4)	14.6	19.4
Prepaid expenses and other current assets	(7.9)	28.0	7.2
Accounts payable	24.6	9.1	(34.6)
Accrued taxes	1.6	(9.6)	16.1
Other current liabilities	2.4	(53.2)	10.4
Changes in other assets	59.1	33.7	42.9
Changes in other liabilities	(47.3)	(34.7)	37.9
Cash Flows from Operating Activities	647.5	614.2	657.7
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(565.4)	(445.0)	(430.7)
Purchase of securities - trusts	(45.4)	(34.0)	(35.1)
Sale of securities - trusts	37.9	25.7	27.1
Net money pool lending	(100.0)	—	—
Other investing activities	4.6	9.0	4.8
Cash Flows used in Investing Activities	(668.3)	(444.3)	(433.9)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Short-term debt, net	(199.3)	22.4	8.0
Collateralized short-term debt, net	12.0	(12.0)	—
Proceeds from long-term debt	396.2	393.2	465.6
Retirements of long-term debt	—	(400.0)	(519.9)
Cash dividends paid	(120.0)	(175.0)	(180.0)
Other financing activities	1.5	0.9	2.9
Cash Flows from (used in) Financing Activities	90.4	(170.5)	(223.4)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	69.6	(0.6)	0.4
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:			
Beginning of period	2.0	2.6	2.2
End of period	\$ 71.6	\$ 2.0	\$ 2.6

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY METRO, INC
Consolidated Statements of Changes in Equity

	Common stock shares	Common Stock	Retained earnings	AOCI - Net gains (losses) on cash flow hedges	Total Equity
	(millions, except share amounts)				
Balance as of December 31, 2017	1	\$ 1,563.1	\$ 949.7	\$ 0.4	\$ 2,513.2
Net income	—	—	162.9	—	162.9
Dividends declared on common stock	—	—	(180.0)	—	(180.0)
Derivative hedging activity, net of tax	—	—	—	3.7	3.7
Balance as of December 31, 2018	1	1,563.1	932.6	4.1	2,499.8
Net income	—	—	255.2	—	255.2
Dividends declared on common stock	—	—	(175.0)	—	(175.0)
Derivative hedging activity, net of tax	—	—	—	0.7	0.7
Balance as of December 31, 2019	1	1,563.1	1,012.8	4.8	2,580.7
Net income	—	—	298.7	—	298.7
Dividends declared on common stock	—	—	(120.0)	—	(120.0)
Derivative hedging activity, net of tax	—	—	—	(0.2)	(0.2)
Balance as of December 31, 2020	1	\$ 1,563.1	\$ 1,191.5	\$ 4.6	\$ 2,759.2

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY, INC.
EVERGY KANSAS CENTRAL, INC.
EVERGY METRO, INC.

Combined Notes to Consolidated Financial Statements

The notes to consolidated financial statements that follow are a combined presentation for Evergy, Inc., Evergy Kansas Central, Inc. and Evergy Metro, Inc., all registrants under this filing. The terms "Evergy," "Evergy Kansas Central," "Evergy Metro" and "Evergy Companies" are used throughout this report. "Evergy" refers to Evergy, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Kansas Central" refers to Evergy Kansas Central, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Metro" refers to Evergy Metro, Inc. and its consolidated subsidiaries, unless otherwise indicated. "Evergy Companies" refers to Evergy, Evergy Kansas Central and Evergy Metro, collectively, which are individual registrants within the Evergy consolidated group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Evergy is a public utility holding company incorporated in 2017 and headquartered in Kansas City, Missouri. Evergy operates primarily through the following wholly-owned direct subsidiaries listed below.

- Evergy Kansas Central, Inc. (Evergy Kansas Central) is an integrated, regulated electric utility that provides electricity to customers in the state of Kansas. Evergy Kansas Central has one active wholly-owned subsidiary with significant operations, Evergy Kansas South, Inc. (Evergy Kansas South).
- Evergy Metro, Inc. (Evergy Metro) is an integrated, regulated electric utility that provides electricity to customers in the states of Missouri and Kansas.
- Evergy Missouri West, Inc. (Evergy Missouri West) is an integrated, regulated electric utility that provides electricity to customers in the state of Missouri.
- Evergy Transmission Company, LLC (Evergy Transmission Company) owns 13.5% of Transource Energy, LLC (Transource) with the remaining 86.5% owned by AEP Transmission Holding Company, LLC, a subsidiary of American Electric Power Company, Inc. (AEP). Transource is focused on the development of competitive electric transmission projects. Evergy Transmission Company accounts for its investment in Transource under the equity method.

Evergy Kansas Central also owns a 50% interest in Prairie Wind Transmission, LLC (Prairie Wind), which is a joint venture between Evergy Kansas Central and subsidiaries of AEP and Berkshire Hathaway Energy Company. Prairie Wind owns a 108-mile, 345 kV double-circuit transmission line that provides transmission service in the Southwest Power Pool, Inc. (SPP). Evergy Kansas Central accounts for its investment in Prairie Wind under the equity method.

Evergy Kansas Central, Evergy Kansas South, Evergy Metro and Evergy Missouri West conduct business in their respective service territories using the name Evergy. Collectively, the Evergy Companies have approximately 15,400 MWs of owned generating capacity and renewable power purchase agreements and engage in the generation, transmission, distribution and sale of electricity to approximately 1.6 million customers in the states of Kansas and Missouri.

Evergy was incorporated in 2017 as Monarch Energy Holding, Inc. (Monarch Energy), a wholly-owned subsidiary of Great Plains Energy Incorporated (Great Plains Energy). Prior to the closing of the merger transactions described below, Monarch Energy changed its name to Evergy and did not conduct any business activities other than those required for its formation and matters contemplated by the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2017, by and among Great Plains Energy, Evergy Kansas Central, Monarch Energy and King Energy, Inc. (King Energy), a wholly-owned subsidiary of Monarch Energy (Amended Merger Agreement). On June 4, 2018, in accordance with the Amended Merger Agreement, Great Plains Energy merged into Evergy, with Evergy surviving the merger and King Energy merged into Evergy Kansas Central, with Evergy Kansas Central

surviving the merger. These merger transactions resulted in Evergy becoming the parent entity of Evergy Kansas Central and the direct subsidiaries of Great Plains Energy, including Evergy Metro and Evergy Missouri West. See Note 2 for additional information regarding the merger.

Principles of Consolidation

Evergy Kansas Central was determined to be the accounting acquirer in the merger and thus, the predecessor of Evergy. Evergy had separate operations for the period beginning with the quarter ended June 30, 2018, and references to amounts for periods after the closing of the merger relate to Evergy. The results of Great Plains Energy's direct subsidiaries have been included in Evergy's results of operations from the date of the closing of the merger and thereafter.

Evergy Metro elected not to apply "push-down accounting" related to the merger, 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. These adjustments for Evergy Metro, as well as those related to the acquired assets and liabilities of Great Plains Energy and its other direct subsidiaries, are only reflected on Evergy's consolidated financial statements.

Each of Evergy's, Evergy Kansas Central's and Evergy Metro's consolidated financial statements includes the accounts of their subsidiaries and variable interest entities (VIEs) of which they are the primary beneficiary. Undivided interests in jointly-owned generation facilities are included on a proportionate basis. Intercompany transactions have been eliminated. The Evergy Companies assess financial performance and allocate resources on a consolidated basis (i.e., operate in one segment).

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 and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at acquisition.

Fuel Inventory and Supplies

The Evergy Companies record fuel inventory and supplies at average cost. The following table separately states the balances for fuel inventory and supplies.

	December 31	
	2020	2019
Evergy	(millions)	
Fuel inventory	\$ 145.0	\$ 146.4
Supplies	359.5	335.2
Fuel inventory and supplies	\$ 504.5	\$ 481.6
Evergy Kansas Central		
Fuel inventory	\$ 79.3	\$ 80.2
Supplies	197.1	186.2
Fuel inventory and supplies	\$ 276.4	\$ 266.4
Evergy Metro		
Fuel inventory	\$ 44.9	\$ 46.1
Supplies	125.5	116.9
Fuel inventory and supplies	\$ 170.4	\$ 163.0

Property, Plant and Equipment

The Evergy Companies record the value of property, plant and equipment, including that of VIEs, 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.

The amounts of the Evergy Companies' AFUDC for borrowed and equity funds are detailed in the following table.

	2020	2019	2018
Evergy	(millions)		
AFUDC borrowed funds	\$ 16.5	\$ 14.5	\$ 10.4
AFUDC equity funds	17.2	2.2	3.1
Total	\$ 33.7	\$ 16.7	\$ 13.5
Evergy Kansas Central			
AFUDC borrowed funds	\$ 8.5	\$ 7.5	\$ 6.6
AFUDC equity funds	9.1	—	2.9
Total	\$ 17.6	\$ 7.5	\$ 9.5
Evergy Metro^(a)			
AFUDC borrowed funds	\$ 6.0	\$ 4.3	\$ 4.9
AFUDC equity funds	8.0	2.2	1.4
Total	\$ 14.0	\$ 6.5	\$ 6.3

^(a) Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

The average rates used in the calculation of AFUDC are detailed in the following table.

	2020	2019	2018
Evergy Kansas Central	4.7%	3.0%	3.3%
Evergy Metro	5.2%	4.6%	3.9%
Evergy Missouri West	3.5%	3.7%	2.9%

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, except for planned refueling and maintenance outages at Wolf Creek Generating Station (Wolf Creek). As authorized by regulators, the incremental maintenance cost incurred for such outages is deferred and amortized to expense ratably over the period between planned outages.

Depreciation and Amortization

Depreciation and amortization of utility plant other than nuclear fuel 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 8 for more details. Nuclear fuel is amortized to fuel expense based on the quantity of heat produced during the generation of electricity.

The depreciable lives of Evergy's, Evergy Kansas Central's and Evergy Metro's property, plant and equipment are detailed in the following table.

	Evergy		Evergy Kansas Central		Evergy Metro				
	(years)								
Generating facilities	8	to	87	8	to	87	20	to	60
Transmission facilities	15	to	94	36	to	94	15	to	70
Distribution facilities	8	to	73	19	to	73	8	to	55
Other	5	to	84	7	to	84	5	to	50

Plant to be Retired, Net

When the Evergy Companies retire 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.

The Evergy Companies 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.

Evergy Missouri West has determined that its November 2018 retirement of Sibley No. 3 Unit meets the criteria to be considered an abandonment. As of December 31, 2020, Evergy has classified the remaining Sibley No. 3 Unit net book value of \$128.4 million as retired generation facilities within regulatory assets on its consolidated balance sheet. This regulatory asset is reduced by approximately \$9 million of annual amortization expense, which is an amount equal to the annual depreciation expense for the asset reflected in retail rates.

In October 2019, the Missouri Public Service Commission (MPSC) granted the request of certain intervenors for an Accounting Authority Order (AAO) that requires Evergy Missouri West to record a regulatory liability for all revenues collected from customers for return on investment, non-fuel operations and maintenance costs, taxes including accumulated deferred income taxes and all other costs associated with Sibley Station following the station's retirement in November 2018 for consideration in Evergy Missouri West's next rate case, which is expected to be completed no later than the end of 2022. See Note 5 for additional information regarding the AAO.

Evergy Missouri West expects that the MPSC's decision in its next rate case regarding the AAO could impact the valuation of its regulatory asset for retired generation facilities but as of December 31, 2020, has concluded that no impairment is required based on the relevant facts and circumstances.

Nuclear Plant Decommissioning Costs

Nuclear plant decommissioning cost estimates are based on either the immediate dismantlement method or the deferred dismantling method as determined by the State Corporation Commission of the State of Kansas (KCC) and MPSC and include the costs of decontamination, dismantlement and site restoration. Based on these cost estimates, Evergy Kansas Central and Evergy Metro each contribute to a tax-qualified trust fund to be used to decommission Wolf Creek. Related liabilities for decommissioning are included on Evergy's, Evergy Kansas Central's and Evergy Metro's consolidated balance sheets in asset retirement obligations (AROs).

As a result of the authorized regulatory treatment and related regulatory accounting, differences between the decommissioning trust fund asset and the related ARO are recorded as a regulatory asset or liability. See Note 7 for discussion of AROs including those associated with nuclear plant decommissioning costs.

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 5 for additional information concerning regulatory matters.

Cash Surrender Value of Life Insurance

Amounts related to corporate-owned life insurance (COLI) are recorded on the consolidated balance sheets in other long-terms assets and are detailed in the following table for Evergy. Substantially all of Evergy's COLI-related balances relate to Evergy Kansas Central's COLI activity.

	December 31	
	2020	2019
Evergy	(millions)	
Cash surrender value of policies	\$ 1,369.6	\$ 1,370.0
Borrowings against policies	(1,237.6)	(1,237.1)
Corporate-owned life insurance, net	\$ 132.0	\$ 132.9

Increases in cash surrender value and death benefits are recorded in other income in the Evergy Companies' consolidated statements of income and comprehensive income. Interest expense incurred on policy loans is offset against the policy income. Income from death benefits is highly variable from period to period.

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.

Nuclear decommissioning trust fund - The Evergy Companies' nuclear decommissioning trust fund assets are recorded at fair value based on quoted market prices of the investments held by the fund and/or valuation models.

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

The Evergy Companies recognize revenue on the sale of electricity to customers over time as the service is provided in the amount they have the right to invoice. Revenues recorded include electric services provided but not yet billed by the Evergy Companies. 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. The Evergy Companies' estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates. The Evergy Companies' 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 4 for the balance of unbilled receivables for each of Evergy, Evergy Kansas Central and Evergy Metro as of December 31, 2020 and 2019.

The Evergy Companies also collect 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 the consolidated statements of income and comprehensive income for Evergy, Evergy Kansas Central and Evergy Metro.

See Note 3 for additional details regarding revenue recognition from sales of electricity by the Evergy Companies.

Allowance for Credit Losses

Historical loss information generally provides the basis for the Evergy Companies' assessment of expected credit losses. The Evergy Companies use an aging of accounts receivable method to assess historical loss information. When historical experience may not fully reflect the Evergy Companies' expectations about the future, the Evergy Companies 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.

Property Gains and Losses

Net gains and losses from the sale of assets and businesses and from asset impairments are recorded in operating expenses.

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 6 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.

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

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. Evergy Kansas Central's and Evergy Metro's income tax provisions include taxes allocated based on their separate company's income or loss.

The Evergy Companies have 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 Evergy Kansas Central, Evergy Metro and Evergy Missouri West 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 each of the Evergy Companies.

	2020	2019	2018
Evergy	(millions)		
Non-service cost component of net benefit cost	\$ (58.6)	\$ (55.6)	\$ (47.8)
Other	(19.6)	(21.3)	(30.9)
Other expense	\$ (78.2)	\$ (76.9)	\$ (78.7)
Evergy Kansas Central			
Non-service cost component of net benefit cost	\$ (21.2)	\$ (20.1)	\$ (23.5)
Other	(17.7)	(20.0)	(23.3)
Other expense	\$ (38.9)	\$ (40.1)	\$ (46.8)
Evergy Metro^(a)			
Non-service cost component of net benefit cost	\$ (24.2)	\$ (20.9)	\$ (25.9)
Other	(1.3)	(0.5)	(5.0)
Other expense	\$ (25.5)	\$ (21.4)	\$ (30.9)

^(a) Evergy Metro amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Earnings Per Share

To compute basic earnings per share (EPS), Evergy divides net income attributable to Evergy, Inc. by the weighted average number of common shares outstanding. Diluted EPS includes the effect of issuable common shares resulting from restricted share units (RSUs), performance shares and restricted stock. Evergy computes the dilutive effects of potential issuances of common shares using the treasury stock method.

The following table reconciles Evergy's basic and diluted EPS.

	2020	2019	2018
Income	(millions, except per share amounts)		
Net income	\$ 630.0	\$ 685.6	\$ 546.0
Less: Net income attributable to noncontrolling interests	11.7	15.7	10.2
Net income attributable to Evergy, Inc.	\$ 618.3	\$ 669.9	\$ 535.8
Common Shares Outstanding			
Weighted average number of common shares outstanding - basic	227.2	239.5	213.9
Add: effect of dilutive securities	0.3	0.4	0.2
Diluted average number of common shares outstanding	227.5	239.9	214.1
Basic EPS	\$ 2.72	\$ 2.80	\$ 2.50
Diluted EPS	\$ 2.72	\$ 2.79	\$ 2.50

Anti-dilutive shares excluded from the computation of diluted EPS for 2020 and 2019 were 127,884 RSUs and 785 RSUs, respectively. There were no anti-dilutive securities excluded from the computation of diluted EPS for 2018.

Supplemental Cash Flow Information

Year Ended December 31	2020	2019	2018
Evergy		(millions)	
Cash paid for (received from):			
Interest, net of amount capitalized	\$ 367.6	\$ 329.5	\$ 255.9
Interest of VIEs	0.8	1.6	2.3
Income taxes, net of refunds	(46.5)	(5.2)	(0.9)
Non-cash investing transactions:			
Property, plant and equipment additions (reductions)	463.3	186.0	(7.8)
Non-cash financing transactions:			
Issuance of stock for compensation and reinvested dividends	0.9	(0.3)	0.5

Year Ended December 31	2020	2019	2018
Evergy Kansas Central		(millions)	
Cash paid for (received from):			
Interest, net of amount capitalized	\$ 157.5	\$ 143.0	\$ 155.3
Interest of VIEs	0.8	1.6	2.3
Income taxes, net of refunds	4.7	29.9	37.5
Non-cash investing transactions:			
Property, plant and equipment additions (reductions)	235.4	92.1	(32.5)

Year Ended December 31	2020	2019	2018
Evergy Metro^(a)		(millions)	
Cash paid for (received from):			
Interest, net of amount capitalized	\$ 109.9	\$ 118.4	\$ 129.4
Income taxes, net of refunds	4.8	77.0	31.2
Non-cash investing transactions:			
Property, plant and equipment additions	192.5	80.7	19.2

^(a) Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Non-cash property, plant and equipment additions in 2020 for Evergy, Evergy Kansas Central and Evergy Metro include a non-cash addition related to the revision in estimate of the Wolf Creek ARO liability in the third quarter of 2020. See Note 7 for more details.

See Note 2 for the non-cash information related to the merger transaction in 2018, including the fair value of Great Plains Energy's assets acquired and liabilities assumed and the issuance of Evergy common stock.

Dividends Declared

In February 2021, Evergy's Board of Directors (Evergy Board) declared a quarterly dividend of \$0.535 per share on Evergy's common stock. The common dividend is payable March 22, 2021, to shareholders of record as of March 8, 2021.

Recently Adopted Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires an entity that is a lessee to record a right-of-use asset and a lease liability for lease payments on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Lessor accounting remains largely unchanged. In January 2018, the FASB issued ASU No. 2018-01, *Leases: Land*

Easement Practical Expedient for Transition to Topic 842, which permits entities to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which updates narrow aspects of the guidance issued in ASU No. 2016-02. Also in July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements*, which provides an optional transition method that allows entities to initially apply Topic 842 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating prior periods. In December 2018, the FASB issued ASU No. 2018-20, *Leases: Narrow-Scope Improvements for Lessors*, which is expected to reduce a lessor's implementation and ongoing costs associated with applying ASU No. 2016-02. In March 2019, the FASB issued ASU No. 2019-01, *Leases: Codification Improvements*, which clarifies certain lessor accounting and interim reporting requirements. ASU No. 2016-02 and the subsequent amendments are effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted, and requires a modified retrospective transition approach with an option to either adjust or not adjust comparative periods.

The Evergy Companies adopted the new guidance on January 1, 2019, without adjusting comparative periods for all leases existing as of January 1, 2019, by electing the optional transition method permitted by ASU No. 2018-11. As a result, Evergy, Evergy Kansas Central and Evergy Metro recorded an increase to assets and liabilities of approximately \$110 million, \$40 million and \$80 million, respectively, as of January 1, 2019. Evergy Kansas Central and Evergy Metro have certain lease transactions between them for which the related assets and liabilities are eliminated at consolidated Evergy. The adoption of Topic 842 did not have a material impact on the Evergy Companies consolidated statements of income and comprehensive income and there was no cumulative-effect adjustment recorded to the opening balance of retained earnings. The Evergy Companies also elected a practical expedient to forgo reassessing existing or expired contracts as leases to determine whether each is in scope of Topic 842 and to forgo reassessing lease classification for existing and expired leases.

2. MERGER OF GREAT PLAINS ENERGY AND EVERGY KANSAS CENTRAL

Description of Merger Transaction

On June 4, 2018, Evergy completed the mergers contemplated by the Amended Merger Agreement. As a result of the mergers, Great Plains Energy merged into Evergy, with Evergy surviving the merger and King Energy merged into Evergy Kansas Central, with Evergy Kansas Central surviving the merger. Following the completion of these mergers, Evergy Kansas Central and the direct subsidiaries of Great Plains Energy, including Evergy Metro and Evergy Missouri West, became wholly-owned subsidiaries of Evergy.

The merger was structured as a merger of equals in a tax-free exchange of shares that involved no premium paid or received with respect to either Great Plains Energy or Evergy Kansas Central. As a result of the closing of the merger transaction, each outstanding share of Great Plains Energy common stock was converted into 0.5981 shares of Evergy common stock and each outstanding share of Evergy Kansas Central common stock was converted into 1 share of Evergy common stock.

Accounting Charges and Deferrals Related to the Merger

The following pre-tax reductions of revenue, expenses and deferral were recognized following the consummation of the merger and are included in the Evergy Companies' consolidated statements of income and comprehensive income for 2018.

Description	Income Statement Line Item	Expected Payment Period	Evergy	Evergy Kansas Central	Evergy Metro
				(millions)	
One-time bill credits	Operating revenues	2018 - 2019	\$ (59.7)	\$ (23.1)	\$ (22.4)
Annual bill credits	Operating revenues	2019 - 2022	(10.5)	(7.9)	(2.6)
Total impact to operating revenues			\$ (70.2)	\$ (31.0)	\$ (25.0)
Charitable contributions and community support	Operating and maintenance	2018 - 2027	\$ 24.7	\$ —	\$ —
Voluntary severance and accelerated equity compensation	Operating and maintenance	2018 - 2019	47.9	44.2	2.6
Other transaction and transition costs	Operating and maintenance	2018	51.0	21.5	2.1
Reallocation and deferral of merger transition costs	Operating and maintenance	n/a	(47.8)	(13.8)	(23.2)
Total impact to operating and maintenance expense			\$ 75.8	\$ 51.9	\$ (18.5)
Total			\$ (146.0)	\$ (82.9)	\$ (6.5)

Reductions of revenue related to customer bill credits and expenses related to charitable contributions and community support were incurred as a result of conditions in the MPSC and KCC merger orders and were recorded as liabilities in the amounts presented above following the consummation of the merger. Reductions of revenue for annual bill credits for Evergy Kansas Central's and Evergy Metro's Kansas electric retail customers are recognized ratably in the twelve-month period preceding their payment.

Voluntary severance and accelerated equity compensation represent costs related to payments for voluntary severance and change in control plans, as well as the recording of unrecognized equity compensation costs and the incremental fair value associated with the vesting of outstanding Evergy Kansas Central equity compensation awards upon the consummation of the merger.

Other transaction and transition costs include merger success fees and fees for other outside services incurred.

Reallocation and deferral of merger transition costs represents the net reallocation of incurred merger transition costs between Evergy, Evergy Kansas Central, Evergy Metro and Evergy Missouri West and the subsequent deferral of these transition costs to a regulatory asset for future recovery in accordance with the KCC and MPSC merger orders.

Purchase Price

Based on an evaluation of the provisions of ASC 805, *Business Combinations*, Evergy Kansas Central was determined to be the accounting acquirer in the merger. Pursuant to the Amended Merger Agreement, Great Plains Energy's common stock shares were exchanged for Evergy common stock shares at the fixed exchange rate of 0.5981. The total consideration transferred in the merger is based on the closing stock price of Evergy Kansas Central on June 4, 2018, and is calculated as follows.

	(millions, except share amounts)
Great Plains Energy common stock shares outstanding as of June 4, 2018	215,800,074
Great Plains Energy restricted stock awards outstanding as of June 4, 2018	(204,825)
Great Plains Energy shares to be converted to Evergy shares	215,595,249
Exchange ratio	0.5981
Evergy common stock shares issued to Great Plains Energy shareholders	128,947,518
Closing price of Evergy Kansas Central common stock as of June 4, 2018	\$ 54.00
Fair value of Evergy shares issued to Great Plains Energy shareholders	\$ 6,963.2
Fair value of Great Plains Energy's equity compensation awards	12.5
Total purchase price	\$ 6,975.7

Great Plains Energy's equity compensation awards, including performance shares and restricted stock, were replaced by equivalent Evergy equity compensation awards subject to substantially the same terms and conditions upon the closing of the merger. In accordance with the accounting guidance in ASC 805, a portion of the fair value of these awards is attributable to the purchase price as it represents consideration transferred in the merger.

Purchase Price Allocation

The fair value of Great Plains Energy's assets acquired and liabilities assumed as of June 4, 2018, was determined based on significant estimates and assumptions that are judgmental in nature. Third-party valuation specialists were engaged to assist in the valuation of these assets and liabilities.

The significant assets and liabilities recorded at fair values as of the merger date include long-term debt, asset retirement obligations, pension and post-retirement plans, accumulated deferred income tax liabilities and certain other long-term assets and liabilities.

The majority of Great Plains Energy's operations were subject to the rate-setting authority of the MPSC, the KCC and the Federal Energy Regulatory Commission (FERC) and were accounted for pursuant to GAAP, including the accounting guidance for regulated operations. The rate-setting and cost recovery provisions for Great Plains Energy's regulated operations provided revenue derived from costs including a return on investment of assets and liabilities included in rate base. Except for the significant assets and liabilities for which valuation adjustments were made as discussed above, the fair values of Great Plains Energy's tangible and intangible assets and liabilities subject to these rate-setting provisions approximated their carrying values and the assets and liabilities did not reflect any adjustments to these amounts other than for amounts not included in rate base. The difference between the fair value and pre-merger carrying amounts for Great Plains Energy's long-term debt, asset retirement obligations and pension and post-retirement plans that were related to regulated operations were recorded as a regulatory asset or liability. The excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed were recognized as goodwill as of the merger date.

The final purchase price allocation to Great Plains Energy's assets and liabilities as of June 4, 2018, is detailed in the following table.

	(millions)
Current assets	\$ 2,151.7
Property, plant and equipment, net	9,179.7
Goodwill	2,336.6
Other long-term assets, excluding goodwill	1,235.9
Total assets	\$ 14,903.9
Current liabilities	1,673.9
Long-term liabilities, excluding long-term debt	2,895.7
Long-term debt, net	3,358.6
Total liabilities	\$ 7,928.2
Total purchase price	\$ 6,975.7

Impact of Merger

The impact of Great Plains Energy's subsidiaries on Evergy's revenues in the consolidated statement of comprehensive income for 2018 was an increase of \$1,661.1 million. The impact of Great Plains Energy's subsidiaries on Evergy's net income attributable to Evergy in the consolidated statement of comprehensive income for 2018 was an increase of \$236.2 million.

Evergy had incurred total merger-related costs, including reductions of revenue for customer bill credits, of \$148.0 million for 2018.

Pro Forma Financial Information

The following unaudited pro forma financial information reflects the consolidated results of operations of Evergy as if the merger transactions had taken place on January 1, 2018. The unaudited pro forma information was calculated after applying Evergy's accounting policies and adjusting Great Plains Energy's results to reflect purchase accounting adjustments.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been achieved or the future consolidated results of operations of Evergy.

	2018
	(millions, except per share amounts)
Operating revenues	\$ 5,334.6
Net income attributable to Evergy, Inc.	714.3
Basic earnings per common share	\$ 2.67
Diluted earnings per common share	\$ 2.67

Evergy, Evergy Kansas Central and Great Plains Energy incurred non-recurring costs and a gain directly related to the merger that have been excluded in the 2018 pro forma earnings presented above. On an after-tax basis, these non-recurring merger-related costs and gain incurred by Evergy, Evergy Kansas Central and Great Plains Energy included:

- \$74.7 million of certain after-tax merger-related transition and transaction costs;
- \$44.4 million of after-tax reductions in operating revenues related to one-time customer bill credits; and
- \$36.6 million of after-tax mark-to-market gains on interest rate swaps for which cash settlement was contingent upon the consummation of the merger.

3. REVENUE

Evergy's, Evergy Kansas Central's and Evergy Metro's revenues disaggregated by customer class are summarized in the following tables.

Evergy	2020	2019	2018
Revenues	(millions)		
Residential	\$ 1,909.2	\$ 1,908.1	\$ 1,578.8
Commercial	1,641.7	1,781.6	1,356.4
Industrial	588.7	621.6	527.8
Other retail	38.5	47.1	30.6
Total electric retail	\$ 4,178.1	\$ 4,358.4	\$ 3,493.6
Wholesale	264.0	327.5	404.4
Transmission	318.5	309.2	308.1
Industrial steam and other	21.0	24.5	17.9
Total revenue from contracts with customers	\$ 4,781.6	\$ 5,019.6	\$ 4,224.0
Other	131.8	128.2	51.9
Operating revenues	\$ 4,913.4	\$ 5,147.8	\$ 4,275.9

Evergy Kansas Central	2020	2019	2018
Revenues	(millions)		
Residential	\$ 801.2	\$ 793.9	\$ 846.4
Commercial	665.6	709.1	702.8
Industrial	379.9	401.3	396.4
Other retail	17.7	21.0	20.0
Total electric retail	\$ 1,864.4	\$ 1,925.3	\$ 1,965.6
Wholesale	215.4	239.9	346.1
Transmission	287.3	273.3	288.9
Other	2.3	5.8	6.0
Total revenue from contracts with customers	\$ 2,369.4	\$ 2,444.3	\$ 2,606.6
Other	48.7	63.1	8.3
Operating revenues	\$ 2,418.1	\$ 2,507.4	\$ 2,614.9

Evergy Metro^(a)	2020	2019	2018
Revenues	(millions)		
Residential	\$ 714.7	\$ 712.4	\$ 735.6
Commercial	717.1	786.1	794.8
Industrial	128.8	136.9	138.8
Other retail	11.7	16.3	10.4
Total electric retail	\$ 1,572.3	\$ 1,651.7	\$ 1,679.6
Wholesale	35.0	70.9	53.5
Transmission	13.9	17.5	14.5
Other	2.6	2.8	4.4
Total revenue from contracts with customers	\$ 1,623.8	\$ 1,742.9	\$ 1,752.0
Other	81.8	63.6	71.1
Operating revenues	\$ 1,705.6	\$ 1,806.5	\$ 1,823.1

^(a) Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Retail Revenues

The Evergy Companies' retail revenues are generated by the regulated sale of electricity to their residential, commercial and industrial customers within their franchised service territories. The Evergy Companies recognize revenue on the sale of electricity to their customers over time as the service is provided in the amount they have a right to invoice. Retail customers are billed monthly at the tariff rates approved by the KCC and MPSC based on customer kWh usage.

Revenues recorded include electric services provided but not yet billed by the Evergy Companies. 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. The Evergy Companies' estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates.

The Evergy Companies also collect 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 the statements of income and comprehensive income, for Evergy, Evergy Kansas Central and Evergy Metro.

Wholesale Revenues

The Evergy Companies' wholesale revenues are generated by the sale of wholesale power and capacity in circumstances when the power that the Evergy Companies generate is not required for customers in their service territory. These sales primarily occur within the SPP Integrated Marketplace. The Evergy Companies also purchase power from the SPP Integrated Marketplace and record sale and purchase activity on a net basis in wholesale revenue or fuel and purchased power expense. In addition, the Evergy Companies sell 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, the Evergy Companies recognize revenue on the sale of wholesale electricity to their customers over time as the service is provided in the amount they have 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 MWh quantity purchased. Wholesale sales from bilateral contracts are billed monthly based on the contractually determined transaction price and the kWh quantity purchased.

Transmission Revenues

The Evergy Companies' transmission revenues are generated by the use of their transmission networks by the SPP. To enable optimal use of the diverse generating resources in the SPP region, the Evergy Companies, 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 the Evergy Companies consideration determined by formula rates approved by FERC, which include the cost to construct and maintain the transmission lines and a return on investment. The price for access to the Evergy Companies' transmission networks are updated annually based on projected costs. Projections are updated to actual costs and the difference is included in subsequent year's prices.

The Evergy Companies have different treatment for their legacy transmission facilities within the SPP, which results in different levels of transmission revenue being received from the SPP. Evergy Kansas Central's transmission revenues from SPP include amounts that Evergy Kansas Central pays to the SPP on behalf of its retail electric customers for the use of Evergy Kansas Central's legacy transmission facilities. These transmission revenues are mostly offset by SPP network transmission cost expense that Evergy Kansas Central pays on behalf of its retail customers. Evergy Metro and Evergy Missouri West do not pay the SPP for their retail customers' use of the Evergy Metro and Evergy Missouri West legacy transmission facilities and correspondingly, their transmission revenues also do not reflect the associated transmission revenue from the SPP.

The Evergy Companies recognize revenue on the sale of transmission service to their customers over time as the service is provided in the amount they have 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 purchased.

Industrial Steam and Other Revenues

Evergy's industrial steam and other revenues are primarily generated by the regulated sale of industrial steam to Evergy Missouri West's steam customers. Evergy 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.

4. RECEIVABLES

The Evergy Companies' receivables are detailed in the following table.

	December 31	
	2020	2019
Evergy	(millions)	
Customer accounts receivable - billed	\$ 5.3	\$ 7.2
Customer accounts receivable - unbilled	110.0	104.0
Other receivables	177.9	127.8
Allowance for credit losses	(19.3)	(10.5)
Total	\$ 273.9	\$ 228.5
Evergy Kansas Central		
Customer accounts receivable - billed	\$ —	\$ —
Customer accounts receivable - unbilled	50.7	49.7
Other receivables	175.7	94.5
Allowance for credit losses	(7.5)	(3.8)
Total	\$ 218.9	\$ 140.4
Evergy Metro		
Customer accounts receivable - billed	\$ 3.3	\$ 3.1
Customer accounts receivable - unbilled	27.9	26.5
Other receivables	21.9	23.1
Allowance for credit losses	(8.1)	(4.6)
Total	\$ 45.0	\$ 48.1

The Evergy Companies' other receivables at December 31, 2020 and 2019, consisted primarily of receivables from partners in jointly-owned electric utility plants, wholesale sales receivables and receivables related to alternative revenue programs. The Evergy Companies' other receivables also included receivables from contracts with customers as summarized in the following table.

	December 31	
	2020	2019
	(millions)	
Evergy	\$ 57.5	\$ 42.0
Evergy Kansas Central	49.9	37.7
Evergy Metro	6.9	1.2

The change in the Evergy Companies' allowance for credit losses is summarized in the following table.

	2020		2019	
	(millions)			
Evergy				
Beginning balance January 1	\$	10.5	\$	9.2
Credit loss expense		24.9		27.2
Write-offs		(28.6)		(38.3)
Recoveries of prior write-offs		12.5		12.4
Ending balance December 31	\$	19.3	\$	10.5
Evergy Kansas Central				
Beginning balance January 1	\$	3.8	\$	3.9
Credit loss expense		11.1		7.2
Write-offs		(10.0)		(10.7)
Recoveries of prior write-offs		2.6		3.4
Ending balance December 31	\$	7.5	\$	3.8
Evergy Metro				
Beginning balance January 1	\$	4.6	\$	3.8
Credit loss expense		9.0		13.7
Write-offs		(12.4)		(19.2)
Recoveries of prior write-offs		6.9		6.3
Ending balance December 31	\$	8.1	\$	4.6

Sale of Accounts Receivable

Evergy Kansas Central, Evergy Metro and Evergy Missouri West sell an undivided percentage ownership interest in their retail electric accounts receivable to independent outside investors. These sales are accounted for as secured borrowings with accounts receivable pledged as collateral and a corresponding short-term collateralized note payable recognized on the balance sheets. The Evergy Companies' accounts receivable pledged as collateral and the corresponding short-term collateralized note payable are summarized in the following table.

	December 31	
	2020	2019
	(millions)	
Evergy	\$ 360.0	\$ 339.0
Evergy Kansas Central	180.0	171.0
Evergy Metro	130.0	118.0

Each receivable sale facility expires in September 2021. Evergy Kansas Central's facility allows for \$185.0 million in aggregate outstanding principal amount of borrowings from mid-October through mid-June and then \$200.0 million from mid-June through the expiration date of the facility. Evergy Metro's facility allows for \$130.0 million in aggregate outstanding principal amount of borrowings at any time. Evergy Missouri West's facility allows for \$50.0 million in aggregate outstanding principal amount of borrowings from mid-November through mid-June and then \$65.0 million from mid-June through the expiration date of the facility.

5. RATE MATTERS AND REGULATION

KCC Proceedings

Evergy Kansas Central 2020 Transmission Delivery Charge (TDC)

In March 2020, the KCC issued an order adjusting Evergy Kansas Central's retail prices to include updated transmission costs as reflected in the FERC transmission formula rate (TFR). The new prices were effective in April 2020 and are expected to increase Evergy Kansas Central's annual retail revenues by \$3.5 million when compared to 2019.

Evergy Metro 2020 TDC

In April 2020, the KCC issued an order adjusting Evergy Metro's retail prices to include updated transmission costs as reflected in the FERC TFR. The new prices were effective in May 2020 and are expected to decrease Evergy Metro's annual retail revenues by \$2.7 million when compared to 2019.

Evergy Kansas Central and Evergy Metro Earnings Review and Sharing Plan (ERSP)

As part of their merger settlement agreement with the KCC, Evergy Kansas Central and Evergy Metro agreed to participate in an ERSP for the years 2019 through 2022. Under the ERSP, Evergy Kansas Central's and Evergy Metro's Kansas jurisdiction are required to refund to customers 50% of annual earnings in excess of their authorized return on equity of 9.3% to the extent the excess earnings exceed the amount of Evergy Kansas Central's and Evergy Metro's annual merger bill credits for the year being measured.

Evergy Kansas Central's and Evergy Metro's 2019 calculations of annual earnings did not exceed their authorized return on equity of 9.3% and therefore did not result in any customer refund obligations. These calculations were filed with the KCC in April 2020. As of December 31, 2020, Evergy Kansas Central and Evergy Metro estimate their 2020 annual earnings will not result in a significant refund obligation. The final refund obligations for 2020, if any, will be decided by the KCC and could vary from the current estimates.

Evergy Kansas Central and Evergy Metro COVID-19 AAO Request

In May 2020, Evergy Kansas Central and Evergy Metro filed a joint request for an AAO with the KCC that would allow for the extraordinary costs and lost revenues incurred by the companies, net of any COVID-19-related savings, as a result of the COVID-19 pandemic to be considered for future recovery from customers as part of their next rate cases.

In July 2020, the KCC granted Evergy Kansas Central's and Evergy Metro's request for an AAO as discussed above. As a result of the KCC's order, Evergy Kansas Central and Evergy Metro will record to a regulatory asset all net incremental costs incurred associated with the COVID-19 pandemic for consideration in their next rate cases, which are expected to be completed no later than the end of 2023. Additionally, the KCC order states that the KCC will also consider granting the recovery of Evergy Kansas Central's and Evergy Metro's lost revenues associated with the COVID-19 pandemic as part of their next rate cases. If granted, these lost revenues would be recognized prospectively as billed to customers in future rates.

MPSC Proceedings

Evergy Missouri West Other Proceedings

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

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

As a result of the MPSC order, Evergy has recorded a regulatory liability of \$18.4 million as of December 31, 2020 for the estimated amount of revenues that Evergy Missouri West has collected from customers for Sibley Station since December 2018 that Evergy has determined is probable of refund. Evergy expects that it will continue to defer such amounts as collected from customers until new rates become effective in Evergy Missouri West's next rate case.

The accrual for this estimated amount does not include certain revenues collected related to Sibley Station that Evergy has determined to not be probable of refund in the next rate case based on the relevant facts and

circumstances. While Evergy has determined these additional revenues to not be probable of refund, the ultimate resolution of this matter in Evergy Missouri West's next rate case is uncertain and could result in an estimated loss of up to approximately \$12 million per year in excess of the amount accrued until Evergy Missouri West's new rates become effective. Evergy's regulatory liability for probable refunds as of December 31, 2020 and estimated loss in excess of the amount accrued represent estimates that could change significantly based on ongoing developments including decisions in other regulatory proceedings that establish precedent applicable to this matter and positions of parties on this issue in a future Evergy Missouri West rate case.

Evergy Metro and Evergy Missouri West COVID-19 AAO Request

In May 2020, Evergy Metro and Evergy Missouri West filed a joint request for an AAO with the MPSC that would allow for the extraordinary costs and lost revenues incurred by the companies, net of any COVID-19-related savings, as a result of the COVID-19 pandemic to be considered for future recovery from customers as part of their next rate cases.

In October 2020, Evergy Metro and Evergy Missouri West entered into a non-unanimous stipulation and agreement with the MPSC staff and other intervenors that would allow Evergy Metro and Evergy Missouri West to defer to a regulatory asset certain net incremental costs incurred associated with the COVID-19 pandemic. The MPSC approved the AAO request in January 2021. As a result of the MPSC's order, Evergy Metro and Evergy Missouri West will record the net incremental costs to a regulatory asset for consideration in their next rate cases, which are expected to be filed in January 2022.

FERC Proceedings

In October of each year, Evergy Kansas Central and Evergy Metro post an updated TFR that includes projected transmission capital expenditures and operating costs for the following year. This rate is the most significant component in the retail rate calculation for Evergy Kansas Central's and Evergy Metro's annual request with the KCC to adjust retail prices to include updated transmission costs through the TDC.

Evergy Kansas Central TFR

In the most recent three years, the updated TFR was expected to adjust Evergy Kansas Central's annual transmission revenues by approximately:

- \$32.4 million increase effective in January 2021;
- \$6.8 million increase effective in January 2020; and
- \$11.2 million decrease effective in January 2019.

Evergy Metro TFR

In the most recent three years, the updated TFR was expected to adjust Evergy Metro's annual transmission revenues by approximately:

- \$3.9 million decrease effective in January 2021;
- \$1.7 million decrease effective in January 2020; and
- \$2.8 million decrease effective in January 2019.

Regulatory Assets and Liabilities

The Evergy Companies have recorded assets and liabilities on their consolidated balance sheets resulting from the effects of the ratemaking process, which would not otherwise be recorded if they were 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, KCC or FERC in Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's rate case filings; decisions in other regulatory proceedings, including decisions related to other companies that establish precedent on matters applicable to the Evergy Companies; 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. The Evergy Companies 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 the Evergy Companies' 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.

The Evergy Companies' regulatory assets and liabilities are detailed in the following tables.

	December 31					
	2020			2019		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Regulatory Assets	(millions)					
Pension and post-retirement costs	\$ 867.8	\$ 412.9	\$ 359.9	\$ 795.9	\$ 359.9	\$ 330.7
Debt reacquisition costs	98.9	91.3	6.8	105.8	97.3	7.5
Debt fair value adjustment	104.0	—	—	112.0	—	—
Asset retirement obligations fair value adjustment	116.2	—	—	114.3	—	—
Depreciation	70.0	52.7	9.4	55.3	55.3	—
Cost of removal	183.4	125.7	57.7	129.3	94.4	34.9
Asset retirement obligations	170.8	55.0	84.0	167.1	52.8	79.4
Analog meter unrecovered investment	24.1	24.1	—	29.9	29.9	—
Treasury yield hedges	21.5	21.5	—	22.6	22.6	—
Iatan No. 1 and common facilities	6.9	—	2.8	7.1	—	2.8
Iatan No. 2 construction accounting costs	25.4	—	12.7	26.1	—	13.1
Kansas property tax surcharge	28.9	23.7	5.2	21.7	18.7	3.0
Disallowed plant costs	14.5	14.5	—	14.8	14.8	—
La Cygne environmental costs	12.4	10.1	2.3	13.7	11.2	2.5
Deferred customer programs	16.3	5.7	8.6	18.0	6.2	8.3
Fuel recovery mechanisms	26.2	1.2	17.7	34.7	—	16.6
Solar rebates	25.9	—	1.5	39.8	—	9.0
Wolf Creek outage	10.0	5.0	5.0	31.0	15.5	15.5
Pension and other post-retirement benefit non-service costs	49.8	12.8	23.4	31.8	7.4	15.6
Retired generation facilities	128.4	—	—	130.5	—	—
Merger transition costs	37.6	18.0	13.9	42.3	20.3	15.6
Other regulatory assets	35.4	22.1	4.6	28.5	17.4	5.3
Total	2,074.4	896.3	615.5	1,972.2	823.7	559.8
Less: current portion	(206.2)	(96.2)	(82.0)	(231.7)	(93.3)	(95.4)
Total noncurrent regulatory assets	\$ 1,868.2	\$ 800.1	\$ 533.5	\$ 1,740.5	\$ 730.4	\$ 464.4

	December 31					
	2020			2019		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Regulatory Liabilities	(millions)					
Taxes refundable through future rates	\$ 2,055.7	\$ 1,184.5	\$ 650.2	\$ 1,656.5	\$ 856.4	\$ 568.9
Deferred regulatory gain from sale leaseback	48.1	48.1	—	53.6	53.6	—
Emission allowances	46.1	—	46.1	50.1	—	50.1
Nuclear decommissioning	319.7	138.2	181.5	267.3	116.5	150.8
Pension and post-retirement costs	50.8	31.4	13.1	59.3	31.5	20.3
Jurisdictional allowance for funds used during construction	28.7	27.0	1.7	28.7	28.7	—
La Cygne leasehold dismantling costs	29.6	29.6	—	29.6	29.6	—
Cost of removal	4.4	—	—	49.1	—	—
Kansas tax credits	—	—	—	17.0	17.0	—
Purchase power agreement	6.3	6.3	—	7.4	7.4	—
Fuel recovery mechanisms	1.3	—	—	34.1	30.2	—
Sibley AAO	18.4	—	—	10.2	—	—
Other regulatory liabilities	55.8	7.8	14.8	48.7	3.9	13.5
Total	2,664.9	1,472.9	907.4	2,311.6	1,174.8	803.6
Less: current portion	(26.1)	(11.9)	(8.0)	(63.3)	(42.3)	(11.4)
Total noncurrent regulatory liabilities	\$ 2,638.8	\$ 1,461.0	\$ 899.4	\$ 2,248.3	\$ 1,132.5	\$ 792.2

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 the pension plans. Of these amounts, \$806.3 million, \$412.9 million and \$333.6 million for Evergy, Evergy Kansas Central and Evergy Metro, respectively, are not included in rate base and are amortized over various periods. Additionally, \$250.1 million, \$(27.5) million and \$137.6 million for Evergy, Evergy Kansas Central and Evergy Metro, respectively, represent differences between pension and post-retirement costs under GAAP and pension and post-retirement costs for ratemaking that will be recovered or refunded in future rates and differences in accumulated unrecognized gains and losses and prior service costs between Evergy and Evergy Metro due to Evergy Metro electing not to apply "push-down accounting" related to the merger.

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.

Debt fair value adjustment: Represents purchase accounting adjustments recorded to state the carrying value of Evergy Metro and Evergy Missouri West long-term debt at fair value in connection with the merger. Amount is amortized over the life of the related debt and is not included in rate base.

Asset retirement obligations fair value adjustment: Represents purchase accounting adjustments recorded to state the carrying value of Evergy Metro and Evergy Missouri West AROs at fair value in connection with the merger. Amount is amortized over the life of the related plant and is not included in rate base.

Depreciation: Represents the difference between regulatory depreciation expense and depreciation expense recorded for financial reporting purposes. 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: Represents amounts associated with AROs as discussed further in Note 7. These amounts are recovered over the life of the related plant and are not included in rate base.

Analog meter unrecovered investment: Represents the deferral of unrecovered investment of retired analog meters. Of this amount, \$15.8 million is not included in rate base for Evergy and Evergy Kansas Central and is being amortized over a five-year period.

Treasury yield hedges: Represents the effective portion of treasury yield hedge transactions. Amortization of this amount will be included in interest expense over the term of the related debt and is 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 over various periods.

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.

Kansas property tax surcharge: Represents actual costs incurred for property taxes in excess of amounts collected in revenues. These costs are expected to be recovered over a one-year period and are not included in rate base.

Disallowed plant costs: The KCC originally disallowed certain costs related to the Wolf Creek plant. In 1987, the KCC revised its original conclusion and provided for recovery of an indirect disallowance with no return on investment. This regulatory asset represents the present value of the future expected revenues to be provided to recover these costs, net of the amounts amortized.

La Cygne environmental costs: Represents the deferral of depreciation and amortization expense and associated carrying charges related to the La Cygne Station environmental project. This amount will be amortized over the life of the related asset and is included in rate base.

Deferred customer programs: Represents costs related to various energy efficiency programs that have been accumulated and deferred for future recovery. Of these amounts, \$10.6 million for Evergy and \$8.6 million for Evergy Metro are not included in rate base and are amortized over various periods.

Fuel recovery mechanisms: Represents the actual cost of fuel consumed in producing electricity 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.

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.

Wolf Creek outage: Represents deferred expenses associated with Wolf Creek's scheduled refueling and maintenance outages. These expenses are amortized during the period between planned outages and are not included in rate base.

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 facilities: Represents amounts to be recovered for facilities that have been retired and are probable of recovery.

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

Deferred regulatory gain from sale leaseback: Represents the gain Evergy Kansas South recorded on the 1987 sale and leaseback of its 50% interest in La Cygne Unit 2. The gain is amortized over the term of the lease.

Emission allowances: Represents deferred gains related to the sale of emission allowances to be returned to customers.

Nuclear decommissioning: Represents the difference between the fair value of the assets held in the nuclear decommissioning trust and the amount recorded for the accumulated accretion and depreciation expense associated with the asset retirement obligation related to Wolf Creek.

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.

Jurisdictional allowance for funds used during construction: Represents AFUDC that is accrued subsequent to the time the associated construction charges are included in prices and prior to the time the related assets are placed in service. The AFUDC is amortized to depreciation expense over the useful life of the asset that is placed in service.

La Cygne leasehold dismantling costs: Represents amounts collected but not yet spent on the contractual obligation to dismantle a portion of La Cygne Unit 2. The obligation will be discharged as the unit is dismantled.

Cost of removal: Represents amount collected, but not yet spent, to dispose of plant assets. This liability will be discharged as removal costs are incurred.

Kansas tax credits: Represents Kansas tax credits on investment in utility plant. Amounts will be credited to customers subsequent to the realization of the credits over the remaining lives of the utility plant giving rise to the tax credits.

Purchase power agreement: Represents the amount included in retail electric rates from customers in excess of costs incurred under purchase power agreements. Amounts are amortized over a five-year period.

Fuel recovery mechanisms: Represents the amount collected from customers in excess of the actual cost of fuel consumed in producing electricity 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 AAO: Represents the estimated amount of revenues that Evergy Missouri West has collected from customers for Sibley Station that Evergy has determined is probable of refund. These amounts were recorded in connection with an AAO granted by the MPSC in October 2019 and deferred amounts will be considered by the MPSC in Evergy Missouri West's next rate case.

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.

6. GOODWILL

Accounting rules require goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. Evergy's impairment test for the \$2,336.6 million of goodwill that was recorded as a result of the Great Plains Energy and Evergy Kansas Central merger was conducted as of May 1, 2020. 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's consolidated operations are considered one reporting unit for assessment of impairment, as management assesses financial performance and allocates resources on a consolidated basis. 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.

7. 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 and/or liability. Changes in the estimated fair values of the liabilities are recognized when known.

Evergy Kansas Central, Evergy Metro and Evergy Missouri West have AROs related to asbestos abatement and the closure and post-closure care of ponds and landfills containing coal combustion residuals (CCRs). In addition, Evergy Kansas Central and Evergy Metro have AROs related to decommissioning Wolf Creek and the retirement of wind generation facilities.

The MPSC and KCC require the owners of Wolf Creek, including Evergy Kansas South and Evergy Metro with their respective 47% ownership shares, to submit an updated decommissioning cost study every three years. The most recent study was submitted to the MPSC and KCC in September 2020. As a result of changes in estimates related to the study, Evergy, Evergy Kansas Central and Evergy Metro recorded increases to their AROs to decommission Wolf Creek of \$259.1 million, \$140.7 million and \$118.4 million, respectively, in 2020.

The following table summarizes the change in the Evergy Companies' AROs for the periods ending December 31, 2020 and 2019.

	Evergy		Evergy Kansas Central		Evergy Metro	
	2020	2019	2020	2019	2020	2019
	(millions)					
Beginning balance January 1	\$ 674.1	\$ 687.1	\$ 272.9	\$ 281.1	\$ 253.6	\$ 261.0
Revision in timing and/or estimates	249.3	(22.3)	136.8	(12.4)	118.4	(9.9)
Settlements	(18.4)	(17.8)	(2.2)	(14.8)	(7.5)	(2.5)
Accretion	36.9	27.1	19.7	19.0	14.4	5.0
Ending balance	\$ 941.9	\$ 674.1	\$ 427.2	\$ 272.9	\$ 378.9	\$ 253.6
Less: current portion	(40.2)	(71.3)	(11.2)	(23.3)	(21.2)	(36.1)
Total noncurrent asset retirement obligation	\$ 901.7	\$ 602.8	\$ 416.0	\$ 249.6	\$ 357.7	\$ 217.5

8. PROPERTY, PLANT AND EQUIPMENT

The following tables summarize the property, plant and equipment of Evergy, Evergy Kansas Central and Evergy Metro.

December 31, 2020	Evergy	Evergy Kansas Central	Evergy Metro
		(millions)	
Electric plant in service	\$ 28,914.8	\$ 14,095.1	\$ 11,161.8
Electric plant acquisition adjustment	724.3	724.3	—
Accumulated depreciation	(10,998.4)	(5,293.5)	(4,532.7)
Plant in service	18,640.7	9,525.9	6,629.1
Construction work in progress	1,153.5	589.1	433.9
Nuclear fuel, net	155.9	77.7	78.2
Plant to be retired, net ^(a)	0.9	0.9	—
Net property, plant and equipment	\$ 19,951.0	\$ 10,193.6	\$ 7,141.2

December 31, 2019	Evergy	Evergy Kansas Central	Evergy Metro
		(millions)	
Electric plant in service	\$ 27,768.8	\$ 13,538.1	\$ 10,776.5
Electric plant acquisition adjustment	740.6	740.6	—
Accumulated depreciation	(10,293.7)	(4,951.5)	(4,272.0)
Plant in service	18,215.7	9,327.2	6,504.5
Construction work in progress	839.2	472.8	269.9
Nuclear fuel, net	128.5	63.9	64.6
Plant to be retired, net ^(a)	1.0	1.0	—
Net property, plant and equipment	\$ 19,184.4	\$ 9,864.9	\$ 6,839.0

^(a) As of December 31, 2020 and 2019, represents the planned retirement of Evergy Kansas Central analog meters prior to the end of their remaining useful lives.

The following table summarizes the property, plant and equipment of VIEs for Evergy and Evergy Kansas Central.

	December 31	
	2020	2019
		(millions)
Electric plant of VIEs	\$ 392.1	\$ 392.1
Accumulated depreciation of VIEs	(237.2)	(230.1)
Net property, plant and equipment of VIEs	\$ 154.9	\$ 162.0

Depreciation Expense

The Evergy Companies' depreciation expense is detailed in the following table.

	2020	2019	2018
		(millions)	
Evergy ^(a)	\$ 804.7	\$ 786.3	\$ 567.9
Evergy Kansas Central ^(a)	435.1	425.8	371.3
Evergy Metro ^(b)	269.5	262.7	235.3

^(a) Approximately \$7.1 million of depreciation expense in each of 2020, 2019 and 2018 was attributable to property, plant and equipment of VIEs.

^(b) Evergy Metro amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

9. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

Evergy's, Evergy Kansas Central's and Evergy Metro's share of jointly-owned electric utility plants at December 31, 2020, are detailed in the following tables.

Evergy

	Wolf Creek Unit	La Cygne Units ^(a)	Iatan No. 1 Unit	Iatan No. 2 Unit	Iatan Common	Jeffrey Energy Center	State Line
(millions, except MW amounts)							
Evergy's share	94%	100%	88%	73%	79%	100%	40%
Electric plant in service	\$4,059.1	\$ 2,207.6	\$ 773.3	\$ 1,404.3	\$ 499.7	\$ 2,435.4	\$ 115.0
Accumulated depreciation	1,970.3	779.4	265.7	459.3	127.8	984.1	80.6
Nuclear fuel, net	155.9	—	—	—	—	—	—
Construction work in progress	183.5	27.7	10.3	10.7	4.4	84.1	12.9
2021 accredited capacity-MWs	1,108	1,426	618	640	n/a	2,012	200

^(a) The VIE consolidated by Evergy and Evergy Kansas Central holds its 50% leasehold interest in La Cygne Unit 2. This 50% leasehold interest in La Cygne Unit 2 is reflected in the information provided above. See Note 19 for additional information.

Evergy Kansas Central

	Wolf Creek Unit	La Cygne Units ^(a)	Jeffrey Energy Center	State Line
(millions, except MW amounts)				
Evergy Kansas Central's share	47%	50%	92%	40%
Electric plant in service	\$ 1,995.2	\$ 1,046.5	\$ 2,229.5	\$ 115.0
Accumulated depreciation	956.6	446.2	895.3	80.6
Nuclear fuel, net	77.7	—	—	—
Construction work in progress	77.2	10.6	77.3	12.9
2021 accredited capacity-MWs	554	713	1,837	200

^(a) The VIE consolidated by Evergy and Evergy Kansas Central holds its 50% leasehold interest in La Cygne Unit 2. This 50% leasehold interest in La Cygne Unit 2 is reflected in the information provided above. See Note 19 for additional information.

Evergy Metro

	Wolf Creek Unit	La Cygne Units	Iatan No. 1 Unit	Iatan No. 2 Unit	Iatan Common
(millions, except MW amounts)					
Evergy Metro's share	47%	50%	70%	55%	61%
Electric plant in service	\$ 2,063.9	\$ 1,161.1	\$ 600.2	\$ 1,065.3	\$ 396.5
Accumulated depreciation	1,013.7	333.2	204.7	397.4	110.5
Nuclear fuel, net	78.2	—	—	—	—
Construction work in progress	106.3	17.1	8.3	8.0	3.1
2021 accredited capacity-MWs	554	713	492	482	n/a

Each owner must fund its own portion of the plant's operating expenses and capital expenditures. The Evergy Companies' share of direct expenses are included in the appropriate operating expense classifications in Evergy's, Evergy Kansas Central's and Evergy Metro's consolidated financial statements.

10. PENSION PLANS AND POST-RETIREMENT BENEFITS

Evergy and certain of its subsidiaries maintain, and Evergy Kansas Central and Evergy Metro participate in, qualified non-contributory defined benefit pension plans covering the majority of Evergy Kansas Central's and Evergy Metro's employees as well as certain non-qualified plans covering certain active and retired officers. Evergy is also responsible for its indirect 94% ownership share of Wolf Creek's defined benefit plans, consisting of Evergy Kansas South's and Evergy Metro's respective 47% ownership shares.

For the majority of employees, pension benefits under these plans reflect the employees' compensation, years of service and age at retirement. However, for the plan covering Evergy Kansas Central's employees, the benefits for non-union employees hired between 2002 and the second quarter of 2018 and union employees hired beginning in 2012 are derived from a cash balance account formula. The plan was closed to future non-union employees in 2018. For the plans covering Evergy Metro's employees, the benefits for union employees hired beginning in 2014 are derived from a cash balance account formula and the plans were closed to future non-union employees in 2014.

Evergy and its subsidiaries also provide certain post-retirement health care and life insurance benefits for substantially all retired employees of Evergy Kansas Central and Evergy Metro and their respective shares of Wolf Creek's post-retirement benefit plans.

The Evergy Companies record pension and post-retirement expense in accordance with rate orders from the KCC and MPSC that allow the difference between pension and post-retirement costs under GAAP and costs for ratemaking to be recognized as a regulatory asset or liability. This difference between financial and regulatory accounting methods is due to timing and will be eliminated over the life of the plans.

For 2020, Evergy and Evergy Metro recorded pension settlement charges of \$11.2 million and \$14.3 million, respectively. For 2019, Evergy and Evergy Metro recorded pension settlement charges of \$15.6 million and \$23.0 million, respectively. These settlement charges were the result of accelerated pension distributions primarily related to voluntary severance programs. Evergy and Evergy Metro deferred substantially all of the charges to a regulatory asset and expect to recover these amounts over future periods pursuant to regulatory agreements.

The following pension benefits tables provide information relating to the funded status of all defined benefit pension plans on an aggregate basis as well as the components of net periodic benefit costs. For financial reporting purposes, the market value of plan assets is the fair value. Net periodic benefit costs reflect total plan benefit costs prior to the effects of capitalization and sharing with joint owners of power plants. Evergy Metro amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Change in projected benefit obligation (PBO)	(millions)					
PBO at January 1, 2020	\$ 2,718.2	\$ 1,323.4	\$ 1,371.4	\$ 264.3	\$ 138.7	\$ 125.6
Service cost	78.9	27.1	51.8	2.7	1.1	1.6
Interest cost	96.8	47.0	49.1	9.2	4.8	4.4
Contribution by participants	—	—	—	9.3	1.8	7.5
Plan amendments	4.2	8.1	(3.9)	1.0	0.5	0.5
Actuarial loss	273.9	127.0	144.8	19.6	11.0	8.6
Benefits paid	(202.5)	(102.3)	(99.0)	(25.7)	(11.1)	(14.6)
Settlements	(62.9)	—	(62.9)	—	—	—
Other	(5.5)	(0.7)	(4.8)	—	—	—
PBO at December 31, 2020	\$ 2,901.1	\$ 1,429.6	\$ 1,446.5	\$ 280.4	\$ 146.8	\$ 133.6
Change in plan assets						
Fair value of plan assets at January 1, 2020	\$ 1,732.8	\$ 842.1	\$ 890.7	\$ 239.9	\$ 120.5	\$ 119.4
Actual return on plan assets	209.9	99.7	110.2	20.7	13.7	7.0
Contributions by employer and participants	123.4	45.8	77.6	11.7	2.1	9.6
Benefits paid	(198.6)	(99.9)	(98.7)	(24.0)	(10.5)	(13.5)
Settlements	(62.9)	—	(62.9)	—	—	—
Other	(5.5)	(0.7)	(4.8)	—	—	—
Fair value of plan assets at December 31, 2020	\$ 1,799.1	\$ 887.0	\$ 912.1	\$ 248.3	\$ 125.8	\$ 122.5
Funded status at December 31, 2020	\$ (1,102.0)	\$ (542.6)	\$ (534.4)	\$ (32.1)	\$ (21.0)	\$ (11.1)
	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Amounts recognized in the consolidated balance sheets	(millions)					
Non-current asset	\$ —	\$ —	\$ —	\$ 21.3	\$ —	\$ 21.3
Current pension and other post-retirement liability	(4.4)	(2.5)	(0.8)	(1.6)	(0.8)	(0.9)
Noncurrent pension liability and other post-retirement liability	(1,097.6)	(540.1)	(533.6)	(51.8)	(20.2)	(31.5)
Net amount recognized before regulatory treatment	(1,102.0)	(542.6)	(534.4)	(32.1)	(21.0)	(11.1)
Accumulated OCI or regulatory asset/liability	566.9	408.0	216.9	4.0	1.0	(7.7)
Net amount recognized at December 31, 2020	\$ (535.1)	\$ (134.6)	\$ (317.5)	\$ (28.1)	\$ (20.0)	\$ (18.8)
Amounts in accumulated OCI or regulatory asset/liability not yet recognized as a component of net periodic benefit cost:						
Actuarial (gain) loss	\$ 551.8	\$ 388.9	\$ 218.6	\$ 2.2	\$ (0.3)	\$ —
Prior service cost	15.1	19.1	(1.7)	1.8	1.3	(7.7)
Net amount recognized at December 31, 2020	\$ 566.9	\$ 408.0	\$ 216.9	\$ 4.0	\$ 1.0	\$ (7.7)

	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Change in projected benefit obligation (PBO)	(millions)					
PBO at January 1, 2019	\$ 2,553.4	\$ 1,258.9	\$ 1,272.4	\$ 249.3	\$ 133.6	\$ 115.7
Service cost	79.1	29.0	50.1	2.5	1.1	1.4
Interest cost	108.0	53.7	53.3	10.5	5.6	4.9
Contribution by participants	—	—	—	8.8	1.9	6.9
Actuarial loss	262.4	120.3	140.5	20.9	9.5	11.4
Benefits paid	(180.5)	(136.9)	(42.3)	(27.7)	(13.0)	(14.7)
Settlements	(96.6)	—	(96.6)	—	—	—
Other	(7.6)	(1.6)	(6.0)	—	—	—
PBO at December 31, 2019	\$ 2,718.2	\$ 1,323.4	\$ 1,371.4	\$ 264.3	\$ 138.7	\$ 125.6
Change in plan assets						
Fair value of plan assets at January 1, 2019	\$ 1,603.4	\$ 804.6	\$ 798.8	\$ 223.3	\$ 109.7	\$ 113.6
Actual return on plan assets	284.0	130.5	153.5	30.0	20.0	10.0
Contributions by employer and participants	125.2	43.0	82.2	13.2	3.5	9.7
Benefits paid	(175.6)	(134.4)	(41.2)	(26.6)	(12.7)	(13.9)
Settlements	(96.6)	—	(96.6)	—	—	—
Other	(7.6)	(1.6)	(6.0)	—	—	—
Fair value of plan assets at December 31, 2019	\$ 1,732.8	\$ 842.1	\$ 890.7	\$ 239.9	\$ 120.5	\$ 119.4
Funded status at December 31, 2019	\$ (985.4)	\$ (481.3)	\$ (480.7)	\$ (24.4)	\$ (18.2)	\$ (6.2)

	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Amounts recognized in the consolidated balance sheets	(millions)					
Non-current asset	\$ —	\$ —	\$ —	\$ 15.0	\$ —	\$ 15.0
Current pension and other post-retirement liability	(5.6)	(3.0)	(1.3)	(1.9)	(1.0)	(0.9)
Noncurrent pension liability and other post-retirement liability	(979.8)	(478.3)	(479.4)	(37.5)	(17.2)	(20.3)
Net amount recognized before regulatory treatment	(985.4)	(481.3)	(480.7)	(24.4)	(18.2)	(6.2)
Accumulated OCI or regulatory asset/liability	454.1	354.9	192.3	(4.4)	(2.9)	(13.0)
Net amount recognized at December 31, 2019	\$ (531.3)	\$ (126.4)	\$ (288.4)	\$ (28.8)	\$ (21.1)	\$ (19.2)
Amounts in accumulated OCI or regulatory asset/liability not yet recognized as a component of net periodic benefit cost:						
Actuarial (gain) loss	\$ 439.7	\$ 342.3	\$ 189.4	\$ (5.7)	\$ (4.2)	\$ (4.9)
Prior service cost	14.4	12.6	2.9	1.3	1.3	(8.1)
Net amount recognized at December 31, 2019	\$ 454.1	\$ 354.9	\$ 192.3	\$ (4.4)	\$ (2.9)	\$ (13.0)

Actuarial losses for the Evergy Companies' pension benefit plans for 2020 and 2019 were primarily driven by a decrease in the discount rate used to measure the benefit obligation of approximately 70 basis points in each of 2020 and 2019 as a result of lower market interest rates.

As of December 31, 2020 and 2019, Evergy's pension benefits include non-qualified benefit obligations of \$52.1 million and \$49.4 million, respectively, which are funded by trusts containing assets of \$46.3 million and \$45.5 million, respectively. As of December 31, 2020 and 2019, Evergy Kansas Central's pension benefits include non-qualified benefit obligations of \$27.0 million and \$26.0 million, respectively, which are funded by trusts containing

assets of \$32.7 million and \$31.7 million, respectively. The assets in the aforementioned trusts are not included in the table above. See Note 14 for more information on these amounts.

Year Ended December 31, 2020	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Components of net periodic benefit costs	(millions)					
Service cost	\$ 78.9	\$ 27.1	\$ 51.8	\$ 2.7	\$ 1.1	\$ 1.6
Interest cost	96.8	47.0	49.1	9.2	4.8	4.4
Expected return on plan assets	(105.6)	(53.1)	(54.7)	(9.3)	(6.6)	(2.7)
Prior service cost	1.8	1.6	0.8	0.5	0.5	—
Recognized net actuarial (gain) loss	46.4	33.9	45.7	0.2	—	(0.6)
Settlement and special termination benefits	11.2	—	14.3	—	—	—
Net periodic benefit costs before regulatory adjustment and intercompany allocations	129.5	56.5	107.0	3.3	(0.2)	2.7
Regulatory adjustment	29.6	5.9	(11.6)	(4.0)	(3.0)	(0.2)
Intercompany allocations	n/a	(0.2)	(22.6)	n/a	0.1	(0.3)
Net periodic benefit costs (income)	159.1	62.2	72.8	(0.7)	(3.1)	2.2
Other changes in plan assets and benefit obligations recognized in OCI or regulatory assets/liabilities						
Current year net loss	169.7	80.4	89.3	8.2	3.9	4.3
Amortization of gain (loss)	(59.2)	(33.8)	(60.0)	(0.2)	—	0.6
Prior service cost	4.1	8.1	(3.9)	0.9	0.5	0.4
Amortization of prior service cost	(1.8)	(1.6)	(0.8)	(0.5)	(0.5)	—
Total recognized in OCI or regulatory asset/liability	112.8	53.1	24.6	8.4	3.9	5.3
Total recognized in net periodic benefit costs and OCI or regulatory asset/liability	\$ 271.9	\$ 115.3	\$ 97.4	\$ 7.7	\$ 0.8	\$ 7.5

Year Ended December 31, 2019	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Components of net periodic benefit costs	(millions)					
Service cost	\$ 79.1	\$ 29.0	\$ 50.1	\$ 2.5	\$ 1.1	\$ 1.4
Interest cost	108.0	53.7	53.3	10.5	5.6	4.9
Expected return on plan assets	(106.3)	(54.8)	(48.9)	(10.0)	(6.7)	(3.3)
Prior service cost	1.9	1.7	0.9	0.5	0.5	—
Recognized net actuarial (gain) loss	33.0	25.5	49.8	(1.2)	(0.6)	(1.4)
Settlement and special termination benefits	15.6	—	23.0	—	—	—
Net periodic benefit costs before regulatory adjustment and intercompany allocations	131.3	55.1	128.2	2.3	(0.1)	1.6
Regulatory adjustment	37.4	3.0	(19.2)	(3.4)	(3.0)	0.4
Intercompany allocations	n/a	—	(34.4)	n/a	—	(0.4)
Net periodic benefit costs (income)	168.7	58.1	74.6	(1.1)	(3.1)	1.6
Other changes in plan assets and benefit obligations recognized in OCI or regulatory assets/liabilities						
Current year net (gain) loss	84.7	44.6	35.9	0.9	(3.8)	4.7
Amortization of gain (loss)	(48.6)	(25.5)	(72.8)	1.2	0.6	1.4
Amortization of prior service cost	(1.9)	(1.7)	(0.9)	(0.5)	(0.5)	—
Total recognized in OCI or regulatory asset/liability	34.2	17.4	(37.8)	1.6	(3.7)	6.1
Total recognized in net periodic benefit costs and OCI or regulatory asset/liability	\$ 202.9	\$ 75.5	\$ 36.8	\$ 0.5	\$ (6.8)	\$ 7.7

Year Ended December 31, 2018	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
(millions)						
Components of net periodic benefit costs						
Service cost	\$ 60.7	\$ 32.2	\$ 48.6	\$ 2.3	\$ 1.3	\$ 2.0
Interest cost	82.5	50.7	49.9	8.0	5.0	4.8
Expected return on plan assets	(86.4)	(55.9)	(55.5)	(8.8)	(7.0)	(2.8)
Prior service cost	0.7	0.7	0.7	0.5	0.5	0.1
Recognized net actuarial (gain) loss	32.6	32.6	45.1	(0.6)	(0.6)	(0.2)
Net periodic benefit costs before regulatory adjustment and intercompany allocations	90.1	60.3	88.8	1.4	(0.8)	3.9
Regulatory adjustment	8.3	8.8	0.7	(1.7)	(2.0)	(0.1)
Intercompany allocations	n/a	—	(21.6)	n/a	—	(1.1)
Net periodic benefit costs (income)	98.4	69.1	67.9	(0.3)	(2.8)	2.7
Other changes in plan assets and benefit obligations recognized in OCI or regulatory assets/liabilities						
Current year net (gain) loss	67.2	(13.2)	25.9	4.9	11.7	(14.0)
Amortization of gain (loss)	(32.6)	(32.6)	(45.1)	0.6	0.6	0.2
Prior service cost	13.4	11.4	2.0	—	—	—
Amortization of prior service cost	(0.7)	(0.7)	(0.7)	(0.5)	(0.5)	(0.1)
Total recognized in OCI or regulatory asset/liability	47.3	(35.1)	(17.9)	5.0	11.8	(13.9)
Total recognized in net periodic benefit costs and OCI or regulatory asset/liability	\$ 145.7	\$ 34.0	\$ 50.0	\$ 4.7	\$ 9.0	\$ (11.2)

For financial reporting purposes, the estimated prior service cost and net actuarial (gain) loss for the defined benefit plans are amortized from accumulated other comprehensive income (OCI) or a regulatory asset into net periodic benefit cost. The Evergy Companies amortize prior service cost on a straight-line basis over the average future service of the active employees (plan participants) benefiting under the plan. Evergy and Evergy Kansas Central amortize the net actuarial (gain) loss on a straight-line basis over the average future service of active plan participants benefiting under the plan without application of an amortization corridor. Evergy Metro amortizes the net actuarial (gain) loss on a rolling five-year average basis.

Pension and other post-retirement benefit plans with the PBO, accumulated benefit obligation (ABO) or accumulated other post-retirement benefit obligation (APBO) in excess of the fair value of plan assets at year-end are detailed in the following tables.

December 31, 2020	Evergy	Evergy Kansas Central	Evergy Metro
(millions)			
ABO for all defined benefit pension plans	\$ 2,534.1	\$ 1,281.6	\$ 1,227.4
Pension plans with the PBO in excess of plan assets			
Projected benefit obligation	\$ 2,901.1	\$ 1,429.6	\$ 1,446.5
Fair value of plan assets	1,799.1	887.0	912.1
Pension plans with the ABO in excess of plan assets			
Accumulated benefit obligation	\$ 2,534.1	\$ 1,281.6	\$ 1,227.4
Fair value of plan assets	1,799.1	887.0	912.1
Other post-retirement benefit plans with the APBO in excess of plan assets			
Accumulated other post-retirement benefit obligation	\$ 280.4	\$ 146.8	\$ 133.6
Fair value of plan assets	248.3	125.8	122.5

December 31, 2019	Evergy	Evergy Kansas Central	Evergy Metro
		(millions)	
ABO for all defined benefit pension plans	\$ 2,390.5	\$ 1,196.8	\$ 1,170.2
Pension plans with the PBO in excess of plan assets			
Projected benefit obligation	\$ 2,718.2	\$ 1,323.4	\$ 1,371.4
Fair value of plan assets	1,732.8	842.1	890.7
Pension plans with the ABO in excess of plan assets			
Accumulated benefit obligation	\$ 2,390.5	\$ 1,196.8	\$ 1,170.2
Fair value of plan assets	1,732.8	842.1	890.7
Other post-retirement benefit plans with the APBO in excess of plan assets			
Accumulated other post-retirement benefit obligation	\$ 264.3	\$ 138.7	\$ 125.6
Fair value of plan assets	239.9	120.5	119.4

The expected long-term rate of return on plan assets represents the Evergy Companies' estimate of the long-term return on plan assets and is based on historical and projected rates of return for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each asset class were selected after analyzing historical experience and future expectations of the returns of various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolios was developed and adjusted for the effect of projected benefits paid from plan assets and future plan contributions.

The following tables provide the weighted-average assumptions used to determine benefit obligations and net costs for the Evergy Companies' pension and post-retirement benefit plans.

Weighted-average assumptions used to determine the benefit obligation at December 31, 2020	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Discount rate	2.95 %	2.93 %	2.97 %	2.84 %	2.80 %	2.88 %
Rate of compensation increase	3.71 %	3.76 %	3.71 %	3.75 %	n/a	3.75 %
Interest crediting rate for cash balance plans	4.12 %	4.00 %	4.46 %	n/a	n/a	n/a

Weighted-average assumptions used to determine the benefit obligation at December 31, 2019	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Discount rate	3.62 %	3.61 %	3.64 %	3.56 %	3.54 %	3.58 %
Rate of compensation increase	3.74 %	3.78 %	3.71 %	3.75 %	n/a	3.75 %
Interest crediting rate for cash balance plans	4.32 %	4.21 %	4.50 %	n/a	n/a	n/a

Weighted-average assumptions used to determine net costs for the year ended December 31, 2020	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Discount rate	3.62 %	3.61 %	3.64 %	3.56 %	3.54 %	3.58 %
Expected long-term return on plan assets	6.63 %	6.70 %	6.56 %	4.19 %	6.00 %	2.37 %
Rate of compensation increase	3.74 %	3.75 %	3.71 %	3.75 %	n/a	3.75 %
Interest crediting rate for cash balance plans	4.32 %	4.21 %	4.50 %	n/a	n/a	n/a

Weighted-average assumptions used to determine net costs for the year ended December 31, 2019	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Discount rate	4.35 %	4.35 %	4.36 %	4.33 %	4.33 %	4.33 %
Expected long-term return on plan assets	6.61 %	6.75 %	6.47 %	4.44 %	6.00 %	2.94 %
Rate of compensation increase	3.76 %	4.03 %	3.64 %	3.50 %	n/a	3.50 %
Interest crediting rate for cash balance plans	4.32 %	4.21 %	4.50 %	n/a	n/a	n/a

Evergy expects to contribute \$131.6 million to the pension plans in 2021 to meet Employee Retirement Income Security Act of 1974, as amended (ERISA) funding requirements and regulatory orders, of which \$41.2 million is expected to be paid by Evergy Kansas Central and \$90.4 million is expected to be paid by Evergy Metro. The Evergy Companies' funding policy is to contribute amounts sufficient to meet the ERISA funding requirements and MPSC and KCC rate orders plus additional amounts as considered appropriate; therefore, actual contributions may differ from expected contributions. Also in 2021, Evergy expects to contribute \$4.1 million to the post-retirement benefit plans, of which \$0.6 million is expected to be paid by Evergy Kansas Central and \$3.5 million is expected to be paid by Evergy Metro.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid through 2030.

	Pension Benefits			Post-Retirement Benefits		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
	(millions)					
2021	\$ 187.6	\$ 96.2	\$ 90.2	\$ 16.7	\$ 9.5	\$ 7.2
2022	189.6	95.5	92.8	16.4	9.3	7.1
2023	192.6	95.7	95.6	16.1	9.1	6.9
2024	193.2	95.2	96.7	15.7	8.8	6.9
2025	195.5	94.5	99.4	15.3	8.6	6.8
2026-2030	957.0	442.8	506.5	73.1	39.8	33.3

As of December 31, 2020, Evergy Kansas Central and Evergy Metro each maintained separate trusts for both their qualified pension and post-retirement benefits. These plans are managed in accordance with prudent investor guidelines contained in the ERISA requirements.

The primary objective of the Evergy Kansas Central pension plan is to provide a source of retirement income for its participants and beneficiaries, and the primary financial objective of the plan is to improve its funded status. The primary objective of the Evergy Kansas Central post-retirement benefit plan is growth in assets and the preservation of principal, while minimizing interim volatility, to meet anticipated claims of plan participants.

The primary objective of the Evergy Metro pension plans is to meet or exceed the target rate of return for the plan within a reasonable and prudent level of risk. The primary objective of the Evergy Metro post-retirement benefit plans is to preserve capital, maintain sufficient liquidity and earn a consistent rate of return.

The investment strategies of both the Evergy Kansas Central and Evergy Metro pension and post-retirement plans support the above objectives of the plans. The portfolios are invested, and periodically rebalanced, to achieve the targeted allocations detailed below. The following table provides the target asset allocations by asset class for the Evergy Kansas Central and Evergy Metro pension and other post-retirement plan assets. [to be updated]

	Pension Benefits		Post-Retirement Benefits	
	Evergy Kansas Central	Evergy Metro	Evergy Kansas Central	Evergy Metro
Domestic equities	29%	30%	33%	3%
International equities	20%	24%	22%	—%
Bonds	36%	33%	45%	85%
Mortgage & asset backed securities	—%	—%	—%	4%
Real estate investments	4%	5%	—%	—%
Other investments	11%	9%	—%	7%

Fair Value Measurements

Evergy classifies recurring and non-recurring fair value measurements based on the fair value hierarchy as discussed in Note 14. The following are descriptions of the valuation methods of the primary fair value measurements disclosed below.

Domestic equities - consist of individually held domestic equity securities and domestic equity mutual funds. Securities and funds, which are publicly quoted, are valued based on quoted prices in active markets and are categorized as Level 1. Funds that are valued by fund administrators using the net asset value (NAV) per fund share, derived from the quoted prices in active markets of the underlying securities are not classified within the fair value hierarchy.

International equities - consist of individually held international equity securities and international equity mutual funds. Securities and funds, which are publicly quoted, are valued based on quoted prices in active markets and are categorized as Level 1. Funds that are valued by fund administrators using the NAV per fund share, derived from the quoted prices in active markets of the underlying securities are not classified within the fair value hierarchy.

Bond funds - consist of funds maintained by investment companies that invest in various types of fixed income securities consistent with the funds' stated objectives. Securities and funds, which are publicly quoted, are valued based on quoted prices in active markets and are categorized as Level 1. Funds that are valued by fund administrators using the NAV per fund share, derived from the quoted prices in active markets of the underlying securities, are not classified within the fair value hierarchy.

Corporate bonds - consists of individually held, primarily domestic, corporate bonds that are traded in less than active markets or priced with models using highly observable inputs that are categorized as Level 2.

U.S. Treasury and agency bonds - consists of individually held U.S. Treasury securities and U.S. agency bonds. U.S. Treasury securities, which are publicly quoted, are valued based on quoted prices in active markets and are categorized as a Level 1. U.S. agency bonds, which are publicly quoted, are traded in less than active markets or priced with models using highly observable inputs and are categorized as Level 2.

Mortgage and asset backed securities - consists of individually held securities that are traded in less than active markets or valued with models using highly observable inputs that are categorized as Level 2.

Real estate investments - consists of traded real estate investment trusts valued at the closing price reported on the major market on which the trusts are traded and are categorized as Level 1 and institutional trust funds valued at NAV per fund share and are not categorized in the fair value hierarchy.

Combination debt/equity/other fund - consists of a fund that invests in various types of debt, equity and other asset classes consistent with the fund's stated objectives. The fund, which is publicly quoted, is valued based on quoted prices in active markets and is categorized as Level 1.

Alternative investments - consists of investments in institutional trust and hedge funds that are valued by fund administrators using the NAV per fund share, derived from the underlying investments of the fund, and are not classified within the fair value hierarchy.

Short-term investments - consists of fund investments in high-quality, short-term, U.S. dollar-denominated instruments with an average maturity of 60 days that are valued at NAV per fund share and are not categorized in the fair value hierarchy.

Cash and cash equivalents - consists of investments with original maturities of three months or less when purchased that are traded in active markets and are categorized as Level 1.

The fair values of the Evergy Companies' pension plan assets at December 31, 2020 and 2019, by asset category are in the following tables.

Description	December 31 2020	Fair Value Measurements Using			Assets measured at NAV
		Level 1	Level 2	Level 3	
(millions)					
Evergy Kansas Central Pension Plans					
Domestic equities	\$ 248.5	\$ 151.3	\$ —	\$ —	\$ 97.2
International equities	171.2	103.8	—	—	67.4
Bond funds	281.2	230.7	—	—	50.5
Real estate investments	46.7	—	—	—	46.7
Combination debt/equity/other fund	30.4	30.4	—	—	—
Alternative investment funds	83.6	—	—	—	83.6
Short-term investments	25.4	—	—	—	25.4
Total	\$ 887.0	\$ 516.2	\$ —	\$ —	\$ 370.8
Evergy Metro Pension Plans					
Domestic equities	\$ 247.4	\$ 191.9	\$ —	\$ —	\$ 55.5
International equities	220.8	153.4	—	—	67.4
Bond funds	78.1	21.1	—	—	57.0
Corporate bonds	133.6	—	133.6	—	—
U.S. Treasury and agency bonds	73.8	61.5	12.3	—	—
Mortgage and asset backed securities	5.0	—	5.0	—	—
Real estate investments	40.2	1.6	—	—	38.6
Combination debt/equity/other fund	15.6	15.6	—	—	—
Alternative investment funds	39.7	—	—	—	39.7
Cash and cash equivalents	57.3	57.3	—	—	—
Short-term investments	1.4	—	—	—	1.4
Other	(0.8)	—	(0.8)	—	—
Total	\$ 912.1	\$ 502.4	\$ 150.1	\$ —	\$ 259.6

Description	December 31 2019	Fair Value Measurements Using			Assets measured at NAV
		Level 1	Level 2	Level 3	
(millions)					
Every Kansas Central Pension Plans					
Domestic equities	\$ 233.8	\$ 150.6	\$ —	\$ —	\$ 83.2
International equities	162.4	101.5	—	—	60.9
Bond funds	281.7	233.0	—	—	48.7
Real estate investments	46.5	—	—	—	46.5
Combination debt/equity/other fund	30.1	30.1	—	—	—
Alternative investment funds	78.5	—	—	—	78.5
Short-term investments	9.1	—	—	—	9.1
Total	\$ 842.1	\$ 515.2	\$ —	\$ —	\$ 326.9
Every Metro Pension Plans					
Domestic equities	\$ 244.8	\$ 195.3	\$ —	\$ —	\$ 49.5
International equities	178.7	117.7	—	—	61.0
Bond funds	71.0	15.6	—	—	55.4
Corporate bonds	123.9	—	123.9	—	—
U.S. Treasury and agency bonds	70.9	53.5	17.4	—	—
Mortgage and asset backed securities	5.7	—	5.7	—	—
Real estate investments	50.8	12.8	—	—	38.0
Combination debt/equity/other fund	11.9	11.9	—	—	—
Alternative investment funds	36.6	—	—	—	36.6
Cash and cash equivalents	92.9	92.9	—	—	—
Short-term investments	1.0	—	—	—	1.0
Other	2.5	—	2.5	—	—
Total	\$ 890.7	\$ 499.7	\$ 149.5	\$ —	\$ 241.5

The fair values of the Evergy Companies' post-retirement plan assets at December 31, 2020 and 2019, by asset category are in the following tables.

Description	December 31 2020	Fair Value Measurements Using			Assets measured at NAV
		Level 1	Level 2	Level 3	
(millions)					
Evergy Kansas Central Post-Retirement Benefit Plans					
Domestic equities	\$ 41.9	\$ —	\$ —	\$ —	\$ 41.9
International equities	27.7	—	—	—	27.7
Bond funds	55.5	—	—	—	55.5
Cash and cash equivalents	0.7	0.7	—	—	—
Total	\$ 125.8	\$ 0.7	\$ —	\$ —	\$ 125.1
Evergy Metro Post-Retirement Benefit Plans					
Domestic equities	\$ 4.6	\$ 4.6	\$ —	\$ —	\$ —
International equities	1.2	1.2	—	—	—
Bond funds	79.0	0.2	—	—	78.8
Corporate bonds	17.9	—	17.9	—	—
U.S. Treasury and agency bonds	13.6	5.7	7.9	—	—
Mortgage and asset backed securities	0.5	—	0.5	—	—
Cash and cash equivalents	5.4	5.4	—	—	—
Other	0.3	—	0.3	—	—
Total	\$ 122.5	\$ 17.1	\$ 26.6	\$ —	\$ 78.8

Description	December 31 2019	Fair Value Measurements Using			Assets measured at NAV
		Level 1	Level 2	Level 3	
(millions)					
Evergy Kansas Central Post-Retirement Benefit Plans					
Domestic equities	\$ 40.5	\$ —	\$ —	\$ —	\$ 40.5
International equities	26.0	—	—	—	26.0
Bond funds	52.9	—	—	—	52.9
Cash and cash equivalents	1.1	1.1	—	—	—
Total	\$ 120.5	\$ 1.1	\$ —	\$ —	\$ 119.4
Evergy Metro Post-Retirement Benefit Plans					
Domestic equities	\$ 3.2	\$ 3.2	\$ —	\$ —	\$ —
International equities	1.1	1.1	—	—	—
Bond funds	77.5	0.1	—	—	77.4
Corporate bonds	17.8	—	17.8	—	—
U.S. Treasury and agency bonds	11.5	4.1	7.4	—	—
Mortgage and asset backed securities	1.3	—	1.3	—	—
Cash and cash equivalents	6.7	6.7	—	—	—
Other	0.3	—	0.3	—	—
Total	\$ 119.4	\$ 15.2	\$ 26.8	\$ —	\$ 77.4

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The cost trend assumptions are detailed in the following tables.

Assumed annual health care cost growth rates as of December 31, 2020	Evergy	Evergy Kansas Central	Evergy Metro
Health care cost trend rate assumed for next year	6.0 %	6.0 %	6.0 %
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.5 %	4.5 %	4.5 %
Year that rate reaches ultimate trend	2027	2027	2027

Assumed annual health care cost growth rates as of December 31, 2019	Evergy	Evergy Kansas Central	Evergy Metro
Health care cost trend rate assumed for next year	6.3 %	6.3 %	6.3 %
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.5 %	4.5 %	4.5 %
Year that rate reaches ultimate trend	2027	2027	2027

Employee Savings Plans

Evergy has defined contribution savings plans (401(k)) that cover substantially all employees. Evergy matches employee contributions, subject to limits. The annual costs of the plans are detailed in the following table. Evergy Metro amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

	2020	2019	2018
	(millions)		
Evergy	\$ 17.4	\$ 17.6	\$ 16.3
Evergy Kansas Central	9.6	9.6	9.9
Evergy Metro	7.8	8.0	8.3

11. EQUITY COMPENSATION

Upon the consummation of the merger, Evergy assumed both Evergy Kansas Central's Long-Term Incentive and Share Award plan (LTISA) and Great Plains Energy's Amended Long-Term Incentive Plan, which was renamed the Evergy, Inc. Long-Term Incentive Plan. All outstanding share-based payment awards under Evergy Kansas Central's LTISA vested at the closing of the merger transaction and were converted into a right to receive Evergy common stock with the exception of certain RSUs and deferred director share units issued prior to the closing of the merger to certain directors, officers and employees of Evergy Kansas Central. The vesting of these shares resulted in the recognition of \$14.6 million of compensation expense in Evergy's and Evergy Kansas Central's consolidated statements of income and comprehensive income for 2018.

All of Great Plains Energy's outstanding performance shares, restricted stock, RSUs and director deferred share units under Great Plains Energy's Amended Long-Term Incentive Plan were converted into equivalent Evergy performance shares, restricted stock, RSUs and director deferred share units at Great Plains Energy's merger exchange ratio of 0.5981. See Note 2 for more information regarding the merger.

The following table summarizes the Evergy Companies' equity compensation expense and the associated income tax benefit.

	2020	2019	2018
Evergy	(millions)		
Equity compensation expense	\$ 15.5	\$ 15.5	\$ 30.7
Income tax benefit	2.2	3.0	1.4
Evergy Kansas Central			
Equity compensation expense	7.6	6.7	24.8
Income tax benefit	1.6	1.9	1.4
Evergy Metro^(a)			
Equity compensation expense	5.7	5.7	6.5
Income tax benefit	0.2	0.3	0.1

^(a) Evergy Metro amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Restricted Share Units

Evergy has utilized RSUs for new grants of stock-based compensation awards subsequent to the merger. RSU awards are grants that entitle the holder to receive shares of common stock as the awards vest. These RSU awards are defined as nonvested shares and do not include restrictions once the awards have vested. These RSUs either take the form of RSUs with performance measures that vest upon expiration of the award term or RSUs with only service requirements that vest solely upon the passage of time. As of December 31, 2020, Evergy also had an insignificant amount of restricted stock and performance shares outstanding related to Great Plains Energy equity compensation awards that converted to equivalent Evergy awards at the closing of the merger transaction in 2018. These remaining restricted stock and performance share awards will vest in the first quarter of 2021.

RSUs with Performance Measures

The payment of RSUs with performance measures is contingent upon achievement of specific performance goals over a stated period of time as approved by the Compensation and Leadership Development Committee of the Board. The numbers of RSUs with performance measures ultimately paid can vary from the numbers of RSUs with performance measures initially granted depending on Evergy's performance over stated performance periods. Compensation expense for RSUs with performance measures is calculated by recognizing the portion of the fair value for each reporting period for which the requisite service has been rendered. Dividends are accrued over the vesting period and paid in cash based on the number of RSUs with performance measures ultimately paid.

The fair value of RSUs with performance measures is estimated using the market value of Evergy's stock at the valuation date and a Monte Carlo simulation technique that incorporates assumptions for inputs of expected volatilities, dividend yield and risk-free rates. Expected volatility is based on daily stock price change during a historical period commensurate with the remaining term of the performance period of the grant. The risk-free rate is based upon the rate at the time of the evaluation for zero-coupon government bonds with a maturity consistent with the remaining performance period of the grant. The dividend yield is based on the most recent dividends paid and the actual closing stock price on the valuation date. For shares granted in 2020, inputs for expected volatility, dividend yield and the risk-free rate were 17%, 2.93% and 0.72%, respectively.

RSU activity for awards with performance measures for 2020 is summarized in the following table.

	Nonvested Restricted Share Units	Grant Date Fair Value*
Beginning balance January 1, 2020	197,250	\$ 37.87
Granted	175,991	87.98
Forfeited	(25,277)	60.55
Ending balance December 31, 2020	347,964	61.57

* weighted-average

At December 31, 2020, the remaining weighted-average contractual term related to RSU awards with performance measures was 1.7 years. The weighted-average grant-date fair value of RSUs granted with performance measures was \$87.98 and \$37.87 in 2020 and 2019, respectively. At December 31, 2020, there was \$17.5 million of unrecognized compensation expense related to unvested RSUs with performance measures. No RSUs with performance measures vested in 2020 and 2019.

RSUs with Only Service Requirements

Everygy measures the fair value of RSUs with only service requirements based on the fair market value of the underlying common stock as of the grant date. RSU awards with only service conditions recognize compensation expense by multiplying shares by the grant-date fair value related to the RSU and recognizing it on a straight-line basis over the requisite service period for the entire award, including for those RSUs that have a graded vesting schedule. Nonforfeitable dividend equivalents, or the rights to receive cash equal to the value of dividends paid on Everygy's common stock, are paid on certain of these RSUs during the vesting period. Nonforfeitable dividend equivalents are recorded directly to retained earnings.

RSU activity for awards with only service requirements for 2020 is summarized in the following table.

	Nonvested Restricted Share Units	Grant Date Fair Value*
Beginning balance January 1, 2020	233,350	\$ 54.16
Granted	59,539	68.92
Vested	(120,536)	53.94
Forfeited	(11,611)	59.27
Ending balance December 31, 2020	160,742	59.42

* weighted-average

At December 31, 2020, the remaining weighted-average contractual term related to RSU awards with only service requirements was 1.3 years. The weighted-average grant-date fair value of RSUs granted with only service requirements was \$68.92, \$54.47 and \$52.16 in 2020, 2019 and 2018, respectively. At December 31, 2020, there was \$3.5 million of unrecognized compensation expense related to unvested RSUs. The total fair value of RSUs with only service requirements that vested was \$6.5 million, \$2.6 million and \$16.0 million in 2020, 2019 and 2018, respectively.

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

Evergy's \$2.5 billion master credit facility expires in 2023. Evergy, Evergy Kansas Central, Evergy Metro and Evergy Missouri West have borrowing capacity under the master credit facility with specific sublimits for each borrower. These sublimits can be unilaterally adjusted by Evergy for each borrower provided the sublimits remain within minimum and maximum sublimits as specified in the facility. A default by any borrower under the facility or one of its significant subsidiaries on other indebtedness totaling more than \$100.0 million constitutes a default by that borrower under the facility. Under the terms of this facility, each of Evergy, Evergy Kansas Central, Evergy Metro and Evergy Missouri West is required to maintain a total indebtedness to total capitalization ratio, as defined in the facility, of not greater than 0.65 to 1.00 at all times. As of December 31, 2020, Evergy, Evergy Kansas Central, Evergy Metro and Evergy Missouri West were in compliance with this covenant.

The following table summarizes the committed credit facilities (excluding receivable sale facilities discussed in Note 4) available to the Evergy Companies as of December 31, 2020 and 2019.

	Master Credit Facility	Amounts Drawn				Available Borrowings	Weighted Average Interest Rate on Short-Term Borrowings
		Commercial Paper	Letters of Credit	Cash Borrowings			
December 31, 2020							
			(millions)				
Evergy, Inc.	\$ 450.0	n/a	\$ 0.7	\$ 200.0	\$ 249.3	1.40%	
Evergy Kansas Central	1,000.0	50.0	17.0	—	933.0	0.23%	
Evergy Metro	600.0	—	—	—	600.0	—%	
Evergy Missouri West	450.0	65.0	2.0	—	383.0	0.36%	
Evergy	\$ 2,500.0	\$ 115.0	\$ 19.7	\$ 200.0	\$ 2,165.3		
December 31, 2019							
Evergy, Inc.	\$ 450.0	n/a	\$ 0.7	\$ 20.0	\$ 429.3	2.99%	
Evergy Kansas Central	1,000.0	249.2	14.2	—	736.6	2.07%	
Evergy Metro	600.0	199.3	—	—	400.7	2.02%	
Evergy Missouri West	450.0	93.4	2.1	—	354.5	2.02%	
Evergy	\$ 2,500.0	\$ 541.9	\$ 17.0	\$ 20.0	\$ 1,921.1		

13. LONG-TERM DEBT

The Evergy Companies' long-term debt is detailed in the following tables.

December 31, 2020	Issuing Entity	Year Due	Evergy	Evergy Kansas Central	Evergy Metro
			(millions)		
Mortgage Bonds					
3.25% Series	Evergy Kansas Central, Inc.	2025	250.0	250.0	—
2.55% Series	Evergy Kansas Central, Inc.	2026	350.0	350.0	—
3.10% Series	Evergy Kansas Central, Inc.	2027	300.0	300.0	—
4.125% Series	Evergy Kansas Central, Inc.	2042	550.0	550.0	—
4.10% Series	Evergy Kansas Central, Inc.	2043	430.0	430.0	—
4.625% Series	Evergy Kansas Central, Inc.	2043	250.0	250.0	—
4.25% Series	Evergy Kansas Central, Inc.	2045	300.0	300.0	—
3.25% Series	Evergy Kansas Central, Inc.	2049	300.0	300.0	—
3.45% Series	Evergy Kansas Central, Inc.	2050	500.0	500.0	—
6.15% Series	Evergy Kansas South, Inc.	2023	50.0	50.0	—
6.53% Series	Evergy Kansas South, Inc.	2037	175.0	175.0	—
6.64% Series	Evergy Kansas South, Inc.	2038	100.0	100.0	—
4.30% Series	Evergy Kansas South, Inc.	2044	250.0	250.0	—
2.95% EIRR bonds	Evergy Metro, Inc.	2023	79.5	—	79.5
4.125% Series	Evergy Metro, Inc.	2049	400.0	—	400.0
2.25% Series	Evergy Metro, Inc.	2030	400.0	—	400.0
9.44% Series	Evergy Missouri West, Inc.	2021	1.1	—	—
Pollution Control Bonds					
0.18% Series ^(b)	Evergy Kansas Central, Inc.	2032	45.0	45.0	—
0.18% Series ^(b)	Evergy Kansas Central, Inc.	2032	30.5	30.5	—
0.18% Series ^(b)	Evergy Kansas South, Inc.	2027	21.9	21.9	—
2.50% Series	Evergy Kansas South, Inc.	2031	50.0	50.0	—
0.18% Series ^(b)	Evergy Kansas South, Inc.	2032	14.5	14.5	—
0.18% Series ^(b)	Evergy Kansas South, Inc.	2032	10.0	10.0	—
0.20% Series 2007A and 2007B ^(b)	Evergy Metro, Inc.	2035	146.5	—	146.5
2.75% Series 2008	Evergy Metro, Inc.	2038	23.4	—	23.4
Senior Notes					
3.15% Series ^(g)	Evergy Metro, Inc.	2023	300.0	—	300.0
3.65% Series ^(g)	Evergy Metro, Inc.	2025	350.0	—	350.0
6.05% Series (5.78% rate) ^{(a)(g)}	Evergy Metro, Inc.	2035	250.0	—	250.0
5.30% Series ^(g)	Evergy Metro, Inc.	2041	400.0	—	400.0
4.20% Series ^(g)	Evergy Metro, Inc.	2047	300.0	—	300.0
4.20% Series ^(g)	Evergy Metro, Inc.	2048	300.0	—	300.0
8.27% Series	Evergy Missouri West, Inc.	2021	80.9	—	—
3.49% Series A	Evergy Missouri West, Inc.	2025	36.0	—	—
4.06% Series B	Evergy Missouri West, Inc.	2033	60.0	—	—
4.74% Series C	Evergy Missouri West, Inc.	2043	150.0	—	—
3.74% Series	Evergy Missouri West, Inc.	2022	100.0	—	—
4.85% Series	Evergy, Inc. ^(f)	2021	350.0	—	—
5.292% Series	Evergy, Inc. ^(f)	2022	287.5	—	—
2.45% Series	Evergy, Inc.	2024	800.0	—	—
2.90% Series (3.77% rate) ^(a)	Evergy, Inc.	2029	800.0	—	—
Medium Term Notes					
7.33% Series	Evergy Missouri West, Inc.	2023	3.0	—	—
7.17% Series	Evergy Missouri West, Inc.	2023	7.0	—	—
Fair value adjustment ^(e)			110.4	—	—
Current maturities ^(e)			(436.4)	—	—
Unamortized debt discount and debt issuance costs			(84.9)	(45.4)	(26.4)
Total excluding current maturities ^(d)			\$ 9,190.9	\$ 3,931.5	\$ 2,923.0

December 31, 2019	Issuing Entity	Year Due	Energy	Energy Kansas Central	Energy Metro
Mortgage Bonds					
(millions)					
5.10% Series	Evergy Kansas Central, Inc.	2020	\$ 250.0	\$ 250.0	\$ —
3.25% Series	Evergy Kansas Central, Inc.	2025	250.0	250.0	—
2.55% Series	Evergy Kansas Central, Inc.	2026	350.0	350.0	—
3.10% Series	Evergy Kansas Central, Inc.	2027	300.0	300.0	—
4.125% Series	Evergy Kansas Central, Inc.	2042	550.0	550.0	—
4.10% Series	Evergy Kansas Central, Inc.	2043	430.0	430.0	—
4.625% Series	Evergy Kansas Central, Inc.	2043	250.0	250.0	—
4.25% Series	Evergy Kansas Central, Inc.	2045	300.0	300.0	—
3.25% Series	Evergy Kansas Central, Inc.	2049	300.0	300.0	—
6.15% Series	Evergy Kansas South, Inc.	2023	50.0	50.0	—
6.53% Series	Evergy Kansas South, Inc.	2037	175.0	175.0	—
6.64% Series	Evergy Kansas South, Inc.	2038	100.0	100.0	—
4.30% Series	Evergy Kansas South, Inc.	2044	250.0	250.0	—
2.95% EIRR bonds	Evergy Metro, Inc.	2023	79.5	—	79.5
4.125% Series	Evergy Metro, Inc.	2049	400.0	—	400.0
9.44% Series	Evergy Missouri West, Inc.	2020-2021	2.3	—	—
Pollution Control Bonds					
1.39% Series ^(b)	Evergy Kansas Central, Inc.	2032	45.0	45.0	—
1.39% Series ^(b)	Evergy Kansas Central, Inc.	2032	30.5	30.5	—
1.39% Series ^(b)	Evergy Kansas South, Inc.	2027	21.9	21.9	—
2.50% Series	Evergy Kansas South, Inc.	2031	50.0	50.0	—
1.39% Series ^(b)	Evergy Kansas South, Inc.	2032	14.5	14.5	—
1.39% Series ^(b)	Evergy Kansas South, Inc.	2032	10.0	10.0	—
1.432% Series 2007A and 2007B ^(b)	Evergy Metro, Inc.	2035	146.5	—	146.5
2.75% Series 2008	Evergy Metro, Inc.	2038	23.4	—	23.4
Senior Notes					
3.15% Series ^(g)	Evergy Metro, Inc.	2023	300.0	—	300.0
3.65% Series ^(g)	Evergy Metro, Inc.	2025	350.0	—	350.0
6.05% Series (5.78% rate) ^{(a)(g)}	Evergy Metro, Inc.	2035	250.0	—	250.0
5.30% Series ^(g)	Evergy Metro, Inc.	2041	400.0	—	400.0
4.20% Series ^(g)	Evergy Metro, Inc.	2047	300.0	—	300.0
4.20% Series ^(g)	Evergy Metro, Inc.	2048	300.0	—	300.0
8.27% Series	Evergy Missouri West, Inc.	2021	80.9	—	—
3.49% Series A	Evergy Missouri West, Inc.	2025	36.0	—	—
4.06% Series B	Evergy Missouri West, Inc.	2033	60.0	—	—
4.74% Series C	Evergy Missouri West, Inc.	2043	150.0	—	—
3.74% Series	Evergy Missouri West, Inc.	2022	100.0	—	—
4.85% Series	Evergy, Inc. ^(f)	2021	350.0	—	—
5.292% Series	Evergy, Inc. ^(f)	2022	287.5	—	—
2.45% Series	Evergy, Inc.	2024	800.0	—	—
2.90% Series (3.77% rate) ^(a)	Evergy, Inc.	2029	800.0	—	—
Medium Term Notes					
7.33% Series	Evergy Missouri West, Inc.	2023	3.0	—	—
7.17% Series	Evergy Missouri West, Inc.	2023	7.0	—	—
Fair value adjustment ^(e)			125.5	—	—
Current maturities ^(c)			(251.1)	(250.0)	—
Unamortized debt discount and debt issuance costs			(80.7)	(40.8)	(24.4)
Total excluding current maturities ^(d)			\$ 8,746.7	\$ 3,436.1	\$ 2,525.0

(a) Rate after amortizing gains/losses recognized in OCI on settlements of interest rate hedging instruments.

(b) Variable rate.

(c) Evergy's current maturities total as of December 31, 2020 and 2019, includes \$4.4 million and \$4.3 million, respectively, of fair value adjustments recorded in connection with purchase accounting for the merger transaction.

(d) At December 31, 2020 and 2019, does not include \$50.0 million and \$21.9 million of secured Series 2005 Environmental Improvement Revenue Refunding (EIRR) bonds because the bonds were repurchased in September 2015 and are held by Evergy Metro.

(e) Represents the fair value adjustments recorded at Evergy consolidated related to the long-term debt of Great Plains Energy, Evergy Metro and Evergy Missouri West in connection with purchase accounting for the merger transaction. This amount is not part of future principal payments and will amortize over the remaining life of the associated debt instruments.

(f) Originally issued by Great Plains Energy but assumed by Evergy, Inc. as part of the merger transaction.

(g) Effectively secured pursuant to the General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, as supplemented (Evergy Metro Mortgage Indenture) through the issuance of collateral mortgage bonds to the trustee in 2019.

The following table summarizes Evergy's and Evergy Kansas Central's long-term debt of VIEs.

	December 31	
	2020	2019
	(millions)	
2.398% due 2021	\$ 18.8	\$ 51.1
Current maturities	(18.8)	(32.3)
Total excluding current maturities	\$ —	\$ 18.8

Mortgage Bonds

The Evergy Kansas Central and Evergy Kansas South mortgages each contain provisions restricting the amount of first mortgage bonds (FMBs) that could be issued by each entity. Evergy Kansas Central and Evergy Kansas South must be in compliance with such restrictions prior to the issuance of additional first mortgage bonds or other secured indebtedness. The amount of Evergy Kansas Central FMBs authorized by its Mortgage and Deed of Trust, dated July 1, 1939, as supplemented, is subject to certain limitations as described below. The amount of Evergy Kansas South FMBs authorized by the Evergy Kansas South Mortgage and Deed of Trust, dated April 1, 1940, as supplemented and amended, is limited to a maximum of \$3.5 billion, unless amended further. FMBs are secured by utility assets. Amounts of additional FMBs that may be issued are subject to property, earnings and certain restrictive provisions, except in connection with certain refundings, of each mortgage. As of December 31, 2020, approximately \$780.6 million and \$2,828.6 million principal amounts of additional Evergy Kansas Central FMBs or Evergy Kansas South FMBs, respectively, could be issued under the most restrictive provisions of their mortgages.

Evergy Metro has issued mortgage bonds under the Evergy Metro Mortgage Indenture, which creates a mortgage lien on substantially all Evergy Metro's utility plant. Additional Evergy Metro bonds may be issued on the basis of 75% of property additions or retired bonds. As of December 31, 2020, approximately \$4,733.1 million principal amount of additional Evergy Metro mortgage bonds could be issued under the most restrictive provisions in the mortgage.

Evergy Missouri West has issued mortgage bonds under the General Mortgage Indenture and Deed of Trust dated April 1, 1946, as supplemented, which creates a mortgage lien on a portion of Evergy Missouri West's utility plant.

In April 2020, Evergy Kansas Central issued, at a discount, \$500.0 million of 3.45% FMBs, maturing in 2050 and issued a notice of redemption for its \$250.0 million of 5.10% FMBs, which had an original maturity date of July 2020. The proceeds from the issuance of Evergy Kansas Central's \$500.0 million of 3.45% FMBs were used to redeem the \$250.0 million of 5.10% FMBs in May 2020 and for general corporate purposes.

In May 2020, Evergy Metro issued, at a discount, \$400.0 million of 2.25% Mortgage Bonds, maturing in 2030. The proceeds from the issuance of Evergy Metro's \$400.0 million of 2.25% Mortgage Bonds were used to repay a portion of Evergy Metro's borrowings under the master credit facility and for general corporate purposes.

Senior Notes

Under the terms of the note purchase agreements for certain Evergy Missouri West 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. At December 31, 2020, Evergy Missouri West was in compliance with these covenants.

Scheduled Maturities

Evergy's, Evergy Kansas Central's and Evergy Metro's long-term debt maturities and the long-term debt maturities of VIEs for the next five years are detailed in the following table.

	2021	2022	2023	2024	2025
			(millions)		
Evergy ^(a)	\$ 432.0	\$ 387.5	\$ 439.5	\$ 800.0	\$ 636.0
Evergy Kansas Central ^(a)	—	—	50.0	—	250.0
Evergy Metro	—	—	379.5	—	350.0
VIEs	18.8	—	—	—	—

^(a) Excludes long-term debt maturities of VIEs.

14. FAIR VALUE MEASUREMENTS

Values of Financial Instruments

GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy levels. In addition, the Evergy Companies measure certain investments that do not have a readily determinable fair value at NAV, which are not included in the fair value hierarchy. Further explanation of these levels and NAV is summarized below.

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

Level 2 – Pricing inputs are not quoted prices in active markets but are either directly or indirectly observable. The types of assets and liabilities included in Level 2 are certain marketable debt securities, financial instruments traded in less than active markets or other financial instruments priced with models using highly observable inputs.

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

NAV - Investments that do not have a readily determinable fair value are measured at NAV. These investments do not consider the observability of inputs and, therefore, they are not included within the fair value hierarchy. The Evergy Companies include in this category investments in private equity, real estate and alternative investment funds that do not have a readily determinable fair value. The underlying alternative investments include collateralized debt obligations, mezzanine debt and a variety of other investments.

The Evergy Companies record cash and cash equivalents, accounts receivable and short-term borrowings on their consolidated balance sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Interest Rate Derivatives

The Evergy Companies are exposed to market risks arising from changes in interest rates and may use derivative instruments to manage these risks. From time to time, risk management activities may include entering into interest rate swap agreements to protect against unfavorable interest rate changes relating to forecasted debt transactions. These interest rate swap agreements can be designated as cash flow hedges, in which case gains and losses on the interest rate swaps are deferred in other comprehensive income to be recognized as an adjustment to interest expense over the same period that the hedged interest payments affect earnings. The Evergy Companies classify all cash inflows and outflows for interest rate swap agreements accounted for as cash flow hedges of forecasted debt transactions as financing activities on their consolidated statements of cash flows.

In September 2019, Evergy issued \$800.0 million of 2.90% Senior Notes maturing in 2029 and paid \$69.8 million to settle an interest rate swap agreement with a notional amount of \$500.0 million that was designated as a cash

flow hedge of interest payments on the debt issuance. The \$69.8 million pre-tax loss was recorded in accumulated other comprehensive loss on Evergy's consolidated balance sheet and is being reclassified to interest expense over the ten-year term of the debt. For 2020, \$7.0 million and \$(4.0) million were reclassified from accumulated other comprehensive loss to interest expense and income tax expense, respectively, on Evergy's consolidated statements of comprehensive income. For 2019, \$2.0 million and \$(0.5) million were reclassified from accumulated other comprehensive loss to interest expense and income tax expense, respectively, on Evergy's consolidated statements of comprehensive income. As of December 31, 2020, Evergy expects to amortize \$5.4 million to earnings from accumulated other comprehensive loss over the next twelve months.

Fair Value of Long-Term Debt

The Evergy Companies measure the fair value of long-term debt using Level 2 measurements available as of the measurement date. The book value and fair value of the Evergy Companies' long-term debt and long-term debt of variable interest entities is summarized in the following table.

	December 31			
	2020		2019	
	Book Value	Fair Value	Book Value	Fair Value
Long-term debt^(a)	(millions)			
Evergy ^(b)	\$ 9,627.3	\$ 11,274.2	\$ 8,997.8	\$ 9,750.2
Evergy Kansas Central	3,931.5	4,801.7	3,686.1	4,078.8
Evergy Metro	2,923.0	3,591.2	2,525.0	2,932.2
Long-term debt of variable interest entities^(a)				
Evergy	\$ 18.8	\$ 19.1	\$ 51.1	\$ 51.5
Evergy Kansas Central	18.8	19.1	51.1	51.5

^(a) Includes current maturities.

^(b) Book value as of December 31, 2020 and 2019, includes \$110.4 million and \$125.5 million, respectively, of fair value adjustments recorded in connection with purchase accounting for the Great Plains Energy and Evergy Kansas Central merger, which are not part of future principal payments and will amortize over the remaining life of the associated debt instrument.

Recurring Fair Value Measurements

The following tables include the Evergy Companies' balances of financial assets and liabilities measured at fair value on a recurring basis.

Description	December 31, 2020	Level 1	Level 2	Level 3	NAV
Evergy Kansas Central					
(millions)					
Assets					
Nuclear decommissioning trust ^(a)					
Domestic equity funds	\$ 102.7	\$ 95.1	\$ —	\$ —	\$ 7.6
International equity funds	63.8	63.8	—	—	—
Core bond fund	40.6	40.6	—	—	—
High-yield bond fund	25.0	25.0	—	—	—
Emerging markets bond fund	21.0	21.0	—	—	—
Combination debt/equity/other fund	20.1	20.1	—	—	—
Alternative investments fund	23.2	—	—	—	23.2
Real estate securities fund	12.9	—	—	—	12.9
Cash equivalents	0.5	0.5	—	—	—
Total nuclear decommissioning trust	309.8	266.1	—	—	43.7
Rabbi trust					
Core bond fund	25.6	—	—	—	25.6
Combination debt/equity/other fund	7.1	—	—	—	7.1
Total rabbi trust	32.7	—	—	—	32.7
Total	\$ 342.5	\$ 266.1	\$ —	\$ —	\$ 76.4
Evergy Metro					
Assets					
Nuclear decommissioning trust ^(a)					
Equity securities	\$ 243.1	\$ 243.1	\$ —	\$ —	\$ —
Debt securities					
U.S. Treasury	47.7	47.7	—	—	—
U.S. Agency	0.5	—	0.5	—	—
State and local obligations	4.1	—	4.1	—	—
Corporate bonds	43.1	—	43.1	—	—
Foreign governments	0.1	—	0.1	—	—
Cash equivalents	3.2	3.2	—	—	—
Other	0.5	0.5	—	—	—
Total nuclear decommissioning trust	342.3	294.5	47.8	—	—
Self-insured health plan trust ^(b)					
Equity securities	1.7	1.7	—	—	—
Debt securities	8.0	2.8	5.2	—	—
Cash and cash equivalents	3.5	3.5	—	—	—
Total self-insured health plan trust	13.2	8.0	5.2	—	—
Total	\$ 355.5	\$ 302.5	\$ 53.0	\$ —	\$ —
Other Evergy					
Assets					
Rabbi trusts					
Fixed income fund	\$ 13.1	\$ —	\$ —	\$ —	\$ 13.1
Cash and cash equivalents	0.5	0.5	—	—	—
Total rabbi trusts	\$ 13.6	\$ 0.5	\$ —	\$ —	\$ 13.1
Evergy					
Assets					
Nuclear decommissioning trust ^(a)	\$ 652.1	\$ 560.6	\$ 47.8	\$ —	\$ 43.7
Rabbi trusts	46.3	0.5	—	—	45.8
Self-insured health plan trust ^(b)	13.2	8.0	5.2	—	—
Total	\$ 711.6	\$ 569.1	\$ 53.0	\$ —	\$ 89.5

Description	December 31, 2019	Level 1	Level 2	Level 3	NAV
Evergy Kansas Central					
(millions)					
Assets					
Nuclear decommissioning trust ^(a)					
Domestic equity funds	\$ 86.1	\$ 78.6	\$ —	\$ —	\$ 7.5
International equity funds	52.0	52.0	—	—	—
Core bond fund	39.3	39.3	—	—	—
High-yield bond fund	22.3	22.3	—	—	—
Emerging markets bond fund	19.4	19.4	—	—	—
Combination debt/equity/other fund	16.4	16.4	—	—	—
Alternative investments fund	23.9	—	—	—	23.9
Real estate securities fund	12.6	—	—	—	12.6
Cash equivalents	0.5	0.5	—	—	—
Total nuclear decommissioning trust	272.5	228.5	—	—	44.0
Rabbi trust					
Core bond fund	25.3	—	—	—	25.3
Combination debt/equity/other fund	6.3	—	—	—	6.3
Cash equivalents	0.1	0.1	—	—	—
Total rabbi trust	31.7	0.1	—	—	31.6
Total	\$ 304.2	\$ 228.6	\$ —	\$ —	\$ 75.6
Evergy Metro					
Assets					
Nuclear decommissioning trust ^(a)					
Equity securities	\$ 211.1	\$ 211.1	\$ —	\$ —	\$ —
Debt securities					
U.S. Treasury	50.3	50.3	—	—	—
U.S. Agency	0.4	—	0.4	—	—
State and local obligations	2.2	—	2.2	—	—
Corporate bonds	33.2	—	33.2	—	—
Foreign governments	0.1	—	0.1	—	—
Cash equivalents	3.1	3.1	—	—	—
Other	0.3	—	0.3	—	—
Total nuclear decommissioning trust	300.7	264.5	36.2	—	—
Self-insured health plan trust ^(b)					
Equity securities	0.5	0.5	—	—	—
Debt securities	6.7	1.4	5.3	—	—
Cash and cash equivalents	2.7	2.7	—	—	—
Total self-insured health plan trust	9.9	4.6	5.3	—	—
Total	\$ 310.6	\$ 269.1	\$ 41.5	\$ —	\$ —
Other Evergy					
Assets					
Rabbi trusts					
Fixed income fund	\$ 13.3	\$ —	\$ —	\$ —	\$ 13.3
Cash and cash equivalents	0.5	0.5	—	—	—
Total rabbi trusts	\$ 13.8	\$ 0.5	\$ —	\$ —	\$ 13.3
Evergy					
Assets					
Nuclear decommissioning trust ^(a)	\$ 573.2	\$ 493.0	\$ 36.2	\$ —	\$ 44.0
Rabbi trust	45.5	0.6	—	—	44.9
Self-insured health plan trust ^(b)	9.9	4.6	5.3	—	—
Total	\$ 628.6	\$ 498.2	\$ 41.5	\$ —	\$ 88.9

^(a) Fair value is based on quoted market prices of the investments held by the trust and/or valuation models.

^(b) Fair value is based on quoted market prices of the investments held by the trust. Debt securities classified as Level 1 are comprised of U.S. Treasury securities. Debt securities classified as Level 2 are comprised of corporate bonds, U.S. Agency, state and local obligations, and other asset-backed securities.

Certain Evergy and Evergy Kansas Central investments included in the table above are measured at NAV as they do not have readily determinable fair values. In certain situations, these investments may have redemption restrictions.

The following table provides additional information on these Evergy and Evergy Kansas Central investments.

	December 31, 2020		December 31, 2019		December 31, 2020	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Length of Settlement
Evergy Kansas Central						
Nuclear decommissioning trust: (millions)						
Domestic equity funds	\$ 7.6	\$ 2.2	\$ 7.5	\$ 3.3	(a)	(a)
Alternative investments fund ^(b)	23.2	—	23.9	—	Quarterly	65 days
Real estate securities fund ^(b)	12.9	—	12.6	—	Quarterly	65 days
Total	\$ 43.7	\$ 2.2	\$ 44.0	\$ 3.3		
Rabbi trust:						
Core bond fund	\$ 25.6	\$ —	\$ 25.3	\$ —	(c)	(c)
Combination debt/equity/other fund	7.1	—	6.3	—	(c)	(c)
Total	\$ 32.7	\$ —	\$ 31.6	\$ —		
Other Evergy						
Rabbi trust:						
Fixed income fund	\$ 13.1	\$ —	\$ 13.3	\$ —	(c)	(c)
Total Evergy investments at NAV	\$ 89.5	\$ 2.2	\$ 88.9	\$ 3.3		

^(a) This investment is in five long-term private equity funds that do not permit early withdrawal. Investments in these funds cannot be distributed until the underlying investments have been liquidated, which may take years from the date of initial liquidation. Three funds have begun to make distributions. The initial investment in the fourth and fifth funds occurred in 2016 and 2018, respectively. The fourth fund's term is 15 years, subject to the general partner's right to extend the term for up to three additional one-year periods. The fifth fund's term is 15 years, subject to additional extensions approved by a fund advisory committee to provide for an orderly liquidation of fund investments and dissolution of the fund.

^(b) There is a holdback on final redemptions.

^(c) This investment can be redeemed immediately and is not subject to any restrictions on redemptions.

The Evergy Companies hold equity and debt investments classified as securities in various trusts including for the purposes of funding the decommissioning of Wolf Creek and for the benefit of certain retired executive officers of Evergy Kansas Central. The Evergy Companies record net realized and unrealized gains and losses on the nuclear decommissioning trusts in regulatory liabilities on their consolidated balance sheets and record net realized and unrealized gains and losses on the Evergy Companies' rabbi trusts in the consolidated statements of income and comprehensive income.

The following table summarizes the net unrealized gains (losses) for the Evergy Companies' nuclear decommissioning trusts and rabbi trusts.

	2020	2019	2018
Evergy		(millions)	
Nuclear decommissioning trust - equity securities	\$ 45.5	\$ 74.0	(54.1)
Nuclear decommissioning trust - debt securities	5.3	5.1	(0.5)
Rabbi trusts - equity securities	(5.6)	3.1	1.0
Total	\$ 45.2	\$ 82.2	\$ (53.6)
Evergy Kansas Central			
Nuclear decommissioning trust - equity securities	\$ 21.9	\$ 33.3	(31.8)
Rabbi trust - equity securities	(6.1)	3.2	1.0
Total	\$ 15.8	\$ 36.5	\$ (30.8)
Evergy Metro^(a)			
Nuclear decommissioning trust - equity securities	\$ 23.6	\$ 40.7	(20.7)
Nuclear decommissioning trust - debt securities	5.3	5.1	(2.5)
Total	\$ 28.9	\$ 45.8	\$ (23.2)

^(a) Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

15. COMMITMENTS AND CONTINGENCIES

Environmental Matters

Set forth below are descriptions of contingencies related to environmental matters that may impact the Evergy Companies' operations or their 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 the Evergy Companies' 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/or the imposition of remedial requirements. The Evergy Companies believe that all of their 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 the Evergy Companies' operations and consolidated financial results. Due in part to the complex nature of environmental laws and regulations, the Evergy Companies are unable to assess the impact of potential changes that may develop with respect to the environmental contingencies described below.

Cross-State Air Pollution Update Rule

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

In response to the remand by the D.C. Circuit, the EPA proposed the Revised Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS in October 2020. The proposal finds that nine of the states that were subject to the CSAPR Update Rule do not significantly contribute to downwind states' nonattainment and/or maintenance issues during the ozone season, and that these states are therefore currently not subject to this proposed rule. These nine states are Alabama, Arkansas, Iowa, Kansas, Mississippi, Missouri, Oklahoma, Texas and Wisconsin. The Evergy

Companies will continue to monitor this proposed rule as any future changes to their NO_x ozone season allowance allocations could be material.

Greenhouse Gases

Burning coal and other fossil fuels releases carbon dioxide (CO₂) and other gases referred to as greenhouse gases (GHG). Various regulations under the federal Clean Air Act Amendments of 1990 (CAA) limit CO₂ and other GHG emissions, and in addition, other measures are being imposed or offered by individual states, municipalities and regional agreements with the goal of reducing GHG emissions.

In July 2019, the EPA published the final Affordable Clean Energy (ACE) rule in the Federal Register. This rule contained (1) emission guidelines for GHG emissions from existing electric utility generating units (EGUs) and (2) revisions to emission guideline implementing regulations. This rule defined the "best system of emission reduction" (BSER) for GHG emissions from existing coal-fired EGUs as on-site, heat-rate efficiency improvements. The final rule also provided states with a list of candidate technologies that can be used to establish standards of performance and incorporate these performance standards into state plans. In conjunction with the finalization of the ACE rule, the EPA repealed its previously adopted Clean Power Plan (CPP). In January 2021, the D.C. Circuit vacated and remanded the ACE rule back to the EPA. Absent an approved request for rehearing, the mandate becomes effective on March 12, 2021. In February 2021, the D.C. Circuit granted a motion filed by the EPA for a partial stay of its January 2021 vacatur discussed above. The partial stay leaves the vacatur of the ACE rule in place while staying the mandate that vacates the repeal of the CPP. As a result of the partial stay, neither the ACE rule nor the CPP will be in effect while the EPA forms a new rule to regulate greenhouse gas emissions.

Due to uncertainty regarding the future of the CPP or any other GHG regulation, the Evergy Companies cannot determine the impact of the rule on their operations or consolidated financial results, but the cost to comply with the ACE rule, CPP, or other potential GHG rule, could be material.

Water

The Evergy Companies discharge some of the water used in generation and other operations containing substances deemed to be pollutants. A November 2015 EPA rule establishes effluent limitations guidelines (ELG) and standards for wastewater discharges, including limits on the amount of toxic metals and other pollutants that can be discharged. Implementation timelines for this 2015 rule vary from 2018 to 2023. In April 2019, the U.S. Court of Appeals for the 5th Circuit (5th Circuit) issued a ruling that vacates and remands portions of the original ELG rule. Due to this ruling, future ELG modifications for the best available technology economically achievable for the discharge of legacy wastewater and leachate are likely and could be material.

In October 2020, the EPA published the final ELG reconsideration rule. This rule adjusts numeric limits for flue gas desulfurization (FGD) wastewater and adds a 10% volumetric purge limit for bottom ash transport water. The timeline for final FGD wastewater compliance is now as soon as possible on or after one year following publication of the final rule in the Federal Register but no later than December 31, 2025. The Evergy Companies have reviewed the regulation and the costs to comply with these changes are not expected to be material.

Regulation of Coal Combustion Residuals

In the course of operating their coal generation plants, the Evergy Companies produce coal combustion residuals (CCRs), including fly ash, gypsum and bottom ash. The EPA published a rule to regulate CCRs in April 2015 that requires additional CCR handling, processing and storage equipment and closure of certain ash disposal units.

In March 2019, the D.C. Circuit issued a ruling to grant the EPA's request to remand the Phase I, Part I CCR rule in response to a prior court ruling requiring the EPA to address un-lined surface impoundment closure requirements. In August 2020, the EPA published the Part A CCR Rule. This rule reclassified clay-lined surface impoundments from "lined" to "un-lined" and established a deadline of April 11, 2021 to initiate closure. The prior rule included a deadline of October 31, 2020 for un-lined impoundments to initiate closure. In November 2020, the EPA published the final Part B CCR Rule. This rule includes a process to allow un-lined impoundments to continue to operate if a demonstration is made to prove that the un-lined impoundments are not adversely impacting groundwater, human

health or the environment. The Evergy Companies currently plan to initiate closure of all un-lined impoundments by the deadline in the Part A CCR rule and therefore the Part B CCR rule is not expected to have a material impact.

The Evergy Companies have recorded AROs for their current estimates for the closure of ash disposal ponds, but the revision of these AROs may be required in the future due to changes in existing CCR regulations, the results of groundwater monitoring of CCR units or changes in interpretation of existing CCR regulations or changes in the timing or cost to close ash disposal ponds. If revisions to these AROs are necessary, the impact on the Evergy Companies' operations or consolidated financial results could be material.

Storage of Spent Nuclear Fuel

Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. In 2010, the DOE filed a motion with the Nuclear Regulatory Commission (NRC) to withdraw its application to construct a national repository for the disposal of spent nuclear fuel and high-level radioactive waste at Yucca Mountain, Nevada. The NRC has not yet issued a final decision on the matter.

Wolf Creek is constructing a dry cask storage facility to expand its existing on-site spent nuclear fuel storage, which is expected to provide additional capacity by the end of 2021. The Evergy Companies expect that the majority of the costs to construct the dry cask storage facility that would not have otherwise been incurred had the DOE begun accepting spent nuclear fuel will be reimbursed by the DOE. The Evergy Companies cannot predict, when, or if, an off-site storage site or alternative disposal site will be available to receive Wolf Creek's spent nuclear fuel and will continue to monitor this activity.

Nuclear Insurance

Nuclear liability, property and accidental outage insurance is maintained for Wolf Creek. These policies contain certain industry standard terms, conditions and exclusions, including, but not limited to, ordinary wear and tear and war. An industry aggregate limit of \$3.2 billion for nuclear events (\$1.8 billion of non-nuclear events) plus any reinsurance, indemnity or any other source recoverable by Nuclear Electric Insurance Limited (NEIL), provider of property and accidental outage insurance, exists for acts of terrorism affecting Wolf Creek or any other NEIL insured plant within 12 months from the date of the first act. In addition, participation is required in industry-wide retrospect assessment programs as discussed below.

Nuclear Liability Insurance

Pursuant to the Price-Anderson Act, liability insurance includes coverage against public nuclear liability claims resulting from nuclear incidents to the required limit of public liability, which is approximately \$13.8 billion. This limit of liability consists of the maximum available commercial insurance of \$0.5 billion and the remaining \$13.3 billion is provided through mandatory participation in an industry-wide retrospective assessment program. Under this retrospective assessment program, the owners of Wolf Creek are jointly and severally subject to an assessment of up to \$137.6 million (Evergy's share is \$129.4 million and each of Evergy Kansas Central's and Evergy Metro's is \$64.7 million), payable at no more than \$20.5 million (Evergy's share is \$19.2 million and each of Evergy Kansas Central's and Evergy Metro's is \$9.6 million) per incident per year per reactor for any commercial U.S. nuclear reactor qualifying incident. Both the total and yearly assessment is subject to an inflationary adjustment based on the Consumer Price Index and applicable premium taxes. In addition, the U.S. Congress could impose additional revenue-raising measures to pay claims.

Nuclear Property and Accidental Outage Insurance

The owners of Wolf Creek carry decontamination liability, nuclear property damage and premature nuclear decommissioning liability insurance for Wolf Creek totaling approximately \$2.8 billion. Insurance coverage for non-nuclear property damage accidents total approximately \$2.3 billion. In the event of an extraordinary nuclear accident, insurance proceeds must first be used for reactor stabilization and site decontamination in accordance with a plan mandated by the NRC. The Evergy Companies' share of any remaining proceeds can be used to pay for property damage or, if certain requirements are met, including decommissioning the plant, toward a shortfall in the nuclear decommissioning trust fund. The owners also carry additional insurance with NEIL to help cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If significant losses were incurred at any of the nuclear plants insured under the NEIL

policies, the owners of Wolf Creek may be subject to retrospective assessments under the current policies of approximately \$33.2 million (Evergy's share is \$31.2 million and each of Evergy Kansas Central's and Evergy Metro's is \$15.6 million).

Nuclear Insurance Considerations

Although the Evergy Companies maintain various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, the insurance coverage may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable in prices, would have a material effect on the Evergy Companies' consolidated financial results.

Contractual Commitments - Fuel, Power and Other

The Evergy Companies' contractual commitments at December 31, 2020, excluding pensions, long-term debt and leases, are detailed in the following tables. See Notes 10, 13 and 21 for information regarding pension, long-term debt and lease commitments, respectively.

Evergy

	2021	2022	2023	2024	2025	After 2025	Total
Purchase commitments	(millions)						
Fuel	\$ 311.2	\$ 118.3	\$ 134.6	\$ 97.6	\$ 88.4	\$ 94.0	\$ 844.1
Power	62.4	62.6	63.2	57.6	58.0	349.7	653.5
Other	135.4	25.7	19.3	23.6	21.9	86.0	311.9
Total contractual commitments	\$ 509.0	\$ 206.6	\$ 217.1	\$ 178.8	\$ 168.3	\$ 529.7	\$ 1,809.5

Evergy Kansas Central

	2021	2022	2023	2024	2025	After 2025	Total
Purchase commitments	(millions)						
Fuel	\$ 149.3	\$ 74.9	\$ 85.5	\$ 66.8	\$ 62.3	\$ 56.0	\$ 494.8
Power	1.4	0.9	0.9	0.9	0.9	4.4	9.4
Other	66.6	9.1	8.2	4.3	2.9	—	91.1
Total contractual commitments	\$ 217.3	\$ 84.9	\$ 94.6	\$ 72.0	\$ 66.1	\$ 60.4	\$ 595.3

Evergy Metro

	2021	2022	2023	2024	2025	After 2025	Total
Purchase commitments	(millions)						
Fuel	\$ 142.8	\$ 38.8	\$ 46.3	\$ 27.9	\$ 23.2	\$ 38.0	\$ 317.0
Power	34.9	35.1	35.3	29.2	29.2	196.1	359.8
Other	55.0	15.2	10.1	18.8	18.5	81.4	199.0
Total contractual commitments	\$ 232.7	\$ 89.1	\$ 91.7	\$ 75.9	\$ 70.9	\$ 315.5	\$ 875.8

Fuel commitments consist of commitments for nuclear fuel, coal and coal transportation. Power commitments consist of certain commitments for renewable energy under power purchase agreements, capacity purchases and firm transmission service. Other represents individual commitments entered into in the ordinary course of business.

16. GUARANTEES

In the ordinary course of business, Evergy and certain of its subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees and letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiary's intended business purposes. The majority of these agreements guarantee Evergy's own future performance, so a liability for the fair value of the obligation is not recorded.

At December 31, 2020, Evergy has provided \$140.0 million of credit support for certain of its subsidiaries as follows:

- Evergy direct guarantees to Evergy Kansas Central and Evergy Metro counterparties for certain fuel supply contracts totaling \$48.0 million, which expire in 2027; and
- Evergy's guarantee of Evergy Missouri West long-term debt totaling \$92.0 million, which includes debt with maturity dates ranging from 2021 to 2023.

Evergy has also guaranteed Evergy Missouri West's commercial paper program. At December 31, 2020, Evergy Missouri West had \$65.0 million of commercial paper outstanding. None of the guaranteed obligations are subject to default or prepayment if Evergy Missouri West's credit ratings were downgraded.

17. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In the normal course of business, Evergy Kansas Central, Evergy Metro and Evergy Missouri West engage in related party transactions with one another. A summary of these transactions and the amounts associated with them is provided below.

Jointly-Owned Plants and Shared Services

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 18% ownership interest in Evergy Metro's Iatan Nos. 1 and 2. Employees of Evergy Kansas Central manage Jeffrey Energy Center (JEC) and operate its facilities at cost, including Evergy Missouri West's 8% ownership interest in JEC. Employees of Evergy Metro manage La Cygne Station and operate its facilities at cost, including Evergy Kansas Central's 50% interest in La Cygne Station. Employees of Evergy Metro and Evergy Kansas Central also provide one another 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.

	2020	2019	2018
	(millions)		
Evergy Kansas Central billings to Evergy Missouri West ^(a)	\$ 37.6	\$ 24.9	\$ 12.3
Evergy Metro billings to Evergy Missouri West	168.7	172.8	183.2
Evergy Kansas Central billings to Evergy Metro ^(a)	34.7	40.6	17.5
Evergy Metro billings to Evergy Kansas Central ^(a)	130.8	154.9	82.9

^(a)Transactions between Evergy Kansas Central and either Evergy Metro or Evergy Missouri West are included from June 4, 2018, the date of the closing of the merger, and thereafter.

Money Pool

Evergy Metro and Evergy Missouri West are 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 to Evergy Metro and Evergy Missouri West from Evergy, Inc. and between Evergy Metro and Evergy Missouri West. At December 31, 2020, Evergy Metro had a \$100.0 million outstanding receivable from Evergy Missouri West and no outstanding payables under the money pool. At December 31, 2019, Evergy Metro had no outstanding receivables or payables under the money pool.

Related Party Net Receivables and Payables

The following table summarizes Evergy Kansas Central's and Evergy Metro's related party net receivables and payables.

	December 31	
	2020	2019
Evergy Kansas Central	(millions)	
Net receivable from Evergy	\$ 0.1	\$ 6.9
Net payable to Evergy Metro	(21.7)	(14.9)
Net receivable from Evergy Missouri West	6.6	3.1
Evergy Metro		
Net receivable from (payable to) Evergy	\$ 15.7	\$ (4.3)
Net receivable from Evergy Kansas Central	21.7	14.9
Net receivable from Evergy Missouri West	188.1	78.7

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. The following table summarizes Evergy Kansas Central's and Evergy Metro's income taxes receivable from (payable to) Evergy.

	December 31	
	2020	2019
Evergy Kansas Central	(millions)	
Income taxes receivable from Evergy	\$ 25.3	\$ 37.9
Evergy Metro		
Income taxes receivable from (payable to) Evergy	\$ 3.2	\$ (14.1)

Leases

Evergy Metro leases certain transmission equipment from Evergy Kansas Central. This lease was entered into prior to the merger in an arms-length transaction and is accounted for as an operating lease. The right-of-use asset related to this lease is recorded within other long-term assets and the current and long-term lease liabilities are recorded within other current liabilities and other long-term liabilities, respectively, on the consolidated balance sheet. The assets and liabilities related to this lease between Evergy Kansas Central and Evergy Metro are eliminated at consolidated Evergy. The following table summarizes Evergy Metro's right-of-use assets and related liabilities on its consolidated balance sheet.

	December 31	
	2020	2019
Evergy Metro	(millions)	
Right-of-use asset recorded within other long-term assets	\$ 28.9	\$ 29.5
Lease liability recorded in other current liabilities	0.7	0.6
Lease liability recorded in other long-term liabilities	28.2	28.9

18. SHAREHOLDERS' EQUITY

Evergy's authorized capital stock consists of 600 million shares of common stock, without par value, and 12 million shares of Preference Stock, without par value.

Evergy Registration Statements

In November 2018, Evergy filed an automatic shelf registration statement providing for the sale of unlimited amounts of securities with the SEC, which expires in November 2021.

Evergy has registered shares of its common stock with the SEC for its Dividend Reinvestment and Direct Stock Purchase Plan. Shares issued under the plan may be either newly issued shares or shares purchased on the open market.

Evergy has registered shares of its common stock with the SEC for the Evergy, Inc. 401(k) Savings Plan. Shares issued under the plans may be either newly issued shares or shares purchased on the open market.

Securities Purchase Agreement

On February 25, 2021, Evergy entered into a securities purchase agreement, by and between Evergy and an affiliate of Bluescape Energy Partners, LLC (Bluescape). Bluescape has agreed to purchase 2,269,447 shares of Evergy's common stock for approximately \$113.2 million and will receive a warrant to purchase up to 3,950,000 additional shares of Evergy's common stock, in each case subject to satisfaction of customary closing conditions, including the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The warrant will have a term of three years and an exercise price equal to \$64.70.

Common Stock Repurchase Program

In July 2018, the Evergy Board authorized the repurchase of up to 60 million shares of Evergy's common stock with no expiration date. Following its authorization, Evergy utilized various methods to effectuate the share repurchase program, including the repurchase of shares through accelerated share repurchase (ASR) agreements and open market transactions. In total, Evergy repurchased \$2,671.0 million, or 45.2 million shares, of common stock under the repurchase program. Evergy retires repurchased common stock shares in the period the shares are repurchased.

The following table summarizes the ASRs completed as part of Evergy's common stock repurchase program.

Date ASR Entered	Final Settlement Date	Amount	Shares Delivered
			(millions)
August 2018	October/November 2018	\$ 450.0	7.9
November 2018	February 2019	475.0	8.3
March 2019	June 2019	450.0	7.8
June 2019	September 2019	500.0	8.1
September 2019	November/December 2019	500.0	7.8

Under the ASR agreements entered into with various financial institutions, Evergy was delivered a number of shares of its common stock based on the amount of the ASR agreement and the average daily volume-weighted average price of its common stock during the term of the ASR agreement, less a negotiated discount. Evergy reflects ASRs as a repurchase of common stock in the period the shares are delivered for purposes of calculating earnings per share and as forward contracts indexed to its own common stock. Evergy's ASRs met all of the applicable criteria for equity classification and therefore were not accounted for as derivative instruments.

Dividend Restrictions

Evergy depends on its subsidiaries to pay dividends on its common stock. The Evergy Companies have certain restrictions stemming from statutory requirements, corporate organizational documents, covenants and other conditions that could affect dividend levels or the ability to pay dividends.

The KCC order authorizing the merger transaction requires Evergy to maintain consolidated common equity of at least 35% of total consolidated capitalization.

Under the Federal Power Act, Evergy Kansas Central, Evergy Metro and Evergy Missouri West generally can pay dividends only out of retained earnings. Certain conditions in the MPSC and KCC orders authorizing the merger

transaction also require Evergy Kansas Central and Evergy Metro to maintain consolidated common equity of at least 40% of total capitalization. Other conditions in the MPSC and KCC merger orders require Evergy Kansas Central, Evergy Metro and Evergy Missouri West to maintain credit ratings of at least investment grade. If Evergy Kansas Central's, Evergy Metro's or Evergy Missouri West's credit ratings are downgraded below the investment grade level as a result of their affiliation with Evergy or any of Evergy's affiliates, the impacted utility shall not pay a dividend to Evergy without KCC or MPSC approval or until the impacted utility's investment grade credit rating has been restored.

The master credit facility of Evergy, Evergy Kansas Central, Evergy Metro and Evergy Missouri West and the note purchase agreements for certain Evergy Missouri West senior notes contain covenants requiring the respective company 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, 2020, all of Evergy's and Evergy Kansas Central's retained earnings and net income were free of restrictions and Evergy Metro had a retained earnings restriction of \$385.6 million. As of December 31, 2020, Evergy's subsidiaries had restricted net assets of approximately \$5.7 billion. These restrictions are not expected to affect the Evergy Companies' ability to pay dividends at the current level for the foreseeable future.

19. VARIABLE INTEREST ENTITIES

In determining the primary beneficiary of a VIE, the Evergy Companies assess 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. The trust holding an 8% interest in JEC was a VIE until the expiration of a purchase option in July 2017 and then became a VIE again during 2019 until the 8% interest was purchased by Evergy Kansas Central in August 2019. The trust holding Evergy Kansas Central's 50% interest in La Cygne Unit 2 is a VIE and Evergy Kansas Central remains the primary beneficiary of the trust.

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

8% Interest in JEC

Under an agreement that expired in August 2019, Evergy Kansas Central leased an 8% interest in JEC from a trust. The trust was financed with an equity contribution from an owner participant and debt issued by the trust. The trust was created specifically to purchase the 8% interest in JEC and lease it to a third party and did not hold any other assets. Evergy Kansas Central met the requirements to be considered the primary beneficiary of the trust until July 2017, when a contractual option to purchase the 8% interest in the plant covered by the lease expired. Accordingly, Evergy Kansas Central deconsolidated the trust in 2017. Evergy Kansas Central then reconsolidated the trust as a VIE in the first quarter of 2019 following an agreement with the owner to purchase the 8% interest in JEC from the trust in August 2019. Evergy Kansas Central deconsolidated the trust for the final time following the closing of this purchase in August 2019.

50% Interest in La Cygne Unit 2

Under an agreement that expires in September 2029, Evergy Kansas Central entered into a sale-leaseback transaction with a trust under which the trust purchased Evergy Kansas Central's 50% interest in La Cygne Unit 2 and subsequently leased it back to Evergy Kansas Central. The trust was financed with an equity contribution from an owner participant and debt issued by the trust. The trust was created specifically to purchase the 50% interest in La Cygne Unit 2 and lease it back to Evergy Kansas Central and does not hold any other assets. Evergy Kansas Central meets the requirements to be considered the primary beneficiary of the trust. In determining the primary

beneficiary of the trust, Evergy Kansas Central concluded that the activities of the trust that most significantly impact its economic performance and that Evergy Kansas Central has the power to direct include (1) the operation and maintenance of the 50% interest in La Cygne Unit 2 and (2) Evergy Kansas Central's ability to exercise a purchase option at the end of the agreement at the lesser of fair value or a fixed amount. Evergy Kansas Central has the potential to receive benefits from the trust that could potentially be significant if the fair value of the 50% interest in La Cygne Unit 2 at the end of the agreement is greater than the fixed amount.

The following table summarizes the assets and liabilities related to the VIE described above that are recorded on Evergy's and Evergy Kansas Central's consolidated balance sheets.

	December 31	
	2020	2019
Assets:	(millions)	
Property, plant and equipment of variable interest entities, net	\$ 154.9	\$ 162.0
Liabilities:		
Current maturities of long-term debt of variable interest entities	\$ 18.8	\$ 32.3
Accrued interest ^(a)	0.1	0.3
Long-term debt of variable interest entities, net	—	18.8

^(a) Included in accrued interest on Evergy's and Evergy Kansas Central's consolidated balance sheets.

All of the liabilities noted in the table above relate to the purchase of the property, plant and equipment of the VIE. The assets of the VIE can be used only to settle obligations of the VIE and the VIE's debt holders have no recourse to the general credit of Evergy and Evergy Kansas Central. Evergy and Evergy Kansas Central have not provided financial or other support to the VIE and are not required to provide such support. Evergy and Evergy Kansas Central did not record any gain or loss upon the initial consolidation of the VIE.

20. TAXES

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

Evergy	2020	2019	2018
Current income taxes	(millions)		
Federal	\$ (26.8)	\$ (39.5)	\$ (67.4)
State	2.1	15.0	2.2
Total	(24.7)	(24.5)	(65.2)
Deferred income taxes			
Federal	73.1	93.2	160.1
State	59.8	27.5	(32.3)
Total	132.9	120.7	127.8
Investment tax credit			
Deferral	—	5.2	—
Amortization	(6.0)	(4.4)	(3.6)
Total	(6.0)	0.8	(3.6)
Income tax expense	\$ 102.2	\$ 97.0	\$ 59.0

Evergy Kansas Central	2020	2019	2018
Current income taxes	(millions)		
Federal	\$ 14.5	\$ 37.9	\$ (0.3)
State	(5.3)	2.6	(1.8)
Total	9.2	40.5	(2.1)
Deferred income taxes			
Federal	(16.7)	(8.9)	43.5
State	168.1	18.4	(42.9)
Total	151.4	9.5	0.6
Investment tax credit			
Deferral	—	5.2	—
Amortization	(4.8)	(3.1)	(2.8)
Total	(4.8)	2.1	(2.8)
Income tax expense (benefit)	\$ 155.8	\$ 52.1	\$ (4.3)

Evergy Metro^(a)	2020	2019	2018
Current income taxes	(millions)		
Federal	\$ (0.2)	\$ 43.9	\$ 29.8
State	10.8	22.4	8.9
Total	10.6	66.3	38.7
Deferred income taxes			
Federal	29.8	(24.5)	(3.4)
State	(32.2)	(5.0)	53.0
Total	(2.4)	(29.5)	49.6
Investment tax credit			
Amortization	(1.1)	(1.1)	(1.0)
Total	(1.1)	(1.1)	(1.0)
Income tax expense	\$ 7.1	\$ 35.7	\$ 87.3

^(a) Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Effective Income Tax Rates

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

Evergy	2020	2019	2018
Federal statutory income tax	21.0 %	21.0 %	21.0 %
COLI policies	(1.6)	(1.8)	(1.9)
State income taxes	4.3	5.0	4.9
Flow through depreciation for plant-related differences	(5.3)	(4.5)	0.8
Federal tax credits	(4.6)	(4.9)	(6.4)
Non-controlling interest	(0.3)	(0.4)	(0.4)
AFUDC equity	(0.5)	(0.1)	(0.1)
Amortization of federal investment tax credits	(0.6)	(0.5)	(0.6)
Changes in uncertain tax positions, net	—	(0.2)	0.1
Federal or state tax rate change	1.9	—	(8.7)
Valuation allowance	(0.2)	(1.0)	0.4
Stock compensation	(0.1)	0.1	(0.4)
Officer compensation limitation	0.2	0.1	1.2
Other	(0.2)	(0.4)	(0.2)
Effective income tax rate	14.0 %	12.4 %	9.7 %

Evergy Kansas Central	2020	2019	2018
Federal statutory income tax	21.0 %	21.0 %	21.0 %
COLI policies	(2.8)	(3.3)	(3.3)
State income taxes	3.8	5.3	5.0
Flow through depreciation for plant-related differences	(0.1)	(0.1)	1.6
Federal tax credits	(7.1)	(7.4)	(10.4)
Non-controlling interest	(0.6)	(0.8)	(0.6)
AFUDC equity	(0.5)	(0.1)	(0.2)
Amortization of federal investment tax credits	(0.7)	(0.7)	(0.8)
Changes in uncertain tax positions, net	—	(0.4)	0.1
Federal or state tax rate change	27.8	—	(15.3)
Valuation allowance	—	(0.4)	0.5
Stock compensation	(0.1)	(0.1)	(0.8)
Officer compensation limitation	—	—	1.8
Other	(0.9)	(0.3)	0.2
Effective income tax rate	39.8 %	12.7 %	(1.2)%

Evergy Metro^(a)	2020	2019	2018
Federal statutory income tax	21.0 %	21.0 %	21.0 %
COLI policies	(0.3)	(0.2)	(0.2)
State income taxes	4.9	4.7	5.5
Flow through depreciation for plant-related differences	(10.0)	(9.4)	(2.5)
Federal tax credits	(1.9)	(2.5)	(2.1)
AFUDC equity	(0.5)	(0.2)	(0.1)
Amortization of federal investment tax credits	(0.4)	(0.4)	(0.4)
Federal or state tax rate change	(10.5)	—	14.1
Stock compensation	(0.4)	—	—
Officer compensation limitation	0.4	0.3	0.6
Other	—	(1.0)	(1.0)
Effective income tax rate	2.3 %	12.3 %	34.9 %

^(a)Evergy Metro amounts are included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

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					
	2020			2019		
	Evergy	Evergy Kansas Central	Evergy Metro	Evergy	Evergy Kansas Central	Evergy Metro
Deferred tax assets:	(millions)					
Tax credit carryforward	\$ 379.6	\$ 176.5	\$ 195.9	\$ 548.9	\$ 337.3	\$ 204.4
Income taxes refundable to customers, net	418.2	237.5	132.8	466.3	234.3	176.2
Deferred employee benefit costs	227.6	105.4	117.9	197.0	93.4	120.4
Net operating loss carryforward	51.0	—	0.2	163.4	23.1	61.9
Deferred state income taxes	145.9	101.7	37.8	64.4	64.4	—
Alternative minimum tax carryforward	—	—	—	37.9	13.4	—
Accrued liabilities	152.7	61.8	61.0	80.4	14.5	29.1
Other	181.0	91.4	44.8	183.2	99.1	55.1
Total deferred tax assets before valuation allowance	1,556.0	774.3	590.4	1,741.5	879.5	647.1
Valuation allowances	(14.4)	—	—	(17.5)	—	—
Total deferred tax assets, net	1,541.6	774.3	590.4	1,724.0	879.5	647.1
Deferred tax liabilities:						
Plant-related	(2,693.7)	(1,341.2)	(972.1)	(3,004.8)	(1,428.3)	(1,143.2)
Deferred employee benefit costs	(171.4)	(75.6)	(76.3)	(173.3)	(93.4)	(79.5)
ARO regulatory assets	(136.7)	(49.9)	(54.3)	(102.3)	(53.4)	(13.8)
Acquisition premium	(46.9)	(46.9)	—	(68.2)	(68.2)	—
Other	(157.7)	(85.2)	(46.5)	(119.8)	(53.9)	(53.4)
Total deferred tax liabilities	(3,206.4)	(1,598.8)	(1,149.2)	(3,468.4)	(1,697.2)	(1,289.9)
Net deferred income tax liabilities	\$ (1,664.8)	\$ (824.5)	\$ (558.8)	\$ (1,744.4)	\$ (817.7)	\$ (642.8)

Tax Credit Carryforwards

At December 31, 2020 and 2019, Evergy had \$379.6 million and \$379.0 million, respectively, of federal general business income tax credit carryforwards. At December 31, 2020 and 2019, Evergy Kansas Central had \$176.5 million and \$168.8 million, respectively, of federal general business income tax credit carryforwards. At December 31, 2020 and 2019, Evergy Metro had \$195.9 million and \$203.2 million, respectively, of federal general business income tax credit carryforwards. The carryforwards for Evergy, Evergy Kansas Central and Evergy Metro relate primarily to wind production tax credits and advanced coal investment tax credits and expire in the years 2020 to 2040. Approximately \$0.2 million of Evergy's credits are related to Low Income Housing credits that were acquired in Great Plains Energy's acquisition of Evergy Missouri West. Due to federal limitations on the utilization of income tax attributes acquired in the Evergy Missouri West acquisition, Evergy expects a portion of these credits to expire unutilized and has provided a valuation allowance against \$0.2 million of the federal income tax benefit.

The year of origin of Evergy's, Evergy Kansas Central's and Evergy Metro's related tax benefit amounts for federal tax credit carryforwards as of December 31, 2020 are detailed in the following table.

Year of Origin	Amount of Benefit		
	Evergy	Evergy Kansas Central	Evergy Metro
		(millions)	
2003	0.1	—	—
2004	0.1	—	—
2005	0.1	—	—
2006	0.1	—	—
2007	0.1	—	—
2008	27.4	0.5	26.6
2009	47.7	0.2	47.3
2010	18.3	—	18.2
2011	13.3	—	13.2
2012	12.8	2.0	10.7
2013	24.3	11.3	12.9
2014	24.1	10.7	13.0
2015	24.7	10.9	13.2
2016	27.1	11.0	12.4
2017	43.9	35.1	8.2
2018	43.9	36.3	7.5
2019	37.7	30.9	6.7
2020	33.9	27.6	6.0
	\$ 379.6	\$ 176.5	\$ 195.9

At December 31, 2019, Evergy, Evergy Kansas Central and Evergy Metro had \$169.9 million, \$168.5 million and \$1.2 million, respectively, of tax benefits related to state income tax credit carryforwards. The state income tax credits relate primarily to the Kansas high performance incentive program tax credits. As a result of the exemption from Kansas state income tax beginning in 2021, Evergy, Evergy Kansas Central and Evergy Metro wrote down their Kansas state income tax credit carryforwards in 2020, which were primarily offset by a corresponding decrease in unamortized investment tax credit liability.

Net Operating Loss Carryforwards

At December 31, 2020 and 2019, Evergy had \$42.2 million and \$132.4 million, respectively, of tax benefits related to federal net operating loss (NOL) carryforwards. At December 31, 2019, Evergy Kansas Central and Evergy Metro had \$12.3 million and \$56.2 million, respectively, of tax benefits related to federal NOL carryforwards. Approximately \$7.1 million of Evergy's tax benefits at December 31, 2020 are related to NOLs that were acquired in the Evergy Missouri West acquisition. Due to federal limitations on the utilization of income tax attributes acquired in the Evergy Missouri West acquisition, Evergy expects a portion of these federal NOL carryforwards to expire unutilized and has provided a valuation allowance against \$7.1 million of the federal income tax benefit. The federal NOL carryforwards expire in years 2023 to 2024.

The year of origin of Evergy's related tax benefit amounts for federal NOL carryforwards as of December 31, 2020 are detailed in the following table.

Year of Origin	Amount of Benefit
	(millions)
2005	\$ 10.2
2006	32.0
	<u>\$ 42.2</u>

In addition, Evergy also had deferred tax benefits of \$8.8 million and \$31.0 million related to state NOLs as of December 31, 2020 and 2019, respectively. Evergy Kansas Central had deferred tax benefits of \$10.8 million related to state NOLs as of December 31, 2019. Evergy Metro had deferred tax benefits of \$0.2 million and \$5.7 million related to state NOLs as of December 31, 2020 and 2019, respectively. The state NOL carryforwards expire in years 2021 to 2038. Evergy does not expect to utilize \$7.1 million of NOLs before the expiration date of the carryforwards of NOLs in certain states. Therefore, a valuation allowance has been provided against \$7.1 million of state tax benefits.

Alternative Minimum Tax Carryforwards

At December 31, 2019, Evergy and Evergy Kansas Central had \$37.9 million and \$13.4 million, respectively, of federal AMT carryforwards.

Valuation Allowances

Evergy 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's control. As a result of this assessment, Evergy has established a partial valuation allowance for federal and state tax NOL carryforwards and tax credit carryforwards. During 2020, \$3.1 million of tax benefit was recorded in continuing operations primarily related to utilization or expiration of certain state NOL carryforwards.

Kansas Tax Reform

In May 2020, the state of Kansas exempted certain public utilities, including Evergy Kansas Central and Evergy Metro, from Kansas corporate income tax beginning in 2021 and authorized the KCC to approve changes in rates related to increases or decreases in federal or state income tax rates.

As a result of the exemption from Kansas corporate income tax, the Evergy Companies revalued their deferred income tax assets and liabilities in May 2020. Evergy decreased its net deferred income tax liabilities by \$233.8 million, primarily consisting of a \$400.4 million adjustment for the revaluation of deferred income tax assets and liabilities included in rate base and a \$31.7 million tax gross-up adjustment on this amount for ratemaking purposes and \$13.8 million of income tax expense primarily related to the revaluation of deferred income taxes that will not be recovered from customers in future rates; partially offset by a decrease to unamortized investment tax credits of \$183.6 million due to the revaluation of certain Kansas income tax credits and a \$16.9 million tax gross-up adjustment on this amount for ratemaking purposes.

Evergy Kansas Central decreased its net deferred income tax liabilities by \$17.6 million, primarily consisting of a \$293.7 million adjustment for the revaluation of deferred income tax assets and liabilities included in rate base and a \$17.3 million tax gross-up adjustment on this amount for ratemaking purposes; partially offset by a decrease to unamortized investment tax credits of \$183.6 million due to the revaluation of certain Kansas income tax credits and a \$16.9 million tax gross-up adjustment on this amount for ratemaking purposes and \$109.0 million of income tax expense primarily related to the revaluation of deferred income taxes that will not be recovered from customers in future rates.

Evergy Metro decreased its net deferred income tax liabilities by \$152.9 million, primarily consisting of a \$106.7 million adjustment for the revaluation of deferred income tax assets and liabilities included in rate base and a \$14.4

million tax gross-up adjustment on this amount for ratemaking purposes and \$32.2 million of income tax benefit primarily related to the revaluation of deferred income taxes that will not be refunded to customers in future rates.

The changes to the Evergy Companies' net deferred income tax liabilities included in rate base were offset by corresponding changes in regulatory liabilities. The net regulatory liabilities will be refunded to customers in future rates by amortizing the amounts related to plant assets over the remaining useful life of the assets, and amortizing the amounts related to other items over a period to be determined in a future rate case. The changes to the Evergy Companies' unamortized investment tax credits were related to the portion of certain Kansas income tax credits that are not expected to be used after December 31, 2020. The amounts of income tax expense (benefit) recognized by the Evergy Companies related to the revaluation of deferred income taxes that will not be recovered from or refunded to customers in future rates primarily pertain to deferred tax adjustments related to the difference between Evergy's consolidated tax rate and the statutory tax rates used for setting rates at Evergy Kansas Central, Evergy Metro and Evergy Missouri West as well as deferred income tax adjustments related to non-regulated operations.

Evergy Kansas Central and Evergy Metro currently recover the cost of Kansas corporate income taxes in rates from their customers at the statutory rate of 7% that will be effective until 2021, when the income tax exemption established by the state of Kansas takes effect. In accordance with the provisions of the income tax exemption, Evergy Metro and Evergy Kansas Central filed a joint application with the KCC in July 2020 to reduce their retail rates to reflect their exemption from Kansas corporate income taxes. In the joint application, Evergy Metro requested to implement its rate reduction in one phase, effective January 1, 2021, and Evergy Kansas Central requested to implement its rate reduction in three phases, effective January 1 in each of 2021, 2022 and 2023. In November 2020, the KCC approved Evergy Kansas Central's and Evergy Metro's joint application.

Missouri Tax Reform

On June 1, 2018, the Missouri governor signed Senate Bill (S.B.) 884 into law. Most notably, S.B. 884 reduces the corporate income tax rate from 6.25% to 4.0% beginning in 2020, provides for the mandatory use of the single sales factor formula and eliminates intercompany transactions between corporations that file a consolidated Missouri income tax return.

As a result of the change in the Missouri corporate income tax rate, Evergy Metro revalued and restated its deferred income tax assets and liabilities as of June 1, 2018. Evergy Metro decreased its net deferred income tax liabilities by \$46.6 million, primarily consisting of a \$28.8 million adjustment for the revaluation and restatement of deferred income tax assets and liabilities included in Missouri jurisdictional rate base and a \$9.9 million tax gross-up adjustment for ratemaking purposes. The decrease to Evergy Metro's net deferred income tax liabilities included in Missouri jurisdictional rate base were offset by a corresponding increase in regulatory liabilities. The net regulatory liabilities will be amortized to customers over a period to be determined in a future rate case.

Evergy Metro recognized \$15.5 million of income tax benefit in 2018 primarily related to the difference between Evergy Metro's revaluation of its deferred income tax assets and liabilities for financial reporting purposes and the amount of the revaluation pertaining to Evergy Metro's Missouri jurisdictional rate base.

21. LEASES

The Evergy Companies lease office buildings, computer equipment, vehicles, rail cars, generating plant and other property and equipment, including rail cars to serve jointly-owned generating units where Evergy Kansas Central or Evergy Metro is the managing partner and is reimbursed by other joint-owners for the other owners' proportionate share of the costs. 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. The Evergy Companies assess 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.

The Evergy Companies have 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. 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. The Evergy Companies have elected a practical expedient permitted by GAAP to not separate such components of the lease from other lease components for all leases.

The Evergy, Evergy Kansas Central and Evergy Metro leases have remaining terms ranging from 1 to 18 years, 1 to 18 years and 1 to 25 years, respectively. Leases that have original lease terms of twelve months or less are not recognized on the Evergy Companies' balance sheets. Some leases have options to renew the lease or terminate early at the election of the Evergy Companies. 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.

The Evergy Companies typically discount lease payments over the term of the lease using their incremental borrowing rates at lease commencement to measure its initial and subsequent lease liability. For leases that existed at the initial application of Topic 842, the Evergy Companies used the incremental borrowing rates that corresponded to the remaining lease term as of January 1, 2019.

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, the Evergy Companies defer 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.

The Evergy Companies' lease expense is detailed in the following table.

Evergy	2020	2019
Finance lease costs	(millions)	
Amortization of right-of-use assets	\$ 7.7	\$ 5.2
Interest on lease liabilities	3.1	2.9
Operating lease costs	22.9	23.8
Short-term lease costs	2.1	4.0
Variable lease costs for renewable purchase power agreements	296.6	313.0
Total lease costs	\$ 332.4	\$ 348.9
Evergy Kansas Central	2020	2019
Finance lease costs	(millions)	
Amortization of right-of-use assets	\$ 7.2	\$ 5.0
Interest on lease liabilities	2.8	2.7
Operating lease costs	11.9	13.2
Short-term lease costs	0.5	1.2
Variable lease costs for renewable purchase power agreements	135.6	130.8
Total lease costs	\$ 158.0	\$ 152.9

Evergy Metro	2020	2019
Finance lease costs	(millions)	
Amortization of right-of-use assets	\$ 0.3	\$ 0.1
Interest on lease liabilities	0.1	0.1
Operating lease costs	9.3	9.2
Short-term lease costs	1.5	2.6
Variable lease costs for renewable purchase power agreements	112.2	129.2
Total lease costs	\$ 123.4	\$ 141.2

Supplemental cash flow information related to the Evergy Companies' leases is detailed in the following table.

Evergy	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:	(millions)	
Operating cash flows from operating leases	\$ 22.2	\$ 21.7
Operating cash flows from finance leases	2.8	2.8
Financing cash flows from finance leases	5.6	5.0
Right-of-use assets obtained in exchange for new operating lease liabilities	6.9	10.4
Right-of-use assets obtained in exchange for new finance lease liabilities	5.6	8.3

Evergy Kansas Central	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:	(millions)	
Operating cash flows from operating leases	\$ 12.9	\$ 13.7
Operating cash flows from finance leases	2.5	2.6
Financing cash flows from finance leases	5.1	4.8
Right-of-use assets obtained in exchange for new operating lease liabilities	6.6	6.1
Right-of-use assets obtained in exchange for new finance lease liabilities	4.0	8.3

Evergy Metro	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:	(millions)	
Operating cash flows from operating leases	\$ 10.8	\$ 9.9
Operating cash flows from finance leases	0.1	0.1
Financing cash flows from finance leases	0.4	0.1
Right-of-use assets obtained in exchange for new operating lease liabilities	0.3	2.4
Right-of-use assets obtained in exchange for new finance lease liabilities	1.6	—

Finance Leases

Right-of-use assets for finance leases are included in property, plant and equipment on the Evergy Companies' 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, 2020, are detailed in the following table.

	Evergy	Evergy Kansas Central	Evergy Metro
	(millions)		
2021	\$ 8.8	\$ 8.0	\$ 0.6
2022	7.3	6.5	0.6
2023	6.6	5.8	0.6
2024	5.3	4.6	0.6
2025	4.6	4.1	0.2
After 2025	42.4	41.2	0.6
Total finance lease payments	75.0	70.2	3.2
Amounts representing imputed interest	(23.7)	(22.7)	(0.6)
Present value of lease payments	51.3	47.5	2.6
Less: current portion	(6.0)	(5.6)	(0.4)
Total long-term obligations under finance leases	\$ 45.3	\$ 41.9	\$ 2.2
Right-of-use assets under finance leases included in property, plant and equipment, net on the consolidated balance sheets	\$ 314.1	\$ 53.9	\$ 2.6
Weighted-average remaining lease term (years)	13.5	14.1	5.9
Weighted-average discount rate	5.6 %	5.5 %	4.9 %

Operating Leases

Right-of-use assets for operating leases are included in other long-term assets on the Evergy Companies' 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, 2020, are detailed in the following table.

	Evergy	Evergy Kansas Central	Evergy Metro
	(millions)		
2021	\$ 18.5	\$ 10.1	\$ 10.1
2022	15.3	7.7	9.3
2023	12.2	5.0	8.8
2024	10.4	3.5	8.5
2025	7.9	1.5	8.3
After 2025	37.3	0.4	74.5
Total operating lease payments	101.6	28.2	119.5
Amounts representing imputed interest	(14.4)	(0.8)	(31.4)
Present value of lease payments	87.2	27.4	88.1
Less: current portion	(14.5)	(8.2)	(6.7)
Total long-term obligations under operating leases	\$ 72.7	\$ 19.2	\$ 81.4
Right-of-use assets under operating leases included in other assets on the consolidated balance sheets	\$ 93.2	\$ 34.4	\$ 71.3
Weighted-average remaining lease term (years)	8.3	3.4	15.3
Weighted-average discount rate	3.7 %	2.9 %	4.1 %

22. QUARTERLY OPERATING RESULTS (UNAUDITED)

Evergy	Quarter			
	1st	2nd	3rd	4th
2020	(millions, except per share amounts)			
Operating revenue	\$ 1,116.7	\$ 1,184.7	\$ 1,517.6	\$ 1,094.4
Operating income	197.5	271.7	521.7	153.0
Net income	72.2	136.3	367.5	54.0
Net income attributable to Evergy, Inc.	69.4	133.4	364.5	51.0
Basic and diluted earnings per common share	0.31	0.59	1.60	0.22
2019				
Operating revenue	\$ 1,216.9	\$ 1,221.7	\$ 1,577.6	\$ 1,131.6
Operating income	209.6	271.7	538.7	165.8
Net income	103.4	144.6	370.9	66.7
Net income attributable to Evergy, Inc.	99.5	139.7	366.8	63.9
Basic and diluted earnings per common share	0.39	0.57	1.56	0.28

<i>Evergy Kansas Central</i>	Quarter			
	1st	2nd	3rd	4th
2020	(millions)			
Operating revenue	\$ 560.1	\$ 570.8	\$ 733.6	\$ 553.6
Operating income	114.5	121.2	240.7	90.9
Net income (loss)	55.2	(37.6)	173.1	45.1
Net income (loss) attributable to Evergy Kansas Central, Inc.	52.4	(40.5)	170.1	42.1
2019				
Operating revenue	\$ 596.8	\$ 585.5	\$ 749.0	\$ 576.1
Operating income	124.3	127.6	242.4	102.2
Net income	68.3	67.2	168.2	55.4
Net income attributable to Evergy Kansas Central, Inc.	64.4	62.3	164.1	52.6

<i>Evergy Metro</i>	Quarter			
	1st	2nd	3rd	4th
2020	(millions)			
Operating revenue	\$ 375.5	\$ 424.3	\$ 528.5	\$ 377.3
Operating income	63.7	112.5	204.4	53.7
Net income	25.6	102.9	147.7	22.5
2019				
Operating revenue	\$ 425.4	\$ 437.0	\$ 568.8	\$ 375.3
Operating income	56.9	101.9	215.5	52.2
Net income	16.0	59.4	151.9	27.9

Quarterly data is subject to seasonal fluctuations with peak periods occurring in the summer months.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVERGY

Disclosure Controls and Procedures

Evergy carried out an evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). This evaluation was conducted under the supervision, and with the participation, of Evergy's management, including the chief executive officer and chief financial officer, and Evergy's disclosure committee. Based upon this evaluation, the chief executive officer and chief financial officer of Evergy have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Evergy were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in Evergy's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarterly period ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for Evergy. Under the supervision and with the participation of Evergy's chief executive officer and chief financial officer, management evaluated the effectiveness of Evergy's internal control over financial reporting as of December 31, 2020. Management used for this evaluation

the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that, as of December 31, 2020, Evergy's internal control over financial reporting is effective based on the criteria set forth in the COSO framework. Deloitte & Touche LLP, the independent registered public accounting firm that audited the financial statements included in this annual report on Form 10-K, has issued its attestation report on Evergy's internal control over financial reporting, which is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Evergy, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Evergy, Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2020, of the Company and our report dated February 26, 2021, expressed an unqualified opinion on those financial statements and financial statement schedules.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/DELOITTE & TOUCHE LLP

Kansas City, Missouri
February 26, 2021

EVERGY KANSAS CENTRAL

Disclosure Controls and Procedures

Evergy Kansas Central carried out an evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). This evaluation was conducted under the supervision, and with the participation, of Evergy Kansas Central's management, including the chief executive officer and chief financial officer, and Evergy Kansas Central's disclosure committee. Based upon this evaluation, the chief executive officer and chief financial officer of Evergy Kansas Central have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Evergy Kansas Central were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in Evergy Kansas Central's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarterly period ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for Evergy Kansas Central. Under the supervision and with the participation of Evergy Kansas Central's chief executive officer and chief financial officer, management evaluated the effectiveness of Evergy Kansas Central's internal control over financial reporting as of December 31, 2020. Management used for this evaluation the framework in *Internal Control - Integrated Framework (2013)* issued by the COSO of the Treadway Commission.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that, as of December 31, 2020, Evergy Kansas Central's internal control over financial reporting is effective based on the criteria set forth in the COSO framework.

EVERGY METRO

Disclosure Controls and Procedures

Evergy Metro carried out an evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). This evaluation was conducted under the supervision, and with the participation, of Evergy Metro's management, including the chief executive officer and chief financial officer, and Evergy Metro's disclosure committee. Based upon this evaluation, the chief executive officer and chief financial officer of Evergy Metro have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Evergy Metro were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in Evergy Metro's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarterly period ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for Evergy Metro. Under the supervision and with the participation of Evergy Metro's chief executive officer and chief financial officer, management evaluated the effectiveness of Evergy Metro's internal control over financial reporting as of December 31, 2020. Management

used for this evaluation the framework in *Internal Control - Integrated Framework (2013)* issued by the COSO of the Treadway Commission.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has concluded that, as of December 31, 2020, Evergy Metro's internal control over financial reporting is effective based on the criteria set forth in the COSO framework.

ITEM 9B. OTHER INFORMATION

Investors should note that the Evergy Companies announce material financial information in SEC filings, press releases and public conference calls. In accordance with SEC guidelines, the Evergy Companies also use the Investor Relations tab on their website, www.evergy.com, to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. The information on Evergy's website is not part of this document.

PART III

Information required by Items 10-14 of Part III of this Form 10-K with respect to Evergy will be included in an amendment to this Form 10-K, or incorporated by reference to Evergy's definitive proxy statement with respect to its 2021 Annual Meeting of Shareholders (Proxy Statement) on or before April 30, 2021.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Evergy

The information required by this item will be included in an amendment to this Form 10-K or will be incorporated by reference from the following sections of the Proxy Statement:

- Information regarding the directors of Evergy will be contained in the Proxy Statement section titled "Election of Directors."
- If applicable, information regarding compliance with Section 16(a) of the Exchange Act will be contained in the Proxy Statement section titled "Security Ownership of Directors, Management and Beneficial Owners."
- Information regarding the Audit Committee of Evergy will be contained in the Proxy Statement section titled "Board Structure - Audit Committee."
- Information regarding Evergy's Code of Ethics will be contained in the Proxy Statement section titled "Corporate Governance Practices - Code of Ethics."

Information required by this item regarding Evergy's executive officers is contained in this report in Part I, Item 1 in "Information About Evergy's Executive Officers."

Evergy Kansas Central and Evergy Metro

Other information required by this item regarding Evergy Kansas Central and Evergy Metro has been omitted in reliance on General Instruction (I) to Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Evergy

The information required by this item will be included in an amendment to this Form 10-K or will be incorporated by reference to the following sections of the Proxy Statement: "Executive Summary of Compensation Matters," "2020 Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation Tables," "Director Independence" and "Other Matters - Compensation Committee Interlocks and Insider Participation."

Evergy Kansas Central and Evergy Metro

Other information required by this item regarding Evergy Kansas Central and Evergy Metro has been omitted in reliance on General Instruction (I) to Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Evergy

The information required by this item regarding security ownership of the directors and executive officers of Evergy will be included in an amendment to this Form 10-K or will be incorporated by reference to the "Security Ownership of Directors, Management and Beneficial Owners" section of the Proxy Statement.

Evergy Kansas Central and Evergy Metro

The information required by this item regarding Evergy Kansas Central and Evergy Metro has been omitted in reliance on General Instruction (I) to Form 10-K.

Equity Compensation Plans

Upon the consummation of the merger, Evergy assumed both Evergy Kansas Central's LTISA and Great Plains Energy's Amended Long-Term Incentive Plan, which was renamed the Evergy, Inc. Long-Term Incentive Plan. The renamed Evergy Long-Term Incentive Plan permits the grant of restricted stock, restricted stock units, bonus shares, stock options, stock appreciation rights, director shares, director deferred share units, performance shares and other stock-based awards to directors, officers and other employees of Evergy.

The following table provides information, as of December 31, 2020, regarding the number of common shares to be issued upon exercise of outstanding options, warrants and rights, their weighted average exercise price, and the number of shares of common stock remaining available for future issuance. The table excludes shares issued or issuable under any defined contribution savings plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders ⁽¹⁾			
Evergy Long-Term Incentive Plan	709,972 (2)	\$ — (3)	1,696,385
Equity compensation plans not approved by security holders			
Total	709,972 (2)	\$ — (3)	1,696,385

⁽¹⁾The Evergy Kansas Central, Inc. LTISA will not be used for future awards. As of December 31, 2020, there were approximately 41,287 RSUs with only service requirements outstanding under the plan, and approximately 330,753 units outstanding that were deferred pursuant to the Evergy Kansas Central, Inc. non-employee deferred compensation program. Deferred units will continue to receive deferred dividend equivalents in the form of additional deferred units until payouts pursuant to elections begin.

⁽²⁾Includes 108,010 performance shares at target performance levels, 119,455 RSUs with only service requirements, 347,964 RSUs with performance measures and director deferred share units for 134,543 shares of Evergy common stock outstanding at December 31, 2020.

⁽³⁾The performance shares, RSUs and director deferred share units have no exercise price and therefore are not reflected in the weighted-average exercise price.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Evergy

The information required by this item will be included in an amendment to this Form 10-K or will be incorporated by reference to the "Director Independence" and "Other Matters - Related Party Transactions" sections of the Proxy Statement.

Evergy Kansas Central and Evergy Metro

The information required by this item regarding Evergy Kansas Central and Evergy Metro has been omitted in reliance on General Instruction (I) to Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Evergy

The information required by this item regarding the independent auditors of Evergy and its subsidiaries will be included in an amendment to this Form 10-K or will be incorporated by reference to the "Ratification of Appointment of Deloitte & Touche LLP" section of the Proxy Statement.

Evergy Kansas Central and Evergy Metro

The Audit Committee of the Evergy Board functions as the Audit Committee of Evergy Kansas Central and Evergy Metro. The following tables set forth the aggregate fees billed by Deloitte & Touche LLP for audit services rendered in connection with the consolidated financial statements and reports for 2020 and 2019 and for other services rendered during 2020 and 2019 on behalf of Evergy Kansas Central and Evergy Metro, as well as all out-of-pocket costs incurred in connection with these services:

Evergy Kansas Central	2020	2019
Fee Category		
Audit Fees	\$ 2,025,969	\$ 2,044,100
Audit-Related Fees	—	24,000
Tax Fees	51,385	—
All Other Fees	—	—
Total Fees	\$ 2,077,354	\$ 2,068,100

Evergy Metro	2020	2019
Fee Category		
Audit Fees	\$ 1,412,546	\$ 1,503,000
Audit-Related Fees	—	24,000
Tax Fees	40,799	—
All Other Fees	—	—
Total Fees	\$ 1,453,345	\$ 1,527,000

Audit Fees: Consists of fees billed for professional services rendered for the audits of the annual consolidated financial statements of Evergy Kansas Central and Evergy Metro and reviews of the interim condensed consolidated financial statements included in quarterly reports. Audit fees also include: services provided by Deloitte & Touche LLP in connection with statutory and regulatory filings or engagements; audit reports on audits of the effectiveness of internal control over financial reporting and other attest services, except those not required by statute or regulation; services related to filings with the SEC, including comfort letters, consents and assistance with and review of documents filed with the SEC; and accounting research in support of the audit.

Audit-Related Fees: Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of consolidated financial statements of Evergy Kansas Central and Evergy Metro and are not reported under "Audit Fees." These services include consultation concerning financial accounting and reporting standards.

Tax Fees: Consists of fees billed for tax compliance and related support of tax returns and other tax services, including assistance with tax audits, and tax research and planning.

All Other Fees: Consists of fees for all other services other than those described above.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee has adopted policies and procedures for the pre-approval of all audit services, audit-related services, tax services and other services to be provided by the independent registered public accounting firm for Evergy Kansas Central and Evergy Metro. Under these policies and procedures, the Audit Committee may pre-approve certain types of services, up to the aggregate fee levels it sets. Any proposed service within a pre-approved type of service that would cause the applicable fee level to be exceeded cannot be provided unless the Audit Committee either amends the applicable fee level or specifically approves the proposed service. The Audit Committee, as well, may specifically approve audit, audit-related, tax or other services on a case-by-case basis. Pre-approval is generally provided for up to one year, unless the Audit Committee specifically provides for a different period. Management provides quarterly updates to the Audit Committee regarding actual fees spent with respect to

pre-approved services. The Chair of the Audit Committee may pre-approve audit, audit-related, tax and other services provided by the independent registered public accounting firm as required between meetings and report such pre-approval at the next Audit Committee meeting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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Exhibits

<u>Exhibit Number</u>	<u>Description of Document</u>	<u>Registrant</u>
2.1	*Δ Agreement and Plan of Merger, dated May 29, 2016, by and among Evergy Kansas Central, Inc. (formerly Westar Energy Inc.), Great Plains Energy Incorporated and, from and after its accession thereto, Merger Sub (as defined therein) (Exhibit 2.1 to Great Plains Energy's Form 8-K filed on May 31, 2016).	Evergy Evergy Kansas Central
2.2	*Δ Amended and Restated Merger Agreement, dated July 9, 2017, by and among Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.), Great Plains Energy Incorporated, Monarch Energy Holding, Inc., King Energy, Inc. and, solely for the purposes set forth therein, GP Star, Inc. (Exhibit 2.1 to Great Plains Energy's Form 8-K filed on July 10, 2017).	Evergy Evergy Kansas Central
3.1	* Amended and Restated Articles of Incorporation of Evergy, Inc., effective June 4, 2018 (Exhibit 3.1 to Form 8-K filed on June 4, 2018).	Evergy
3.2	* Amended and Restated By-laws of Evergy, Inc., effective February 28, 2020 (Exhibit 3.1 to Evergy's Form 8-K filed on March 2, 2020).	Evergy
3.3	* Amended and Restated Articles of Consolidation of Evergy Metro, Inc., as amended September 16, 2019 (Exhibit 3.1 to Evergy Metro's Form 10-Q for the quarter ended September 30, 2019).	Evergy Metro
3.4	* Amended and Restated By-laws of Evergy Metro, Inc. effective February 28, 2020 (Exhibit 3.3 to Evergy Metro's Form 8-K filed on March 2, 2020).	Evergy Metro
3.5	* Amended and Restated Articles of Incorporation of Evergy Kansas Central, Inc., as amended September 16, 2019 (Exhibit 3.3 to Evergy Kansas Central's Form 10-Q for the quarter ended September 30, 2019).	Evergy Kansas Central
3.6	* Amended and Restated By-laws of Evergy Kansas Central, Inc., effective February 28, 2020 (Exhibit 3.2 to Evergy Kansas Central's Form 8-K filed on March 2, 2020).	Evergy Kansas Central
4.1	* Indenture, dated June 1, 2004, between Evergy, Inc. (successor to Great Plains Energy Incorporated) and BNY Midwest Trust Company, as trustee (Exhibit 4.4 to Great Plains Energy's Form 8-A/A filed on June 14, 2004).	Evergy
4.2	* First Supplemental Indenture, dated June 14, 2004, between Evergy, Inc. (successor to Great Plains Energy Incorporated) and BNY Midwest Trust Company, as trustee (Exhibit 4.5 to Great Plains Energy's Form 8-A/A filed on June 14, 2004).	Evergy
4.3	* Second Supplemental Indenture, dated September 25, 2007, between Evergy, Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Trust Company, N.A., as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on September 26, 2007).	Evergy

4.4	* Third Supplemental Indenture, dated August 13, 2010, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on August 13, 2010).	Evergy
4.5	* Fourth Supplemental Indenture, dated May 19, 2011, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on May 19, 2011).	Evergy
4.6	* Fifth Supplemental Indenture, dated March 9, 2017, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Trust Company, N.A. as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on March 9, 2017).	Evergy
4.7	* Sixth Supplemental Indenture, dated June 4, 2018, by and among Great Plains Energy Incorporated, Evergy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy's Form 8-K filed on June 4, 2018).	Evergy
4.8	* Seventh Supplemental Indenture dated as of September 9, 2019 between Evergy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Form 8-K filed on September 9, 2019).	Evergy
4.9	* Subordinated Indenture, dated May 18, 2009, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on May 19, 2009).	Evergy
4.10	* Supplemental Indenture No. 1, dated May 18, 2009, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.2 to Great Plains Energy's Form 8-K filed on May 19, 2009).	Evergy
4.11	* Supplemental Indenture No. 2, dated March 22, 2012, between Evergy. Inc. (successor to Great Plains Energy Incorporated) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on March 23, 2012).	Evergy
4.12	* Supplemental Indenture No. 3, dated June 4, 2018, by and among Great Plains Energy Incorporated, Evergy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.2 to Evergy's Form 8-K filed on June 4, 2018).	Evergy
4.13	* Indenture, dated August 24, 2001, between Evergy Missouri West (formerly Aquila, Inc.) and BankOne Trust Company, N.A., as trustee (Exhibit 4(d) to Registration Statement on Form S-3 (File No. 333-68400) filed by Aquila, Inc. on August 27, 2001).	Evergy

4.14	* Second Supplemental Indenture, dated July 3, 2002, between Missouri West, Inc. (formerly Aquila, Inc.) and BankOne Trust Company, N.A., as trustee (Exhibit 4(c) to Form S-4 (File No. 333-100204) filed by Aquila, Inc. on September 30, 2002).	Evergy
4.15	* General Mortgage and Deed of Trust, dated December 1, 1986, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.12 to Evergy Metro's Form 10-K for the year ended December 31, 2017).	Evergy Evergy Metro
4.16	* Fifth Supplemental Indenture, dated September 1, 1992, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.13 to Evergy Metro's Form 10-K for the year ended December 31, 2017).	Evergy Evergy Metro
4.17	* Seventh Supplemental Indenture, dated October 1, 1993, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.14 to Evergy Metro's Form 10-K for the year ended December 31, 2017).	Evergy Evergy Metro
4.18	* Eighth Supplemental Indenture, dated December 1, 1993, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.15 to Evergy Metro's Form 10-K for the year ended December 31, 2017).	Evergy Evergy Metro
4.19	* Eleventh Supplemental Indenture, dated August 15, 2005, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.2 to Evergy Metro's Form 10-Q for the quarter ended September 30, 2005).	Evergy Evergy Metro
4.20	* Thirteenth Supplemental Indenture, dated March 1, 2009, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.3 to Evergy Metro's Form 8-K filed on March 24, 2009).	Evergy Evergy Metro
4.21	* Fourteenth Supplemental Indenture, dated March 1, 2009, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.4 to Evergy Metro's Form 8-K filed on March 24, 2009).	Evergy Evergy Metro
4.22	* Fifteenth Supplemental Indenture, dated June 30, 2011, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.1 to Evergy Metro's Form 10-Q for the quarter ended June 30, 2011).	Evergy Evergy Metro

4.23	* Sixteenth Supplemental Indenture, March 1, 2019, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) UMB Bank N.A., as trustee (Exhibit 4.3 to Evergy's Form 8-K filed on March 14, 2019).	Evergy Evergy Metro
4.24	* Seventeenth Supplemental Indenture, dated March 27, 2019, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.1 to Evergy's Form 8-K filed on March 27, 2019).	Evergy Evergy Metro
4.25	* Eighteenth Supplemental Indenture, dated as of May 26, 2020, between Evergy Metro and UMB Bank, N.A. (formerly United Missouri Bank of Kansas City, N.A.), as trustee (Exhibit 4.1 to Evergy's Form 8-K filed on May 26, 2020).	Evergy Evergy Metro
4.26	* Indenture, dated December 1, 2000, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York, as trustee (Exhibit 4(a) to Evergy Metro's Form 8-K filed on December 18, 2000).	Evergy Evergy Metro
4.27	* Indenture, dated March 1, 2002, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York, as trustee (Exhibit 4.1.b. to Evergy Metro's Form 10-Q for the quarter ended March 31, 2002).	Evergy Evergy Metro
4.28	* Supplemental Indenture No. 1, dated November 15, 2005, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York, as trustee (Exhibit 4.2.j to Evergy Metro's Form 10-K for the year ended December 31, 2005).	Evergy Evergy Metro
4.29	* Supplemental Indenture No. 2, dated March 1, 2019, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon, as trustee (Exhibit 4.2 to Evergy's Form 8-K filed on March 14, 2019).	Evergy Evergy Metro
4.30	* Indenture, dated May 1, 2007, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on June 4, 2007).	Evergy Evergy Metro
4.31	* Supplemental Indenture No. 1, dated June 4, 2007, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Trust Company, N.A., as trustee (Exhibit 4.2 to Evergy Metro's Form 8-K filed on June 4, 2007).	Evergy Evergy Metro
4.32	* Supplemental Indenture No. 2, dated March 11, 2008, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Trust Company, N.A., as trustee (Exhibit 4.2 to Evergy Metro's Form 8-K filed on March 11, 2008).	Evergy Evergy Metro

4.33	* Supplemental Indenture No. 3, dated September 20, 2011, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on September 20, 2011).	Evergy Evergy Metro
4.34	* Supplemental Indenture No. 4, dated March 14, 2013, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on March 14, 2013).	Evergy Evergy Metro
4.35	* Supplemental Indenture No. 5, dated August 18, 2015, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on August 18, 2015).	Evergy Evergy Metro
4.36	* Supplemental Indenture No. 6, dated June 15, 2017, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on June 15, 2017).	Evergy Evergy Metro
4.37	* Supplemental Indenture No. 7, dated March 1, 2018, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on March 1, 2018).	Evergy Evergy Metro
4.38	* Supplemental Indenture No. 8, dated March 1, 2019, between Evergy Metro, Inc. (formerly Kansas City Power & Light Company) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Metro's Form 8-K filed on March 14, 2019).	Evergy Evergy Metro
4.39	* Note Purchase Agreement, dated August 16, 2013, among Evergy Missouri West, Inc. (formerly KCP&L Greater Missouri Operations Company) and the purchasers party thereto (Exhibit 4.1 to Great Plains Energy's Form 8-K filed on August 19, 2013).	Evergy
4.40	* Note Purchase Agreement dated February 12, 2019, among Evergy Missouri West, Inc. (formerly KCP&L Greater Missouri Operations Company) and the purchasers party thereto (Exhibit 4.5 to Evergy's Form 10-Q for the quarter ended March 31, 2019).	Evergy
4.41	* Mortgage and Deed of Trust, dated July 1, 1939, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and The Kansas Power and Light Company) and Harris Trust and Savings Bank, as trustee (Exhibit 4.35 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central

4.42	* First Supplemental Indenture, dated July 1, 1939, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and The Kansas Power and Light Company) and Harris Trust and Savings Bank, as trustee (Exhibit 4.36 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
4.43	* Second Supplemental Indenture, dated April 1, 1949, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and The Kansas Power and Light Company) and Harris Trust and Savings Bank, as trustee (Exhibit 4.37 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
4.44	* Sixth Supplemental Indenture, dated October 4, 1951, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and The Kansas Power and Light Company) and Harris Trust and Savings Bank, as trustee (Exhibit 4.38 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
4.45	* Fourteenth Supplemental Indenture, dated May 1, 1976, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and The Kansas Power and Light Company) and Harris Trust and Savings Bank, as trustee (Exhibit 4.39 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
4.46	* Twenty-Eighth Supplemental Indenture, dated July 1, 1992, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and Western Resources, Inc.) and Harris Trust and Savings Bank, as trustee (Exhibit 4.40 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
4.47	* Thirty-Second Supplemental Indenture, dated April 15, 1994, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and Western Resources, Inc.) and Harris Trust and Savings Bank, as trustee (Exhibit 4(s) to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 1994).	Evergy Evergy Kansas Central
4.48	* Thirty-Fourth Supplemental Indenture, dated June 28, 2000, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc. and Western Resources, Inc.) and Harris Trust and Savings Bank, as trustee (Exhibit 4(v) to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2000).	Evergy Evergy Kansas Central
4.49	* Thirty-Sixth Supplemental Indenture, dated June 1, 2004, between Evergy Kansas Central, Inc. (formerly Westar Energy Inc.) and BNY Midwest Trust Company, as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on January 18, 2005).	Evergy Evergy Kansas Central
4.50	* Thirty-Eighth Supplemental Indenture, dated January 18, 2005, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and BNY Midwest Trust Company, as trustee (Exhibit 4.3 to Evergy Kansas Central's Form 8-K filed on January 18, 2005).	Evergy Evergy Kansas Central
4.51	* Thirty-Ninth Supplemental Indenture, dated June 30, 2005, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and BNY Midwest Trust Company, as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on July 1, 2005).	Evergy Evergy Kansas Central

4.52	* Forty-Second Supplemental Indenture, dated March 1, 2012, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on February 29, 2012).	Evergy Evergy Kansas Central
4.53	* Forty-Second Supplemental (Reopening) Indenture, dated May 17, 2012, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on May 16, 2012).	Evergy Evergy Kansas Central
4.54	* Forty-Third Supplemental Indenture, dated March 28, 2013, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on March 22, 2013).	Evergy Evergy Kansas Central
4.55	* Forty-Fourth Supplemental Indenture, dated August 19, 2013, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on August 14, 2013).	Evergy Evergy Kansas Central
4.56	* Forty-Fifth Supplemental Indenture, dated November 13, 2015, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on November 6, 2015).	Evergy Evergy Kansas Central
4.57	* Forty-Sixth Supplemental Indenture, dated June 20, 2016, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on June 17, 2016).	Evergy Evergy Kansas Central
4.58	* Forty-Seventh Supplemental Indenture, dated March 6, 2017, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on March 3, 2017).	Evergy Evergy Kansas Central
4.59	* Forty-Eighth Supplemental Indenture, dated June 4, 2018, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on June 4, 2018).	Evergy Evergy Kansas Central
4.60	* Forty-Ninth Supplemental Indenture, dated August 19, 2019, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on August 19, 2019).	Evergy Evergy Kansas Central

4.61	* Fiftieth Supplemental Indenture, dated as of April 9, 2020, between Evergy Kansas Central, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Exhibit 4.1 to Evergy Kansas Central's Form 8-K filed on April 9, 2020).	Evergy Evergy Kansas Central
4.62	* Senior Indenture, dated August 1, 1998, between Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) and Deutsche Bank Trust Company Americas, as trustee, including Form of Senior Note (Exhibit 4.1 to Evergy Kansas Central's Form 10-Q for the quarter ended June 30, 1998).	Evergy Evergy Kansas Central
4.63	* Form of Subordinated Indenture between Evergy Kansas Central, Inc. (formerly Westar Energy and The Bank of New York Mellon Trust Company, N.A., as trustee, including Form of Subordinated Note (Exhibit 4.3 to Evergy Kansas Central's Form S-3 filed on March 18, 2016 (No. 333-210266)).	Evergy Evergy Kansas Central
4.64	Description of Securities.	Evergy Evergy Kansas Central Evergy Metro
10.1	*+ Evergy, Inc. (successor to Great Plains Energy Incorporated) Amended Long-Term Incentive Plan, as amended effective on May 3, 2016 (Exhibit 10.4 to Great Plains Energy's Form 10-Q for the quarter ended June 30, 2016).	Evergy Evergy Metro
10.2	*+ Evergy, Inc. (successor to Great Plains Energy Incorporated) Long-Term Incentive Plan Awards Standards and Performance Criteria Effective as of January 1, 2016 (Exhibit 10.3 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2016).	Evergy Evergy Metro
10.3	*+ Evergy, Inc. (successor to Great Plains Energy Incorporated) Long-Term Incentive Plan Awards Standards and Performance Criteria Effective January 1, 2017 (Exhibit 10.3 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2017).	Evergy Evergy Metro
10.4	*+ Evergy, Inc. (successor to Great Plains Energy Incorporated) Long-Term Incentive Plan Awards Standards and Performance Criteria Effective January 1, 2018 (Exhibit 10.3 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2018).	Evergy Evergy Metro
10.5	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2016 three-year Performance Share Agreement (Exhibit 10.1 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2016).	Evergy Evergy Metro
10.6	*+ Form of Amendment to Appendix A to Evergy, Inc. (formerly Great Plains Energy Incorporated) 2016 three-year Performance Share Agreement (Exhibit 10.6 to Evergy's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Metro
10.7	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2016 Restricted Stock Agreement (Exhibit 10.2 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2016).	Evergy Evergy Metro

10.8	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2017 three-year Performance Share Agreement (Exhibit 10.1 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2017).	Evergy Evergy Metro
10.9	*+ Form of Amendment to Appendix A to Evergy, Inc. (successor to Great Plains Energy Incorporated) 2017 three-year Performance Share Agreement (Exhibit 10.9 to Evergy's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Metro
10.10	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2017 Restricted Stock Agreement (Exhibit 10.2 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2017).	Evergy Evergy Metro
10.11	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2018 three-year Performance Share Agreement (Exhibit 10.1 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2018).	Evergy Evergy Metro
10.12	*+ Form of Amendment to Appendix A to Evergy, Inc. (successor to Great Plains Energy Incorporated) 2018 three-year Performance Share Agreement (Exhibit 10.12 to Evergy's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Metro
10.13	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2018 Restricted Stock Agreement (Exhibit 10.2 to Great Plains Energy's Form 10-Q for the quarter ended March 31, 2018).	Evergy Evergy Metro
10.14	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2018 Restricted Stock Unit Agreement (Exhibit 10.1 to Great Plains Energy's Form 8-K filed on June 4, 2018).	Evergy Evergy Metro
10.15	*+ Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) 2018 Cash Retention Payment Agreement (Exhibit 10.2 to Great Plains Energy's Form 8-K filed on June 4, 2018).	Evergy Evergy Metro
10.16	*+ Evergy, Inc. Long-Term Incentive Plan (formerly the Great Plains Energy Incorporated Long-Term Incentive Plan, as amended), effective June 4, 2018 (Exhibit 99.1 to Evergy's Registration Statement on Form S-8 filed on June 15, 2018 (File No. 333-225673)).	Evergy Evergy Metro Evergy Kansas Central
10.17	*+ Form of Evergy, Inc. 2019 Performance-Based Restricted Stock Unit Agreement (Exhibit 10.1 to Evergy's Form 8-K filed on February 15, 2019).	Evergy Evergy Metro Evergy Kansas Central
10.18	*+ Form of Evergy, Inc. 2019 Time-Based Restricted Stock Unit Agreement (Exhibit 10.2 to Evergy's Form 8-K filed on February 15, 2019).	Evergy Evergy Metro Evergy Kansas Central

10.19	*+	Form of Evergy, Inc. 2020 Performance-Based Restricted Stock Unit Agreement (Exhibit 10.19 to Evergy's Form 10-K for the fiscal year ended December 31, 2019)	Evergy Evergy Metro Evergy Kansas Central
10.20	*+	Form of Evergy, Inc. 2020 Time-Based Restricted Stock Unit Agreement (Exhibit 10.20 to Evergy's Form 10-K for the fiscal year ended December 31, 2019).	Evergy Evergy Metro Evergy Kansas Central
10.21	+	Form of Evergy, Inc. 2021 Performance-Based Restricted Stock Unit Agreement.	Evergy Evergy Metro Evergy Kansas Central
10.22	+	Form of Evergy, Inc. 2021 Time-Based Restricted Stock Unit Agreement.	Evergy Evergy Metro Evergy Kansas Central
10.23	*+	Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) Amended and Restated Long-Term Incentive and Share Award Plan, effective January 1, 2016 (Appendix B to Evergy Kansas Central's Proxy Statement filed on April 1, 2016).	Evergy Evergy Kansas Central
10.24	*+	Form of Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) 2018 Restricted Share Unit Agreement (Exhibit 10.1 to Evergy Kansas Central's Form 8-K filed on June 4, 2018).	Evergy Evergy Kansas Central
10.25	*+	Evergy, Inc. 2019 Annual Incentive Plan (Exhibit 10.5 to Evergy's Form 10-Q for the quarter ended March 31, 2019).	Evergy Evergy Metro Evergy Kansas Central
10.26	*+	Evergy, Inc. 2020 Annual Incentive Plan (Exhibit 10.24 to Evergy's Form 10-K for the fiscal year ended December 31, 2019).	Evergy Evergy Metro Evergy Kansas Central
10.27	+	Evergy, Inc. 2021 Annual Incentive Plan.	Evergy Evergy Metro Evergy Kansas Central
10.28	*+	David Campbell Offer Letter, dated December 3, 2020 (Exhibit 10.1 to Evergy's Form 8-K filed on December 8, 2020).	Evergy Evergy Metro Evergy Kansas Central
10.29	*+	Form of Time-Based Restricted Stock Award Agreement for David Campbell (Exhibit 10.3 to Evergy's Form 8-K/A filed on December 22, 2020).	Evergy Evergy Metro Evergy Kansas Central
10.30	*+	Kirkland Andrews Offer Letter, dated January 30, 2021 (Exhibit 10.1 to Evergy's Current Report on Form 8-K filed on February 4, 2021).	Evergy Evergy Metro Evergy Kansas Central
10.31	+	Form of Time-Based Restricted Stock Unit Award Agreement for Kirkland Andrews.	Evergy Evergy Metro Evergy Kansas Central

10.32	*+	Form of Indemnification Agreement with Evergy, Inc. officers and directors (Exhibit 10.2 to Evergy's Form 10-Q for the quarter ended September 30, 2018).	Evergy Evergy Metro Evergy Kansas Central
10.33	*+	Form of Evergy, Inc. (successor to Great Plains Energy Incorporated) Change in Control Severance Agreement (Exhibit 10.1.e to Great Plains Energy's Form 10-Q for the quarter ended September 30, 2006).	Evergy Evergy Metro
10.34	*+	Form of Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) Amended and Restated Change in Control Agreement (Exhibit 10(g) to Evergy Kansas Central's Form 10-K for the period ended December 31, 2015).	Evergy Evergy Kansas Central
10.35	*+	Form of Evergy, Inc. Amended and Restated Change-in-Control Severance Agreement (Exhibit 10.4 to Evergy's Form 10-Q for the quarter ended March 31, 2019).	Evergy Evergy Metro Evergy Kansas Central
10.36	*+	Evergy, Inc. Executive Severance Plan, dated November 6, 2019 (Exhibit 10.1 to Evergy's Form 10-Q for the quarter ended September 30, 2019).	Evergy
10.37	*+	Evergy, Inc. Supplemental Executive Retirement Plan, effective June 4, 2018 (Exhibit 10.6 to Evergy's Form 10-Q for the quarter ended June 30, 2018).	Evergy Evergy Metro Evergy Kansas Central
10.38	*+	Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) Retirement Benefit Restoration Plan (Exhibit 10.1 to Evergy Kansas Central's Form 8-K filed on April 2, 2010).	Evergy Evergy Kansas Central
10.39	*+	Amendment dated December 12, 2018 to Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) Retirement Benefit Restoration Plan (Exhibit 10.35 to Evergy Kansas Central's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Kansas Central
10.40	*+	Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.) Non-Employee Director Nonqualified Deferred Compensation Plan, as amended and restated May 17, 2018 (Exhibit 10.8 to Evergy Kansas Central's Form 10-Q for the quarter ended June 30, 2018).	Evergy Evergy Kansas Central
10.41	*+	Evergy, Inc. Nonqualified Deferred Compensation Plan, effective June 4, 2018 (Exhibit 10.39 to Evergy's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Metro Evergy Kansas Central
10.42	+	Summary of Evergy, Inc. Non-Employee Director Compensation	Evergy
10.43	*	Credit Agreement, dated September 18, 2018, among Evergy, Inc., Evergy Metro, Inc. (formerly Kansas City Power & Light Company), Evergy Missouri West, Inc. (formerly KCP&L Greater Missouri Operations Company), Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.), the several lenders from time to time parties thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender and the other issuing lenders and agents party thereto (Exhibit 10.1 to Evergy's Form 8-K filed September 18, 2018).	Evergy Evergy Metro Evergy Kansas Central

10.44	* First Amendment, dated November 30, 2018, to Credit Agreement, dated September 18, 2018, among Evergy, Inc., Evergy Metro, Inc. (formerly Kansas City Power & Light Company), Evergy Missouri West (formerly KCP&L Greater Missouri Operations Company), Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.), the several lenders from time to time parties thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender and the other issuing lenders and agents party thereto (Exhibit 10.42 to Evergy's Form 10-K for the fiscal year ended December 31, 2018).	Evergy Evergy Metro Evergy Kansas Central
10.45	* Term Loan Agreement, dated March 15, 2019, by and among Evergy, Inc., Wells Fargo Bank, National Association, as Administrative Agent, and the lenders referred to therein (Exhibit 10.1 to Evergy's Form 8-K on March 15, 2019).	Evergy
10.46	* Guaranty, dated July 15, 2008, issued by Evergy, Inc. (successor to Great Plains Energy Incorporated) in favor of Union Bank of California, N.A., as successor trustee, and the holders of the Evergy Missouri West, Inc. (formerly Aquila, Inc.), 8.27% Senior Notes due November 15, 2021 (Exhibit 10.6 to Great Plains Energy's Form 8-K filed on July 18, 2008).	Evergy
10.47	* Agreement, dated February 28, 2020, among Evergy, Inc., Elliott Investment Management L.P., Elliott Associates, L.P. and Elliott International, L.P. (Exhibit 10.1 to Form 8-K filed on March 2, 2020).	Evergy
10.48	* Amendment, dated March 25, 2020 among Evergy, Inc., Elliott Investment Management L.P., Elliott Associates, L.P. and Elliott International, L.P. (Exhibit 10.1 to Form 8-K filed on March 26, 2020).	Evergy
21.1	List of Subsidiaries.	Evergy Evergy Kansas Central
23.1	Consent of Independent Registered Public Accounting Firm.	Evergy
23.2	Consent of Independent Registered Public Accounting Firm.	Evergy Metro
23.3	Consent of Independent Registered Public Accounting Firm.	Evergy Kansas Central
24.1	Powers of Attorney.	Evergy
24.2	Powers of Attorney.	Evergy Kansas Central
24.3	Powers of Attorney.	Evergy Metro
31.1	Rule 13a-14(a)/15d-14(a) Certification of David Campbell.	Evergy
31.2	Rule 13a-14(a)/15d-14(a) Certification of Anthony D. Somma.	Evergy

31.3	Rule 13a-14(a)/15d-14(a) Certification of David Campbell.	Evergy Metro
31.4	Rule 13a-14(a)/15d-14(a) Certification of Anthony D. Somma.	Evergy Metro
31.5	Rule 13a-14(a)/15d-14(a) Certification of David Campbell.	Evergy Kansas Central
31.6	Rule 13a-14(a)/15d-14(a) Certification of Anthony D. Somma.	Evergy Kansas Central
32.1	** Section 1350 Certifications.	Evergy
32.2	** Section 1350 Certifications.	Evergy Metro
32.3	** Section 1350 Certifications.	Evergy Kansas Central
101.INS	*** XBRL Instance Document.	n/a
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Evergy Evergy Metro Evergy Kansas Central
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Evergy Evergy Metro Evergy Kansas Central
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Evergy Evergy Metro Evergy Kansas Central
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.	Evergy Evergy Metro Evergy Kansas Central
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Evergy Evergy Metro Evergy Kansas Central
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).	Evergy Evergy Metro Evergy Kansas Central

* Filed with the SEC as exhibits to prior SEC filings and are incorporated herein by reference and made a part hereof. The SEC filings and the exhibit number of the documents so filed, and incorporated herein by reference, are stated in parenthesis in the description of such exhibit.

** Furnished and shall not be deemed filed for the purpose of Section 18 of the Exchange Act. Such document shall not be incorporated by reference into any registration statement or other document pursuant to the Exchange Act or the Securities Act of 1933, as amended, unless otherwise indicated in such registration statement or other document.

*** The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

+ Indicates management contract or compensatory plan or arrangement.

Δ Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, and Evergy will furnish the omitted schedules to the SEC upon request.

Copies of any of the exhibits filed with the SEC in connection with this report may be obtained from the applicable registrant upon written request. The registrants agree to furnish to the SEC upon request any instrument with respect to long-term debt as to which the total amount of securities authorized does not exceed 10% of total assets of such registrant and its subsidiaries on a consolidated basis.

Schedule I - Parent Company Financial Statements

EVERGY, INC.

Statements of Comprehensive Income of Parent Company

	2020	2019	Period from June 4, 2018 through December 31, 2018
OPERATING EXPENSES:		(millions)	
Operating and maintenance	\$ 39.3	\$ 19.4	\$ 54.6
Total Operating Expenses	39.3	19.4	54.6
INCOME FROM OPERATIONS	(39.3)	(19.4)	(54.6)
OTHER INCOME (EXPENSE)			
Equity in earnings from subsidiaries	683.4	698.2	364.7
Investment earnings	32.1	32.7	26.3
Other expense	(0.1)	(0.1)	(2.6)
Total Other Income, Net	715.4	730.8	388.4
Interest expense	86.3	60.7	19.6
INCOME BEFORE INCOME TAXES	589.8	650.7	314.2
Income tax benefit	(22.7)	(13.7)	(10.7)
NET INCOME	\$ 612.5	\$ 664.4	\$ 324.9
COMPREHENSIVE INCOME			
NET INCOME	\$ 612.5	\$ 664.4	\$ 324.9
OTHER COMPREHENSIVE INCOME			
Derivative hedging activity			
Loss on derivative hedging instruments	—	(64.4)	(5.4)
Income tax benefit	—	16.5	1.4
Net loss on derivative hedging instruments	—	(47.9)	(4.0)
Reclassification to expenses, net of taxes	3.0	1.5	—
Derivative hedging activity, net of tax	3.0	(46.4)	(4.0)
Other comprehensive income (loss) from subsidiaries, net	(2.4)	(0.6)	1.0
Total other comprehensive income (loss)	0.6	(47.0)	(3.0)
COMPREHENSIVE INCOME	\$ 613.1	\$ 617.4	\$ 321.9

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

EVERGY, INC.
Balance Sheets of Parent Company

	December 31	
	2020	2019
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11.0	\$ 11.6
Accounts receivable from subsidiaries	54.1	24.5
Notes receivable from subsidiaries	349.4	2.0
Income taxes receivable	7.4	8.0
Prepaid expenses and other assets	1.9	2.4
Total Current Assets	423.8	48.5
OTHER ASSETS:		
Investment in subsidiaries	10,349.2	10,023.1
Note receivable from subsidiaries	287.5	634.9
Deferred income taxes	20.5	34.2
Other	0.5	0.9
Total Other Assets	10,657.7	10,693.1
TOTAL ASSETS	\$ 11,081.5	\$ 10,741.6
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 350.0	\$ —
Notes payable	200.0	20.0
Accounts payable to subsidiaries	18.4	13.1
Accrued interest	13.9	14.6
Other	11.0	8.1
Total Current Liabilities	593.3	55.8
LONG-TERM LIABILITIES:		
Long-term debt, net	1,875.7	2,223.7
Other	11.7	16.9
Total Long-Term Liabilities	1,887.4	2,240.6
Commitments and Contingencies (Note 15)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value, 226,836,670 and 226,641,443 shares issued	7,063.2	7,053.7
Retained earnings	1,587.0	1,441.5
Accumulated other comprehensive loss	(49.4)	(50.0)
Total shareholders' equity	8,600.8	8,445.2
TOTAL LIABILITIES AND EQUITY	\$ 11,081.5	10,741.6

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

EVERGY, INC.
Statements of Cash Flows of Parent Company

	2020	2019	Period from June 4, 2018 through December 31, 2018
(millions)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
Net income	\$ 612.5	\$ 664.4	\$ 324.9
Adjustments to reconcile income to net cash from operating activities:			
Non-cash compensation	16.0	16.3	10.0
Net deferred income taxes and credits	9.6	21.4	(6.3)
Equity in earnings from subsidiaries	(683.4)	(698.2)	(364.7)
Other	7.0	2.1	—
Changes in working capital items:			
Accounts receivable from subsidiaries	(30.0)	8.9	(8.5)
Income taxes receivable	0.6	(7.8)	(0.2)
Prepaid expenses and other current assets	0.8	(0.1)	(1.0)
Accounts payable to subsidiaries	5.0	(15.0)	4.7
Accrued taxes	—	—	(35.2)
Accrued interest	(0.7)	12.5	(13.6)
Other current liabilities	2.9	1.7	2.4
Cash dividends from subsidiaries	355.0	460.0	236.0
Changes in other assets	0.3	0.2	0.1
Changes in other liabilities	(3.7)	(3.5)	20.0
Cash Flows from Operating Activities	291.9	462.9	168.6
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Cash acquired from the merger with Great Plains Energy	—	—	1,142.2
Proceeds from interest rate swap	—	—	140.6
Cash Flows from Investing Activities	—	—	1,282.8
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Short term debt, net	180.0	20.0	(56.1)
Proceeds from long-term debt	—	1,585.0	—
Payment for settlement of interest rate swap accounted for as a cash flow hedge	—	(69.8)	—
Cash dividends paid	(465.0)	(462.5)	(245.9)
Repurchase of common stock	—	(1,628.7)	(1,042.3)
Other financing activities	(7.5)	(2.4)	—
Cash Flows used in Financing Activities	(292.5)	(558.4)	(1,344.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(0.6)	(95.5)	107.1
CASH AND CASH EQUIVALENTS:			
Beginning of period	11.6	107.1	—
End of period	\$ 11.0	\$ 11.6	\$ 107.1

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

EVERGY, INC.
NOTES TO FINANCIAL STATEMENTS OF PARENT COMPANY

The Evergy, Inc. Notes to Consolidated Financial Statements in Part II, Item 8 should be read in conjunction with the Evergy, Inc. Parent Company Financial Statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

The Evergy, Inc. Parent Company Financial Statements have been prepared to comply with Rule 12-04 of Regulation S-X.

Evergy, Inc. was incorporated in 2017 as Monarch Energy, a wholly-owned subsidiary of Great Plains Energy. Prior to the closing of the merger transactions, Monarch Energy changed its name to Evergy, Inc. and did not conduct any business activities other than those required for its formation and matters contemplated by the Amended Merger Agreement. On June 4, 2018, in accordance with the Amended Merger Agreement, Great Plains Energy merged into Evergy, Inc., with Evergy, Inc. surviving the merger and King Energy merged into Evergy Kansas Central, with Evergy Kansas Central surviving the merger. These merger transactions resulted in Evergy, Inc. becoming the parent entity of Evergy Kansas Central and the direct subsidiaries of Great Plains Energy, including Evergy Metro and Evergy Missouri West.

See Note 2 to the consolidated financial statements for additional information regarding the merger.

Evergy, Inc. operates primarily through its wholly-owned direct subsidiaries. Evergy, Inc.'s investments in subsidiaries are accounted for using the equity method. Fair value adjustments and goodwill related to the acquired assets and liabilities of Great Plains Energy and its direct subsidiaries are only reflected on Evergy's consolidated financial statements and as such, are not included in Evergy, Inc.'s Parent Company Financial Statements. See Note 1 to the consolidated financial statement for additional information.

2. LONG-TERM DEBT

See Note 13 to the consolidated financial statements for additional information on Evergy, Inc.'s long-term debt.

3. GUARANTEES

See Note 16 to the consolidated financial statements for additional information regarding Evergy, Inc.'s guarantees.

4. DIVIDENDS

Cash dividends paid to Evergy, Inc. by its subsidiaries were \$355.0 million for the year ended December 31, 2020, \$460.0 million for the year ended December 31, 2019 and \$236.0 million for the period from June 4, 2018 through December 31, 2018. See Note 18 to the consolidated financial statements for information regarding the dividend restrictions of Evergy, Inc. and its subsidiaries.

Schedule II - Valuation and Qualifying Accounts and Reserves

Evergy, Inc.
Valuation and Qualifying Accounts
Years Ended December 31, 2020, 2019 and 2018

Description	Balance At Beginning Of Period	Additions		Deductions	Balance At End Of Period
		Charged To Costs And Expenses	Charged To Other Accounts		
Year Ended December 31, 2020 (millions)					
Allowance for uncollectible accounts	\$ 10.5	\$ 24.9	\$ 12.5 ^(a)	\$ 28.6 ^(b)	\$ 19.3
Tax valuation allowance	17.5	—	—	3.1 ^(c)	14.4
Year Ended December 31, 2019					
Allowance for uncollectible accounts	\$ 9.2	\$ 27.2	\$ 12.4 ^(a)	\$ 38.3 ^(b)	\$ 10.5
Tax valuation allowance	27.3	0.6	—	10.4 ^(c)	17.5
Year Ended December 31, 2018					
Allowance for uncollectible accounts	\$ 6.7	\$ 20.7	\$ 16.9 ^(e)	\$ 35.1 ^(b)	\$ 9.2
Tax valuation allowance	—	2.2	26.8 ^(d)	1.7 ^(c)	27.3

^(a) Recoveries.

^(b) Uncollectible accounts charged off.

^(c) Reversal of tax valuation allowance.

^(d) Primarily represents the addition of Great Plains Energy's allowance as of the date of the merger.

^(e) Recoveries and the addition of Great Plains Energy's allowance as of the date of the merger.

Evergy Kansas Central, Inc.
Valuation and Qualifying Accounts
Years Ended December 31, 2020, 2019 and 2018

Description	Balance At Beginning Of Period	Additions		Deductions	Balance At End Of Period
		Charged To Costs And Expenses	Charged To Other Accounts		
Year Ended December 31, 2020 (millions)					
Allowance for uncollectible accounts	\$ 3.8	\$ 11.1	\$ 2.6 ^(a)	\$ 10.0 ^(b)	\$ 7.5
Year Ended December 31, 2019					
Allowance for uncollectible accounts	\$ 3.9	\$ 7.2	\$ 3.4 ^(a)	\$ 10.7 ^(b)	\$ 3.8
Tax valuation allowance	1.7	—	—	1.7 ^(c)	—
Year Ended December 31, 2018					
Allowance for uncollectible accounts	\$ 6.7	\$ 9.0	\$ 7.4 ^(a)	\$ 19.2 ^(b)	\$ 3.9
Tax valuation allowance	—	1.7	—	—	1.7

^(a) Recoveries.

^(b) Uncollectible accounts charged off.

^(c) Reversal of tax valuation allowance.

Evergy Metro, Inc.
Valuation and Qualifying Accounts
Years Ended December 31, 2020, 2019 and 2018

Description	Balance At Beginning Of Period	Additions		Deductions	Balance At End Of Period
		Charged To Costs And Expenses	Charged To Other Accounts		
Year Ended December 31, 2020					
(millions)					
Allowance for uncollectible accounts	\$ 4.6	\$ 9.0	\$ 6.9 ^(a)	\$ 12.4 ^(b)	\$ 8.1
Year Ended December 31, 2019					
Allowance for uncollectible accounts	\$ 3.8	\$ 13.7	\$ 6.3 ^(a)	\$ 19.2 ^(b)	\$ 4.6
Year Ended December 31, 2018					
Allowance for uncollectible accounts	\$ 2.2	\$ 13.1	\$ 4.4 ^(a)	\$ 15.9 ^(b)	\$ 3.8

^(a) Recoveries.

^(b) Uncollectible accounts charged off.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERGY, INC.

Date: February 26, 2021

By: /s/ David Campbell
David Campbell
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David Campbell</u> David Campbell	Director, President and Chief Executive Officer (Principal Executive Officer))))
<u>/s/ Anthony D. Somma</u> Anthony D. Somma	Executive Vice President and Chief Financial Officer (Principal Financial Officer))))
<u>/s/ Steven P. Busser</u> Steven P. Busser	Vice President - Risk Management and Controller (Principal Accounting Officer))))
Mark A. Ruelle*	Chairman of the Board of Directors))
Mollie Hale Carter*	Director))
Richard L. Hawley*	Director))
Thomas D. Hyde*	Director))
B. Anthony Isaac*	Director))
Paul M. Keglevic*	Director))
Sandra A.J. Lawrence*	Director))
Ann D. Murtlow*	Director))
Sandra J. Price*	Director))
S. Carl Soderstrom Jr.*	Director))
John Arthur Stall*	Director)

February 26, 2021

*By /s/ David Campbell
David Campbell
Attorney-in-Fact*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERGY KANSAS CENTRAL, INC.

Date: February 26, 2021

By: /s/ David Campbell
David Campbell
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David Campbell</u> David Campbell	Director, President and Chief Executive Officer (Principal Executive Officer))))
<u>/s/ Anthony D. Somma</u> Anthony D. Somma	Executive Vice President and Chief Financial Officer (Principal Financial Officer))))
<u>/s/ Steven P. Busser</u> Steven P. Busser	Vice President - Risk Management and Controller (Principal Accounting Officer))))
Mark A. Ruelle*	Chairman of the Board of Directors))
Mollie Hale Carter*	Director))
Richard L. Hawley*	Director))
Thomas D. Hyde*	Director))
B. Anthony Isaac*	Director))
Paul M. Keglevic*	Director))
Sandra A.J. Lawrence*	Director))
Ann D. Murtlow*	Director))
Sandra J. Price*	Director))
S. Carl Soderstrom Jr.*	Director))
John Arthur Stall*	Director))

February 26, 2021

*By /s/ David Campbell
David Campbell
Attorney-in-Fact*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVERGY METRO, INC.

Date: February 26, 2021

By: /s/ David Campbell
David Campbell
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>		<u>Date</u>
<u>/s/ David Campbell</u>	Director, President and Chief Executive Officer)	
David Campbell	(Principal Executive Officer))	
)	
<u>/s/ Anthony D. Somma</u>	Executive Vice President and Chief Financial Officer)	
Anthony D. Somma	(Principal Financial Officer))	
)	
<u>/s/ Steven P. Busser</u>	Vice President - Risk Management and Controller)	
Steven P. Busser	(Principal Accounting Officer))	
)	
Mark A. Ruelle*	Chairman of the Board of Directors)	
)	
Mollie Hale Carter*	Director)	
)	
Richard L. Hawley*	Director)	February 26, 2021
)	
Thomas D. Hyde*	Director)	
)	
B. Anthony Isaac*	Director)	
)	
Paul M. Keglevic*	Director)	
)	
Sandra A.J. Lawrence*	Director)	
)	
Ann D. Murtlow*	Director)	
)	
Sandra J. Price*	Director)	
)	
S. Carl Soderstrom Jr.*	Director)	
)	
John Arthur Stall*	Director)	

*By /s/ David Campbell
David Campbell
Attorney-in-Fact*

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Directors & Officers

BOARD OF DIRECTORS

Mark A. Ruelle

Chairman of the Board, former President and Chief Executive Officer of Westar Energy

David A. Campbell

President and Chief Executive Officer

Mollie Hale Carter

Chairman, Chief Executive Officer and President of FirstSun Capital Bancorp; Chairman of Sunflower Bank

Richard L. Hawley

Former Executive Vice President and Chief Financial Officer of Nicor, Inc. and Nicor Gas

Thomas D. Hyde

Former Executive Vice President Legal, Compliance, Ethics and Corporate Secretary of Wal-Mart Stores, Inc.

B. Anthony Isaac

Former Senior Vice President and Head of Select Service Strategy and Development at Hyatt Hotels Corporation

Paul M. Keglevic

Former Chief Executive Officer, Energy Future Holdings

Mary L. Landrieu

Senior Policy Advisor, Van Ness Feldman LLP and Former U.S. Senator from Louisiana

Sandra A.J. Lawrence

Former Executive Vice President and Chief Administrative Officer of Children's Mercy Hospital

Ann D. Murtlow

President and Chief Executive Officer of the United Way of Central Indiana

Sandra J. Price

Former Senior Vice President Human Resources, Sprint Corporation

S. Carl Soderstrom Jr.

Former Senior Vice President and Chief Financial Officer for ArvinMeritor

John Arthur Stall

Former President NextEra Energy, Inc. – Nuclear Division

C. John Wilder

Executive Chairman, Bluescape Resources

OFFICERS

David Campbell

President and Chief Executive Officer

Kirkland Andrews

Executive Vice President, Chief Financial Officer

Kevin Bryant

Executive Vice President, Chief Operating Officer

Greg Greenwood

Executive Vice President, Strategy and Chief Administrative Officer

Jeri Banning

Senior Vice President, Chief People Officer

Chuck Caisley

Senior Vice President, Marketing, Public Affairs and Chief Customer Officer

Heather Humphrey

Senior Vice President, General Counsel and Corporate Secretary

Charles King

Senior Vice President, Chief Technology Officer

Bruce Akin

Vice President, Transmission and Distribution

Jeff Beasley

Vice President, Customer Operations

John Bridson

Vice President, Generation

Steve Busser

Vice President, Risk Management and Controller

Ellen Fairchild

Vice President, Chief Compliance Officer

Deb Grunst

Vice President, Information Technology

Darrin Ives

Vice President, Regulatory Affairs

Jeff Martin

Vice President, Customer and Community Operations

Kevin Noblet

Vice President, Safety and Operations Planning

Cleve Reasoner

Vice President, Chief Nuclear Officer

Lori Wright

Vice President, Corporate Planning, Investor Relations and Treasurer

Shareholder Information

EVERGY, INC FORM 10-K

Evergy, Inc.'s 2020 annual report on form 10-K filed with the Securities and Exchange Commission can be found in the Investor Relations section of our website, www.evergy.com.

The 10-K is available at no charge upon written request to:

Corporate Secretary
Evergy, Inc.
P.O. Box 418679
Kansas City, MO 64141-9679

MARKET INFORMATION

Evergy, Inc. common stock is traded on the New York Stock Exchange under the ticker symbol "EVERG". We had 21,838 registered shareholders of record as of December 31, 2020.

WEBSITE

We have a website at www.evergy.com. Our Investor Relations section includes our SEC filings, news releases, stock quotes, community and environmental efforts, and information of general interest to investors.

The website's Corporate Governance section includes Documents & Charters and Committee Composition for the Board of Directors. These documents are available at no charge upon written request to the Corporate Secretary.

FINANCIAL COMMUNITY INQUIRIES

Securities analyst and investment professionals seeking information about Evergy, Inc. may contact Investor Relations at 785-575-8227.

COMMON STOCK DIVIDEND

Quarter	2020	2019
First	\$0.5050	\$0.4750
Second	\$0.5050	\$0.4750
Third	\$0.5050	\$0.4750
Fourth	\$0.5350	\$0.5050

TWO-YEAR COMMON STOCK HISTORY

Quarter	2020		2019	
	High	Low	High	Low
First	\$76.570	\$42.010	\$59.940	\$54.570
Second	\$65.400	\$50.640	\$61.540	\$56.330
Third	\$65.430	\$48.610	\$67.810	\$59.540
Fourth	\$62.530	\$50.190	\$66.540	\$61.970

ANNUAL MEETING OF SHAREHOLDERS

Evergy, Inc.'s annual meeting of shareholders will be held at 10:00 a.m., May 4, 2021 virtually, via a live audio webcast at www.virtualshareholdermeeting.com/EVERG2021.

REGISTERED SHAREHOLDER INQUIRIES & TRANSFER AGENT & STOCK REGISTRANT

For account information or assistance, including change of address, stock transfer, dividend payments, duplicate accounts, or to report a lost certificate, please contact our transfer agent, Computershare at: Computershare Trust Company, N.A., P. O. Box 505000, Louisville, KY 40233-5000, Telephone: 866-239-8177.

Enclosure II to RA 21-0043

Kansas Electric Power Cooperative 2020 Annual Report
(28 Pages)



ANNUAL REPORT

KANSAS ELECTRIC POWER COOPERATIVE

2020

2020 DETERMINATION TEAM PERSEVERANCE
RESILIENCE DEDICATION ENGAGEMENT GRI
ENDURANCE **KEPCO** PERSISTENCE DETERMINA
PURPOSE ENERGY POWER STABILITY HISTO
STEADY **STRONGER** SOLID STABLE COMM
DECISION STRENGTH UNPRECEDENTED SW
TOGETHER CHALLENGE INNOVATIVE HEAL
DISCIPLINE TOOLS OPPORTUNITY TECHNOL
SUPPORT **COOPERATIVE** ENHANCEMENTS 300
ACCOMPLISHMENTS ADVOCATE TENACITY
FORTITUDE RESOLVE UNCHARTED

GUIDING PRINCIPLES

- ▶ **SAFETY:** We are devoted to a culture of safety to assure an accident-free, secure, and healthy work environment.
- ▶ **INNOVATION:** We promote continuous learning, development, and creative thinking to encourage innovative, proactive, cost-effective, and technologically relevant business and energy solutions.
- ▶ **ENGAGEMENT:** We strive to provide a positive, professional, and respectful work environment for our employees and Members, and we are committed to building relationships based on genuine caring and understanding.
- ▶ **INTEGRITY:** We expect our team to be completely transparent, open to new ideas, honest, trustworthy, fully accountable, ethical, and to do the right thing for our Members, our industry partners, the general public, and each other.
- ▶ **FINANCIAL RESPONSIBILITY:** We strive to provide power supply, support, and services to our Members at the lowest possible cost, consistent with sound business practices, Board policies, and cooperative principles.

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OUR PURPOSE

KEPCo strives for excellence in providing safe, reliable, economical, and environmentally responsible power supply, exceptional support, and innovative services to our Members and the Kansans they serve.

OUR STAFF



Suzanne Lane
Executive Vice President & CEO



Mark Barbee
Senior Vice President,
Engineering & Operations



Susan Cunningham
Senior Vice President, Regulatory &
Government Affairs, and General Counsel



Coleen Wells
Senior Vice President & CFO



Stephanie Anderson
Finance & Benefits Analyst 2



Jared Crotinger
Senior Operations Technician



Chris Davidson
Engineer 3



Terry Deutscher
Manager, SCADA & Meter Maintenance



Mark Doljac
Executive Director, Regulatory Affairs
& Planning



Rebecca Fowler
Manager, Regulatory Affairs



Carol Gardner
Operations Analyst 2



Shawn Geil
Executive Director, Technical & Energy
Services



Maurice Hall
Senior SCADA/Metering
Technician - Wichita



Robert Hammersmith
Senior SCADA/Metering
Technician - Salina



Rick Johnson
Executive Director, Engineering



Shari Koch
Finance & Accounts Payable/Payroll
Specialist 2



Adam Lee
SCADA/Metering Technician II



Matt Ottman
Information Systems Specialist 3



John Payne
Senior Engineer



Kelsey Schrempf
Executive Assistant &
Manager of Office Services



Paul Stone
Operations Specialist



Missy Tew
Administrative Assistant



Phil Wages
Director, Member Services, Government
Affairs & Business Development



Luke Zahner
Engineer I

LETTER FROM
THE BOARD
PRESIDENT AND
EXECUTIVE VICE
PRESIDENT/CEO



Suzanne Lane
Executive Vice President
& CEO



Doug Jackson
Board President

STRONGER TOGETHER

So many words have been used to describe 2020. Unprecedented. Historic. Surreal. At KEPCo, we prefer to describe 2020 with words and phrases like “resilience,” “perseverance,” “stronger together,” and “innovative.” In a year when concepts like working from home, mandatory masking, and social distancing became constant and crucial reminders of the current state of affairs, our G&T cooperative was still able to remain resilient, persevere through adversity, and come out successful and stronger as a result.

Not only do we have many things for which to be thankful regarding the health and safety of our team, our Members, and our families, but we are also thankful for the many accomplishments fulfilled on behalf of and for our Member-Owners this year. While certain electric loads decreased as a result of the COVID-19 pandemic, a majority of KEPCo’s Members’ loads are residential consumer-based and, therefore, KEPCo’s peak demand only decreased about 4.4% from the 2020 budgeted demand and only 5.0% from the 2020 actual demand. The mild weather also contributed, as Kansas did not see the extreme, sustained summer heat to which we are often accustomed.

Although the decrease in Member sales impacted our 2020 year-end margin, we were proud to maintain stable average rates for our Members. In fact, we ended the year with a similar average Member rate as 2020, and the second lowest average rate in over a decade. Many activities contributed to maintaining stable rates, including the successful implementation of a Member-focused revision to our

tariff, whereby our Member billing mechanisms are more aligned with the way we are billed by our suppliers. In addition, we successfully implemented amendments to our Member load management program, focusing on enhanced communications and distributed generation reimbursement practices, which optimized cost savings opportunities for our Members.

With regard to our power supply, our owned and purchased resources once again performed in a very safe, reliable, and cost-effective manner. Our jointly-owned Wolf Creek Generating Station experienced another tremendous operational year, highlighted by the plant’s inaugural implementation of a flexible power operations program. As for our other resources, the Iatan 2 coal plant performed well overall, continuing to be a valuable, reliable asset for the Southwest Power Pool (SPP) market. Our Southwest Power Administration and Western Area Power Administration hydro resources continued to be low-cost, reliable power supply sources; a continued benefit to our Members was that low-cost, supplemental energy was available, which provided our Members additional, cost-effective energy supply. KEPCo’s solar farm, Prairie Sky, continued to produce as expected, and our diesel-fueled Sharpe Generating Station was called to operate even more hours than the record-setting prior year to help the SPP. Also on the topic of power supply, in 2020 we entered a new, cost-reducing power purchase agreement for the years 2021-2026, which will

continue our ever-present efforts of finding cost-savings opportunities for our Members.

As for additional member-focused activities and advocacy efforts, we are proud to have many to report in 2020. For the first time in over 20 years, we were able to retire about \$700,000 in capital credits, which offered timely assistance to our Members during the pandemic. We supported our Members' additional distributed generation projects by providing guidance, process enhancements, technical assistance, and amending policies and practices. We advocated for our Members in legislative and congressional fronts, with key components involving the Kansas Senate Bill No. 69 electric rate study and the need for Rural Utilities Service debt refinancing. These proud advocacy efforts also earned us status as an NRECA 5-Star Co-op. We completed KEPCo's first all-inclusive risk identification and assessment process, which paves the way for a robust, crucial risk management policy. We continued our advocacy and engagement at SPP, the Southwestern Power Resources Association, and the Loveland Area Customer Association. We were a key player in generation and transmission cost-related cases before the Federal Energy Regulatory Commission, collaboratively reaching or attempting to reach results that are in the best interest of KEPCo and our Members. And we were proud to facilitate our first member survey, receiving meaningful feedback that will help us grow and assure we are providing our Members with the best experience possible.

KEPCo's many successes in 2020 were only possible because of the support, guidance, and oversight of the Board of Trustees, and the dedication, hard work, member-focus, and team spirit of KEPCo employees. With regard to our team, there are many key accomplishments to highlight in this report. First and foremost, we completed 2020 with a stellar safety and cybersecurity record, completing our 11th consecutive year without a lost-time injury. Every employee had a new, customized goal plan that assured we were all aligned with the strategic

plan and focus areas desired by our Members. We proposed and received approval from the Board to have a new purpose statement and guiding principles, as depicted in this annual report. In a time when remote working was essential to assure safety, we remained engaged and connected by having a multitude of creative, innovative employee events, training sessions, and informational meetings. We established KEPCo's first Safety Committee, which led the effort to completely revamp our Safety Manual in 2020. We completed our first employee survey in 2020, learning how we can provide our employees with an optimal work experience, and we held our first supervisors' summit to assure all of our front-line supervisors have the support and tools they need to lead successfully.

Our engineering services company, KEPCo Services, Inc. (KSI), is fully staffed and completed a significant amount of engineering and technical work in 2020 on behalf of the Members who utilize these engineering services. And last but not least, while exhibiting the cooperative principle associated with concern for community, we proudly supported our local community by volunteering for organizations and contributing over \$27,000 (including CoBank's matching funds) to local charities.

While we had unparalleled challenges and experienced uncharted territory in 2020, our resilience, perseverance, and dedication to our Members helped drive us to many successes. We are honored and blessed to be part of this amazing cooperative family and to serve each of our Members, our Members' teams, and the nearly 300,000 rural Kansans our Members serve.

Thank you to the entire Board for the support and dedication to KEPCo, and to the KEPCo team for going above and beyond each and every day to serve our Members.



... our G&T cooperative was still able to remain resilient, persevere through adversity, and come out successful and stronger ...

2020 KEPCo BOARD OF TRUSTEES

Executive Committee Members

- ▶ **DOUGLAS JACKSON**
President
- ▶ **LARRY FROESE**
Secretary
- ▶ **CHARLES GOECKEL**
Executive Committee Member
- ▶ **KIRK THOMPSON**
Executive Committee Member
- ▶ **STEVEN FOSS**
Vice President
- ▶ **BRYAN COOVER**
Treasurer
- ▶ **MICHAEL MORTON**
Executive Committee Member



Michael Morton, Trustee, Manager
Bluestem Electric Cooperative, Inc.



Gary Buss, Alternate
Bluestem Electric Cooperative, Inc.



Kevin Compton, Trustee
Brown-Atchison Electric Cooperative Assn., Inc.



Jim Currie, Alternate, Manager
Brown-Atchison Electric Cooperative Assn., Inc.



Kirk Thompson, Trustee, Manager
CMS Electric Cooperative, Inc.



Linda Tomlinson, Alternate
CMS Electric Cooperative, Inc.



Dean Allison, Trustee
DSO Electric Cooperative, Inc.



Tim Power, Alternate, Manager
DSO Electric Cooperative, Inc.



Mark Scheibe, Trustee, Manager
Heartland Rural Electric Cooperative, Inc.



H.H. Stockebrand, Alternate
Heartland Rural Electric Cooperative, Inc.



Paul Unruh, Trustee
Ninnescah Rural Electric Cooperative Assn., Inc.



Teresa Miller, Alternate, Manager
Ninnescah Rural Electric Cooperative Assn., Inc.



Donald Metzén, Trustee
Sedgwick County Electric Cooperative Assn., Inc.



Scott Ayres, Alternate, Manager
Sedgwick County Electric Cooperative Assn., Inc.



Coni Adams, Trustee, Manager
Sumner-Cowley Electric Cooperative, Inc.



John Schon, Alternate
Sumner-Cowley Electric Cooperative, Inc.

EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE



Dennis Svanes, Trustee, Manager
4 Rivers Electric Cooperative, Inc.



Tom Ayers, Alternate
4 Rivers Electric Cooperative, Inc.



Larry Froese, Trustee
Ark Valley Electric Cooperative Assn., Inc.



Jackie Holmberg, Alternate, Manager
Ark Valley Electric Cooperative Assn., Inc.

SECRETARY



Dale Short, Trustee, Manager
Butler Rural Electric Cooperative Assn., Inc.



Ron Oelkers, Alternate
Butler Rural Electric Cooperative Assn., Inc.



Dan Hubert, Trustee
Caney Valley Electric Cooperative Assn., Inc.



Allen Zadorozny, Alternate, Manager
Caney Valley Electric Cooperative Assn., Inc.



Charles Goeckel, Trustee, Manager
Flint Hills Rural Electric Cooperative Assn., Inc.



Terry Olsen, Alternate
Flint Hills Rural Electric Cooperative Assn., Inc.



Steven Foss, Trustee, Manager
FreeState Electric Cooperative, Inc.



Harlan Hunt, Alternate
FreeState Electric Cooperative, Inc.

EXECUTIVE COMMITTEE

VICE PRESIDENT



William Peterson, Trustee
Prairie Land Electric Cooperative, Inc.



Chuck Look, Alternate, Manager
Prairie Land Electric Cooperative, Inc.



Douglas Jackson, Trustee, Manager
Rolling Hills Electric Cooperative, Inc.



Paul Wilson, Alternate
Rolling Hills Electric Cooperative, Inc.

PRESIDENT



Bryan Coover, Trustee
Twin Valley Electric Cooperative, Inc.



Angie Erickson, Alternate, Manager
Twin Valley Electric Cooperative, Inc.



Shane Laws, Trustee, Manager
The Victory Electric Cooperative Assn., Inc.



Daryl Tieben, Alternate
The Victory Electric Cooperative Assn., Inc.

TREASURER

LEGISLATIVE REVIEW

The 2020 legislative session was not immune to the effects of COVID-19. The session was dramatically shortened, with the first adjournment occurring in mid-March, which proved to be the last time the legislature would meet, other than one final day of debating bills and formal adjournment in late May.

The session was anticipated to be busy with several utility-related bills and initiatives to be examined. One topic expected to be discussed was Kansas electric rates. For the past few years, considerable attention has been given to the view that electric rates in Kansas are unfavorable in comparison



to neighboring and regional states, thus making it difficult to attract and retain businesses in Kansas. In the 2019 session, advocates of this viewpoint introduced legislation, which authorized an independent rate study to be conducted to assist legislative and regulatory efforts in reviewing and crafting energy policies that lead to regionally competitive electric rates while maintaining reliable electric service.

Through a request for proposal process, London Economics International (LEI) was selected to complete the first phase of the two-phase, 29-topic study. Early in the 2020 session, LEI presented its study

results to the Senate and House utilities committees, reviewing topics that included rate-making principles, performance-based rates, integrated resource planning, renewable generation, the development of a state energy plan, energy efficiency, and securitization, to name a few. Subsequent to the LEI presentations, Kansas utilities and other interested stakeholder groups provided testimony to both committees on their respective opinions of the study.

Phase 2 of the study was awarded to AECOM, an engineering firm specializing in utility infrastructure, and its partner, Energeia USA (AECOM). AECOM focused its review on such topics as electric vehicles, advanced energy solutions, battery storage, transmission investments, economic development, cybersecurity, and generation fuel costs. AECOM submitted its report to the Kansas Corporation Commission in July, which also included policy recommendations related to the study topics.

In early March, in anticipation of a shortened session, bills were prioritized for debate by the full bodies of the legislature. Only one utility bill was considered, Senate Substitute for House Bill No. 2585, a bill that eliminates the collection of state income tax from consumers by investor-owned electric and natural gas utility companies. Another provision in the bill allows the KCC to approve certain electric contract rates and associated cost recovery from all rate classes outside the context of a general rate proceeding. The bill was passed by the Senate early in the final day of the session and, after a lengthy and heated debate, was concurred by the House.

At the national level, the traditional in-person meetings of Kansas cooperative representatives with the Kansas congressional delegation in

Washington, D.C., were held virtually due to COVID-19. In September, a virtual meeting was held at KEPCo's headquarters, where KEPCo managers, Board of Trustees members, and staff — along with other cooperative representatives and the government relations team at Kansas Electric Cooperatives, Inc. (KEC) — discussed with the delegation a variety of issues, including COVID-19 response efforts to protect electric cooperative employees and communities, broadband deployment, rural economic development, and the need for USDA Rural Utilities Service loan repricing.

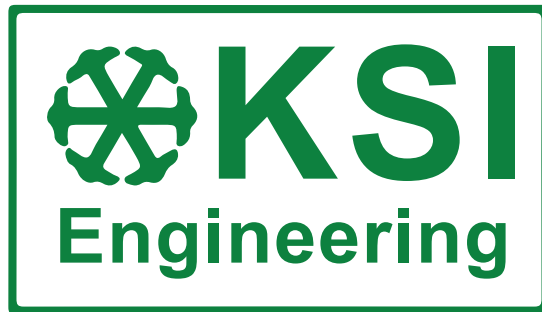
As part of our advocacy efforts, KEPCo participated in the Co-ops Vote events organized by KEC and sponsored by our Member cooperatives. Each event was attended by cooperative employees, city and county officials, state legislators, and congressional candidates. These events allow electric cooperatives the opportunity to meet with elected officials and educate them on issues of importance to electric cooperatives and the communities they serve.

“The opportunity to interact with local, state, and national elected officials, in an informal but informative setting, is an invaluable asset as issues are debated at the state and national levels,” said Susan Cunningham, KEPCo SVP of Regulatory and Government Affairs & General Counsel.

Co-ops Vote is a nonpartisan program that strives to inform both cooperative Members and the candidates about issues important to America's electric cooperatives and the communities they serve, from the continued need for affordable and reliable electricity to broadband access and other rural economic development issues. Through participation in Co-ops Vote events and other advocacy efforts, KEPCo earned the “5-Star Co-op” designation from NRECA.

KEPCo SERVICES, INC. COMPLETES 23 YEARS OF OPERATIONS

KEPCo Services, Inc. (KSI), a wholly owned subsidiary of KEPCo, completed its 23rd year of operations. KSI offers a diverse array of technical and engineering services for



KEPCo Members and non-member electric cooperatives. KSI provides value-added engineering services while creatively finding solutions that facilitate the goals and objectives of its clients. KSI places paramount importance on integrity, transparency, innovation, servant leadership, and commitment to excellence.

In 2020, KSI was involved in over 49 projects for 15 KEPCo Members and two non-member cooperatives. KSI persevered through the uncertainty of the COVID-19 pandemic and continued to provide its services without interruption. Some of the more substantive projects included: project management activities for the CMS Jupiter Project and the Brown-Atchison 75 Highway line relocation project; sectionalizing studies for DSO and Rolling Hills; construction work plans for Rolling Hills and Flint Hills; FEMA M1901 application support for Bluestem; Pony Meadows relay/control upgrade project for Butler; and arc-flash assessments for Sedgwick and Heartland. A description of KSI's current services is available on KEPCo's website.

Late in the year, Senior Engineer John Payne announced his retirement after 15 years of service, effective January 2021. In addition to his significant contributions at KEPCo in the areas of transmission service and NERC compliance, John also supported projects for KSI and provided expertise to the KSI team, specifically in the relay and control discipline.

KEPCo BOARD ELECTS NEW PRESIDENT

At its November meeting, the KEPCo Board of Trustees unanimously elected **MR. DOUGLAS JACKSON** as Board President. Jackson is Manager of Rolling Hills Electric Cooperative, Inc. in Beloit. Prior to his election as President, Jackson served as KEPCo's Secretary in 2017 and 2018 and Vice President in 2019.

Jackson has 40 years of experience in the electric utility industry. His career began in 1981 with the City of Belleville municipal utility. In 1987, he joined NCK Electric Cooperative, Inc. (NCK) in Belleville and became manager of NCK in 1992. NCK merged with Jewell-Mitchell Cooperative Electric Company, Inc. (Mankato) and Smoky Hill Electric Cooperative

Association, Inc. (Ellsworth) in 2002, resulting in the formation of Rolling Hills Electric Cooperative, Inc., which Jackson has managed since the merger.

"I am honored by the KEPCo Board of Trustees to have the confidence and trust in me to lead such a wonderful organization. Affordable, safe, and reliable electricity is crucial to the economic vitality in rural Kansas, and I look forward to working with the other KEPCo member cooperatives and KEPCo staff in continuing to provide such a valued service," said Jackson.

Jackson succeeds Dale Short, former manager of Butler Rural Electric Cooperative Assn., Inc.



RURAL DEVELOPMENT PROVIDES RESILIENCE FOR COMMUNITIES

Economic development is vital to the continued prosperity and resilience of rural Kansas, with the goal of improving the quality of life and economic well-being of people living in rural areas. The economic well-being of rural communities is also necessary to stimulate the overall economic expansion of the nation. Small-scale entrepreneurship is the one economic development strategy that consistently works in rural communities, as over half of all new jobs created in most rural areas come from small, off-farm business ventures.

For nearly three decades, KEPCo and its Member cooperatives have been actively involved in the USDA Rural Economic Development Loan and Grant (REDLG) program. The REDLG program provides zero-interest loans for projects in rural areas that create or retain employment. For the 2019-2020 USDA fiscal year, \$1.72 million in loan funds were brought into rural Kansas, resulting in 78 jobs either being added or saved.

“KEPCo is proud to work with and assist our Member cooperatives in obtaining REDLG loans that benefit rural Kansas communities,” said Susan Cunningham, KEPCo SVP of Regulatory and Government Affairs & General Counsel. “Over the years, the types of businesses that have taken advantage of this program include dentists, manufacturing facilities, agriculture production,



Committed to the future of rural communities.

schools, hospitals, implement dealers, e-commerce, and retail establishments, just to name a few. Introducing business owners and entrepreneurs to a cost-effective method of financing has proven to be a successful formula in creating and retaining businesses and jobs in rural Kansas.”

Economic development is also a top priority for Kansas Governor Laura Kelly and her administration. The state of Kansas has not had a comprehensive strategy for economic growth since 1986. This year, under the governor’s leadership, the Department of Commerce convened a group of stakeholders, including business leaders and economic development professionals from across the state, along with members of academia and Department of Commerce staff, to develop the Kansas Framework for Growth, which is a comprehensive economic development plan that recognizes various industry sectors, geographic differences, changing demographics, and economic trends, with the goal of developing a strategy to spur economic growth in Kansas.

Creation of the Kansas Framework for Growth will occur in three phases: assessment and benchmarking, recommendations and best practices, and implementation planning. KEPCo applauds the development of this initiative, as the integration of this plan’s development within state agencies, local government, and private interests is essential to develop a vision and strategic plan for Kansas.

Introducing business owners and entrepreneurs to a cost-effective method of financing has proven to be a successful formula in creating and retaining businesses and jobs in rural Kansas.

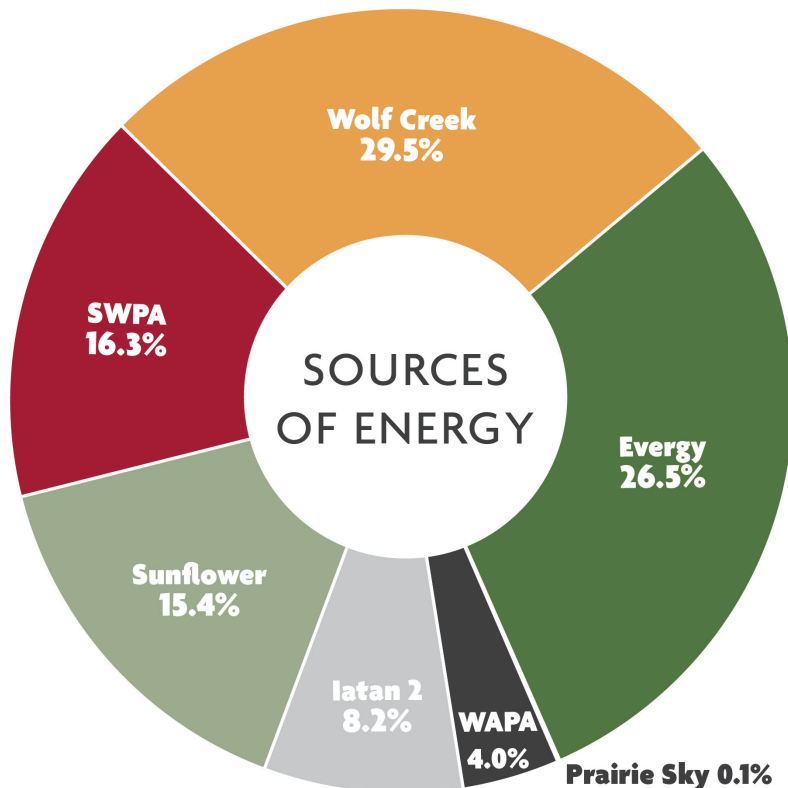
In an effort to create a long-term, reliable, economic power supply for its members, KEPCo has built a diverse power supply ...

OUR DIVERSE POWER SUPPLY

In an effort to create a long-term, reliable, economic power supply for its Members, KEPCo has built a diverse power supply that includes nuclear, hydro, coal, wind, natural gas, diesel, and solar resources. As part of its power supply strategy, KEPCo seeks to maintain a diversified and balanced power supply, which includes a mix of owning generation when prudent, purchasing power using a combination of long- and short-term contracts, adding renewables when cost effective, and incorporating demand side technology in power supply planning processes through Member load management programs. Proudly, KEPCo's current portfolio minimizes greenhouse gas emissions with approximately 67% of its supply from non-greenhouse gas emitting sources.

In addition to its owned generation and long-term hydro allocations, KEPCo purchases its remaining requirements from regional utilities for base, intermediate, and peaking power supply. These contracts provide KEPCo with power from coal, natural gas, and wind resources.

- ▶ **100 MEGAWATTS** of hydropower purchases from the Southwestern Power Administration
- ▶ **70 MEGAWATTS** of owned generation from the Wolf Creek Generating Station
- ▶ **32 MEGAWATTS** of owned generation from the Iatan 2 Generating Plant
- ▶ **20 MEGAWATTS** of peaking power from the Sharpe Generating Station
- ▶ **13 MEGAWATTS** of hydropower purchases from the Western Area Power Administration
- ▶ **1 MEGAWATT** of solar power from the Prairie Sky Solar Farm



KEPCo RETIRES CAPITAL CREDITS

The sixth Cooperative Principle is Cooperation Among Cooperatives, which states that by working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs. One significant way in which KEPCo was able to demonstrate its support for and cooperation with its Members was through a capital credit retirement.

6 COOPERATION AMONG COOPERATIVES

Co-ops serve their members most effectively and strengthen the co-op movement by working together through local, national, regional and international structures.

At its May meeting, the KEPCo Board of Trustees approved the retirement of approximately \$700,000 in capital credits. The retirement was slated to occur in August, but KEPCo's strong financial position enabled the retirement to be distributed in June, which offered timely assistance to our Members during the pandemic.

"It's nice to be in a position to retire these capital credits sooner than expected and take some financial pressure off our Members," said Coleen Wells, KEPCo's Senior Vice President & CFO.

The retirement, the first in over 20 years, reflects a cash distribution based on 25% of KEPCo's 2019 net margin.

KEPCo STAFF SUPPORTS LOCAL CHARITIES

For many years, KEPCo and KEPCo staff have supported local charitable organizations in a variety of ways, from personal volunteerism to financial support. This involvement is an example of the seventh Cooperative Principle — Concern for Community, which states cooperatives work for the sustainable development of their communities through policies supported by the membership. The time, talent, goods and services, and financial resources that are donated to community organizations hold significant value to our employees, as well as the communities impacted. Through their support of local charities, KEPCo employees benefit from supporting community activities, expanding their social connections, and increasing their personal sense of well-being.

"KEPCo is proud to be an active participant in our local communities. It is fulfilling to be part of an organization that helps in bringing tangible and sustainable benefits to the communities in which we live and work," said Suzanne Lane, KEPCo Executive Vice President & CEO.

This year, unfortunately, the COVID-19 pandemic did not afford in-person community engagement activities as in prior years. Nonetheless, KEPCo employees, through KEPCo's Charitable Giving Program, donated nearly \$16,000 to local charities. With Co-Bank's matching funds, KEPCo and its employees contributed over \$27,000 in total in 2020. The charities chosen by KEPCo staff were TARC, Topeka Rescue Mission, Ronald McDonald House, CASA, Harvesters, and the Salvation Army. These charities perform a valuable service in our communities and KEPCo staff is proud to support their efforts.

IN MEMORY OF PAUL STONE

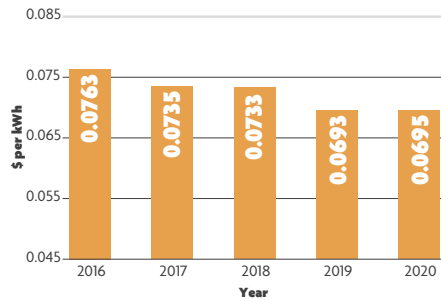
PAUL A. STONE, KEPCo Operations Specialist, passed away on December 11 at the age of 67. Paul worked in the rural electric cooperative industry for 47 years, with 23 of those years spent dutifully serving KEPCo and its Member cooperatives. He worked in numerous capacities during his electric cooperative career, ranging from tree trimmer to engineering manager to load management and metering support. His experience and knowledge were respected at KEPCo and throughout the industry.

Originally from Meade, Kansas, Paul lived with his wife, Janice, in Ozawkie, Kansas, at the time of his passing. In addition to his wife, Paul is survived by one son, Jay D. (Mindy) Stone, Spring Hill, Kansas, and one daughter, Gretchyn Anne Messale, also of Ozawkie, seven grandchildren, and three great grandchildren. Paul is greatly missed by his KEPCo family.

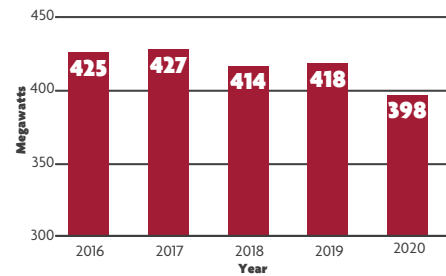


OPERATING STATISTICS

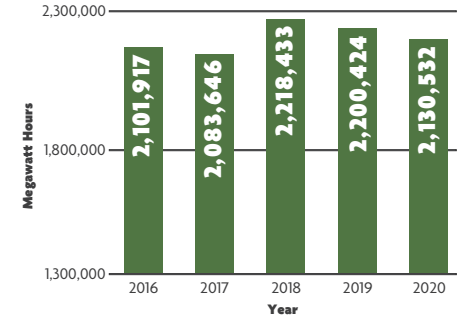
AVERAGE MEMBER RATE



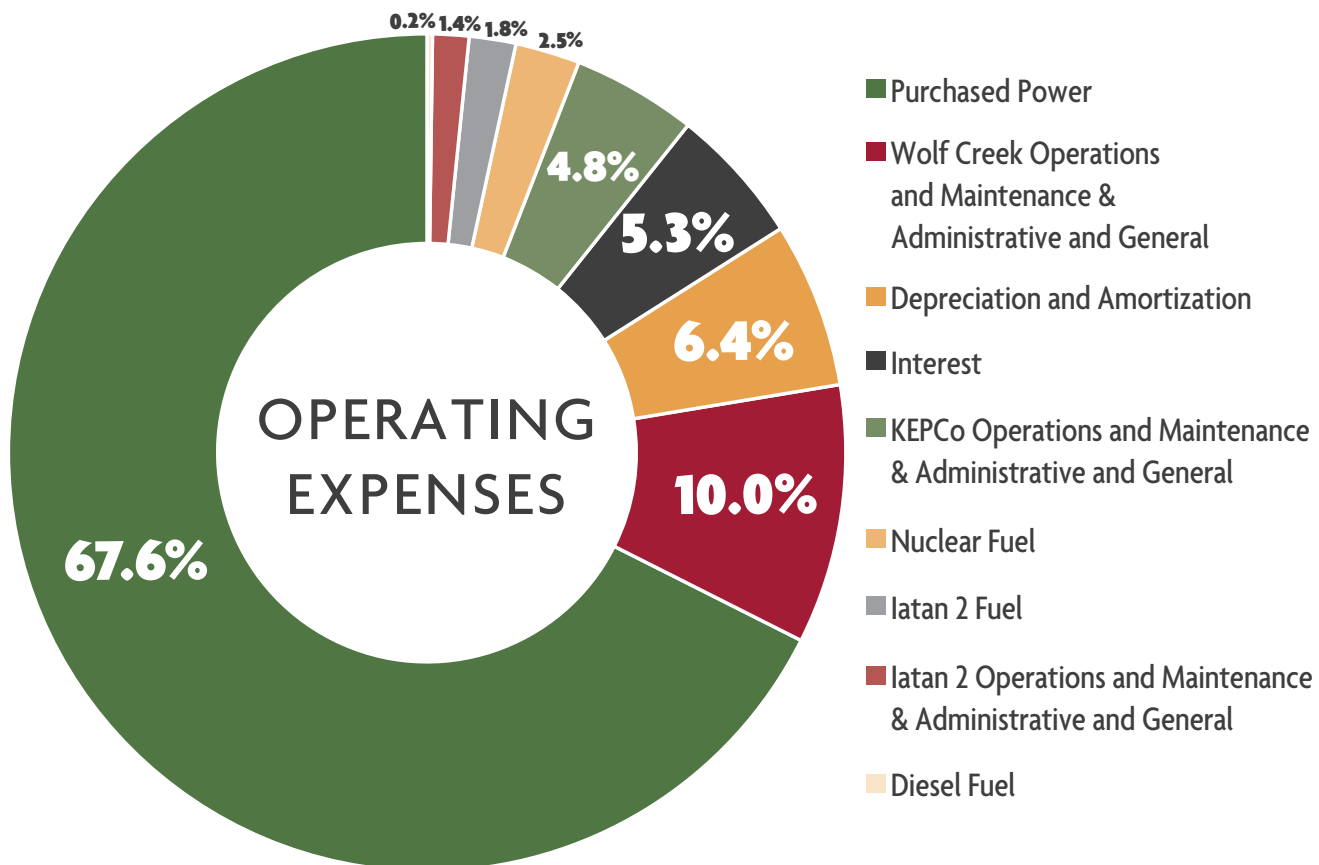
ANNUAL COINCIDENT PEAK DEMAND



ANNUAL ENERGY SALES TO MEMBERS



Proudly, KEPCo's current portfolio minimizes greenhouse gas emissions with approximately 60% of its supply from non-greenhouse gas emitting sources.



INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES
KANSAS ELECTRIC POWER COOPERATIVE, INC. TOPEKA, KANSAS



Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kansas Electric Power Cooperative, Inc. (KEPCo) and its wholly owned subsidiary KEPCo Services, Inc. (KSI), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of margin and comprehensive income (loss), patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEPCo as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated April 6, 2021, on our consideration of KEPCo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of KEPCo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KEPCo's internal control over financial reporting and compliance.

A stylized, handwritten signature of "BKD, LLP" in black ink. The letters are bold and slightly slanted, with a cursive-like feel.

OKLAHOMA CITY, OKLAHOMA
APRIL 6, 2021

Consolidated Balance Sheets
December 31, 2020 and 2019

Assets	2020	2019
UTILITY PLANT		
In-service	\$367,179,511	\$365,036,667
Less allowance for depreciation	<u>(190,546,232)</u>	<u>(181,555,754)</u>
Net in-service	176,633,279	183,480,913
Construction work in progress	10,408,117	8,515,002
Nuclear fuel (less accumulated amortization of \$29,740,968 and \$26,061,652 for 2020 and 2019, respectively)	<u>9,840,540</u>	<u>8,075,506</u>
Total utility plant	<u>196,881,936</u>	<u>200,071,421</u>
RESTRICTED ASSETS		
Investments in NRUCFC	11,042,120	11,316,855
Decommissioning fund	35,564,951	30,527,216
Investments in other associated organizations	<u>320,561</u>	<u>284,225</u>
Total restricted assets	<u>46,927,632</u>	<u>42,128,296</u>
CURRENT ASSETS		
Cash and cash equivalents	16,598,637	20,369,872
Short-term investments	13,000,000	-
Member accounts receivable	13,078,522	9,921,216
Materials and supplies inventory	7,119,212	6,802,071
Other assets and prepaid expenses	<u>949,083</u>	<u>924,034</u>
Total current assets	<u>50,745,454</u>	<u>38,017,193</u>
OTHER LONG-TERM ASSETS		
Deferred charges		
WCNOC disallowed costs (less accumulated amortization of \$19,986,167 and \$19,662,718 for 2020 and 2019, respectively)	5,999,066	6,322,515
Deferred incremental outage costs	506,726	1,841,056
Southwest Power Pool charges	366,373	854,871
Other deferred charges (less accumulated amortization of \$180,942 and \$177,877 for 2020 and 2019, respectively)	<u>152,752</u>	<u>297,807</u>
Other assets	1,266,040	1,310,059
Prepaid pension cost	<u>284,759</u>	<u>416,186</u>
Total long-term assets	<u>8,575,716</u>	<u>11,042,494</u>
Total assets	<u>\$303,130,738</u>	<u>\$291,259,404</u>

Patronage Capital and Liabilities

	2020	2019
PATRONAGE CAPITAL		
Memberships	\$3,200	\$3,200
Patronage capital	85,864,241	86,591,026
Accumulated other comprehensive loss	<u>(9,407,007)</u>	<u>(8,468,072)</u>
Total patronage capital	<u>76,460,434</u>	<u>78,126,154</u>
LONG-TERM DEBT		
	<u>148,867,073</u>	<u>144,545,734</u>
OTHER LONG-TERM LIABILITIES		
WCNOC decommissioning regulatory liability	11,770,366	7,633,876
WCNOC decommissioning liability	18,123,937	17,000,455
WCNOC pension and postretirement benefit plans	12,091,282	10,994,841
WCNOC provision for injuries	46,689	23,339
WCNOC deferred compensation	1,250,433	1,381,339
Other deferred credits	<u>222,274</u>	<u>181,795</u>
Total other long-term liabilities	<u>43,504,981</u>	<u>37,215,645</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	8,698,761	9,251,502
Accounts payable	15,486,695	12,321,308
Payroll and payroll-related liabilities	337,757	322,596
Member investments	7,061,900	6,903,704
Accrued property taxes	824,342	947,749
Accrued interest payable	409,221	432,259
Current provision for pension and postretirement benefit plans	<u>1,479,574</u>	<u>1,192,753</u>
Total current liabilities	<u>34,298,250</u>	<u>31,371,871</u>
Total patronage capital and liabilities	<u>\$303,130,738</u>	<u>\$291,259,404</u>

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**Consolidated Statements of Margin and Comprehensive Income (Loss)
Years Ended December 31, 2020 and 2019**

	2020	2019
OPERATING REVENUES		
Sale of electric energy	\$148,382,873	\$153,016,979
OPERATING EXPENSES		
Power purchased	101,312,388	102,408,677
Nuclear fuel	3,683,704	3,243,368
Plant operations	15,261,398	16,453,641
Plant maintenance	4,633,010	4,875,888
Administrative and general	6,159,875	6,243,466
Amortization of deferred charges	326,513	330,693
Depreciation and decommissioning	9,876,498	9,597,289
Total operating expenses	141,253,386	143,153,022
NET OPERATING REVENUES	7,129,487	9,863,957
INTEREST AND OTHER DEDUCTIONS		
Interest on long-term debt	7,584,356	7,878,690
Other deductions	384,347	159,366
Total interest and other deductions	7,968,703	8,038,056
OPERATING MARGIN	(839,216)	1,825,901
OTHER INCOME (EXPENSE)		
Interest income	951,063	1,345,913
Other income	519,402	294,124
Postretirement benefit expense	(658,920)	(669,479)
Total other income (expense)	811,545	970,558
NET MARGIN	(27,671)	2,796,459
Other Comprehensive Income (Loss)		
Net loss arising during the year on pension obligation	(1,275,966)	(422,520)
Plan amendments	(544,426)	
Amortization of prior year service costs and actuarial gains included in net periodic benefit costs	881,457	647,604
Comprehensive Income (Loss)	(966,606)	3,021,543

**Consolidated Statements of Patronage Capital
Years Ended December 31, 2020 and 2019**

	Memberships	Patronage Capital	Accumulated Other Comprehensive Loss	Total
BALANCE, JANUARY 1, 2019	\$3,200	\$83,794,567	\$(8,693,156)	\$75,104,611
Net margin	-	2,796,459	-	2,796,459
Defined benefit pension plans				
Net loss arising during the year on pension obligation	-	-	(422,520)	(422,520)
Amortization of prior year service costs and actuarial gains included in net periodic benefit costs	-	-	647,604	647,604
BALANCE, DECEMBER 31, 2019	3,200	86,591,026	(8,468,072)	78,126,154
Net margin	-	(27,671)	-	(27,671)
Patronage capital retirement				
Defined benefit pension plans	-	(699,114)	-	(699,114)
Net loss arising during the year on pension obligation	-	-	(1,275,966)	(1,275,966)
Plan amendments	-	-	(544,426)	(544,426)
Amortization of prior year service costs and actuarial gains included in net periodic benefit costs	-	-	881,457	881,457
BALANCE, DECEMBER 31, 2020	\$3,200	\$85,864,241	\$(9,407,007)	\$76,460,434

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Net margin		
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation	\$ (27,671)	\$ 2,796,459
Amortization of nuclear fuel	9,408,389	9,131,591
Amortization of deferred charges	3,679,316	3,219,404
Amortization of deferred incremental outage costs	619,925	619,924
Net periodic benefit costs	1,619,583	1,623,886
Patronage capital credits allocated	1,630,862	1,617,453
Loss on sale of property and equipment	(518,389)	(525,298)
Changes in	54,003	54,666
Member accounts receivable	(3,157,306)	1,372,186
Materials and supplies	(317,141)	304,937
Other long-term assets and prepaid expenses	1,304,804	(1,286,835)
Accounts payable	3,165,387	(890,768)
Payroll and payroll-related liabilities	15,161	54,707
Accrued property taxes	(123,407)	(86,910)
Accrued interest payable	(23,038)	(22,316)
Other long-term liabilities	(1,253,612)	(2,199,037)
Net cash provided by operating activities	<u>16,076,866</u>	<u>15,784,049</u>
INVESTING ACTIVITIES		
Additions to electrical plant	(3,962,186)	(5,065,919)
Additions to nuclear fuel	(5,444,350)	(2,941,349)
Purchases of investments	(13,000,000)	-
Proceeds from investments in decommissioning fund assets	1,399,479	103,332
Purchases of investments in decommissioning fund assets	(2,825,512)	(1,380,174)
Investments in associated organizations	756,788	779,720
Net cash used in investing activities	<u>(23,075,781)</u>	<u>(8,504,390)</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt	(10,577,675)	(9,033,456)
Proceeds from issuance of long-term debt	10,183,249	4,110,126
Principal payments on NRUCFC line of credit	-	(1,205,000)
Proceeds from draw downs on NRUCFC line of credit	-	1,205,000
Retirement of capital credits	(699,114)	-
Change in cushion of credit	158,196	4,087,395
Change in member investments	4,163,024	1,968,243
Net cash provided by financing activities	<u>3,227,680</u>	<u>1,132,308</u>

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Increase (Decrease) in Cash and Cash Equivalents	\$(3,771,235)	\$ 8,411,967
Cash and Cash Equivalents, Beginning of Year	20,369,872	11,957,905
Cash and Cash Equivalents, End of Year	<u>\$16,598,637</u>	<u>\$20,369,872</u>
Supplemental Cash Flows Information		
Interest paid	\$7,607,394	\$7,901,006
Change in defined benefit pension plans – losses	\$(1,275,966)	\$(422,520)
Change in fair value of decommissioning trust	\$3,611,702	\$4,244,837

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Kansas Electric Power Cooperative, Inc. and its wholly owned subsidiary (KEPCo), headquartered in Topeka, Kansas, was incorporated in 1975 as a tax-exempt generation and transmission cooperative (G&T). KEPCo was granted a limited certificate of convenience and authority by the Kansas Corporation Commission (KCC) in 1980 to act as a G&T public utility. It is KEPCo's responsibility to procure an adequate and reliable power supply for its 18 distribution rural electric cooperative members pursuant to all requirements of contracts with its members. KEPCo is governed by a board of trustees representing each of its 18 members, which collectively serve approximately 120,000 electric meters in rural Kansas.

SYSTEM OF ACCOUNTS

KEPCo maintains its accounting records substantially in accordance with the Federal Energy Regulatory Commission's (FERC) uniform system of accounts as modified and adopted by the U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) and in accordance with accounting practices prescribed by the KCC.

In accordance with generally accepted accounting principles (GAAP) and FERC guidelines, KEPCo also maintains its accounts in accordance with Accounting Standards Codification (ASC) 980, Regulated Operations.

RATES

Under a 2009 change in Kansas law, KEPCo has elected to be exempt from KCC regulation for most purposes, including the setting of rates. Rates are set by action of the Board of Trustees, subject only to statutory review by the KCC if requested by four or more members. KEPCo's rates were last set by the KCC by an order effective September 1, 2008. KEPCo's rates now include an Energy Cost Adjustment (ECA) mechanism and an annual Demand Cost Adjustment (DCA) mechanism allowing KEPCo to pass along increases and decreases in certain energy and demand costs to its member cooperatives. Additionally, KEPCo implemented a Margin Stabilization Adjustment (MSA) in 2011, which is a mechanism to refund (or collect) a portion of KEPCo's margin when the total margin exceeds (or falls short of) the amount necessary to cover KEPCo's financial obligations.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Kansas Electric Power Cooperative, Inc. and its wholly owned subsidiary, KEPCo Services, Inc. Undivided interests in jointly owned generation facilities are consolidated on a pro rata basis. All material intercompany accounts and transactions have been eliminated in consolidation.

IATAN 2

Iatan 2 is an 850 MW high efficiency coal-fired power plant utilizing state-of-the-art environmental controls that became commercially operational December 31, 2010. KEPCo owns a 3.53% share of Iatan 2, or 30 MW. Iatan 2, located in Weston, Missouri, is operated and majority owned by Evergy, Inc. KEPCo's undivided interest in Iatan 2 is consolidated on

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a pro rata basis. KEPCo is entitled to a proportionate share of the capacity and energy from Iatan 2, which is used to supplement a portion of KEPCo's members' requirements. KEPCo is billed on a daily basis for 3.53% of the operations, maintenance, administrative, and general costs, and cost of plant additions related to Iatan 2. Each owner is responsible for providing its own financing for all costs incurred at the plant.

KEPCo's utility plant in service for its 3.53% share of Iatan 2 was approximately \$83,100,000 and \$82,600,000 with an allowance for depreciation of approximately \$21,400,000 and \$19,000,000 and construction work in progress of approximately \$600,000 and \$300,000 at December 31, 2020 and 2019, respectively.

WOLF CREEK NUCLEAR OPERATING CORPORATION

KEPCo owns 6% of Wolf Creek Nuclear Operating Corporation (WCNOC), which is located near Burlington, Kansas. The remainder is owned by Evergy, Inc. KEPCo's undivided interest in WCNOC is consolidated on a pro rata basis. KEPCo is entitled to a proportionate share of the capacity and energy from WCNOC, which is used to supplement a portion of KEPCo's members' requirements. KEPCo is billed on a daily basis for 6% of the operations, maintenance, administrative, and general costs, and cost of plant additions related to WCNOC. Each owner is responsible for providing its own financing for all costs incurred at the plant.

KEPCo's utility plant in service for its 6% share of WCNOC was approximately \$271,100,000 and \$269,500,000 with an allowance for depreciation of approximately \$155,400,000 and \$149,100,000 and construction work in progress of approximately \$9,700,000 and \$8,100,000 at December 31, 2020 and 2019, respectively.

WCNOC's operating license expires in 2045. WCNOC is regulated by the Nuclear Regulatory Commission (NRC) with respect to licensing, operations, and safety-related requirements.

WCNOC disposes of all classes of its low-level radioactive waste at existing third-party repositories. Should disposal capability become unavailable, WCNOC is able to store its low-level radioactive waste in an on-site facility for up to three years under current regulations.

ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UTILITY PLANT AND DEPRECIATION

Utility plant is stated at cost. Costs and additions to utility plant include contractual work, direct labor, materials, and interest on funds used during construction. No interest has been capitalized in 2020 or 2019. The costs of repairs and minor replacements are charged to operating expenses as appropriate. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

The composite depreciation rate for electric generation plant for the years ended December 31, 2020 and 2019, is 4.67% and 4.45%, respectively.

The provision for depreciation computed on a straight-line basis for electric and other components of utility plant is as follows:

Transportation and equipment	25–33 years
Office furniture and fixtures	10–20 years
Leasehold improvements	20 years
Transmission equipment (metering, communication, and SCADA)	10 years

LONG-LIVED ASSET IMPAIRMENT

KEPCo evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows

expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 and 2019.

NUCLEAR FUEL

The cost of nuclear fuel in the process of refinement, conversion, enrichment, and fabrication is recorded as a utility plant asset at original cost and is amortized to nuclear fuel expenses based upon the quantity of heat produced for the generation of electric power.

NUCLEAR DECOMMISSIONING

Nuclear decommissioning is a nuclear industry term for the permanent shutdown of a nuclear power plant and the removal of radioactive components in accordance with NRC requirements. The NRC will terminate a plant's license and release the property for unrestricted use when a company has reduced the residual radioactivity of a nuclear plant to a level mandated by the NRC. The NRC requires companies with nuclear plants to prepare formal financial plans to fund nuclear decommissioning. These plans are designed so that sufficient funds required for nuclear decommissioning will be accumulated prior to the expiration of the license of the related nuclear power plant. WCNOC files a nuclear decommissioning site study with the KCC every three years.

The KCC reviews nuclear decommissioning plans in two phases. Phase one is the approval of the revised nuclear decommissioning study, including the estimated costs to decommission the plant. Phase two involves the review and approval of a funding schedule prepared by the owner of the plant detailing how it plans to fund the future-year dollar amount of its pro rata share of the decommissioning costs.

In 2017, the triennial nuclear decommissioning study was revised. Based on the study, KEPCo's share of decommissioning costs, including decontamination, dismantling, and site restoration, is estimated to be approximately \$65,600,000. This amount does not compare to the prior site study estimate of \$45,900,000 due to a KCC order requiring a new method of calculating the decommissioning costs. The new method, called SAFSTOR, requires long-term storage of spent fuel on-site for 60 years after the plant is decommissioned. The site study cost estimate represents the estimate to decommission WCNOC as of the site study year. The actual nuclear decommissioning costs may vary from the estimates because of changes in regulations and technologies as well as changes in costs for labor, materials, and equipment.

KEPCo is allowed to recover nuclear decommissioning costs in its prices over a period equal to the operating license of WCNOC, which is through 2045. The NRC requires that funds sufficient to meet nuclear decommissioning obligations be held in a trust. KEPCo believes that the KCC-approved funding level will also be sufficient to meet the NRC requirement. The consolidated financial results would be materially affected if KEPCo was not allowed to recover in its prices the full amount of the funding requirement.

KEPCo recovered in its prices and deposited in an external trust fund for nuclear decommissioning approximately \$544,000 in 2020 and 2019. KEPCo records its investment in the nuclear decommissioning trust (NDT) at fair value, which approximated \$35,565,000 and \$30,527,000 at December 31, 2020 and 2019, respectively. The change in the fair value of investments in the NDT was approximately \$3,612,000 and \$4,245,000 for the years ended December 31, 2020 and 2019, respectively, and is included in WCNOC decommissioning regulatory liability on the accompanying consolidated balance sheets.

ASSET RETIREMENT OBLIGATION

KEPCo recognizes and estimates the legal obligation associated with the cost to decommission WCNOC. KEPCo initially recognized an asset retirement obligation at fair value for the estimated cost with a corresponding amount capitalized as part of the cost of the related long-lived asset and depreciated over the useful life.

A reconciliation of the asset retirement obligation for the years ended December 31 is as follows:

	2019	2020
Balance, beginning of year	\$17,000,455	\$15,945,308
Accretion	1,123,482	1,055,147
Balance, end of year	<u>\$18,123,937</u>	<u>17,000,455</u>

Any net margin effects are deferred in the WCNOOC decommissioning regulatory liability and will be collected from or returned to members in future electric rates.

CASH AND CASH EQUIVALENTS

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents and are stated at cost, which approximates fair value. At December 31, 2020 and 2019, cash equivalents consisted primarily of a repurchase agreement and commercial paper.

KEPCo has invested \$0 and \$19,000,000 in National Rural Utilities Cooperative Finance Corporation (NRUCFC), a related party, commercial paper with an original maturity of three months or less at December 31, 2020 and 2019, respectively. The commercial paper is exposed to credit risk and is not federally insured.

KEPCo's repurchase agreement has collateral pledged by a financial institution, which is securities that are backed by the federal government.

SHORT-TERM INVESTMENTS

Short-term investments are investments with an original maturity greater than three months, but less than 12 months, in select notes issued by NRUCFC maturing in April 2021 with interest at 0.4%. The select notes are exposed to credit risk. As of December 31, 2020, KEPCo has invested \$13,000,000 in short-term investments.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount of consideration from members and customers, of which KEPCo has an unconditional right to receive. KEPCo provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. No allowance was recorded at December 31, 2020 or 2019.

Accounts receivable are ordinarily due 15 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the member or customer.

During the years ended December 31, 2020 and 2019, there were no impairment losses on doubtful accounts receivable where collectibility is not reasonably assured.

MATERIALS AND SUPPLIES INVENTORY

Materials and supplies inventory is valued at average cost.

CASH SURRENDER VALUE OF LIFE INSURANCE CONTRACTS

The following amounts related to WCNOOC corporate-owned life insurance contracts, primarily with one highly rated major insurance company, are included in other long-term assets in the accompanying consolidated balance sheets:

	2020	2019
Cash surrender value of contracts	\$8,536,464	\$8,293,065
Borrowings against contracts	(8,241,381)	(8,006,818)
	<u>\$295,083</u>	<u>\$286,247</u>

Borrowings against contracts include a prepaid interest charge. KEPCo pays interest on these borrowings at a rate of 5.00% for the years ended December 31, 2020 and 2019.

MEMBER INVESTMENTS

KEPCo has a member investment program whereby members can invest funds with KEPCo. KEPCo pays interest on the balance of these funds. The member investments are payable back to the member upon demand or can be used to pay the balance due on the member's power bill.

REVENUE RECOGNITION

Revenue is recognized when control of the promised goods or services is transferred to KEPCo's members or customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. See Note 7 for additional information about KEPCo's revenue.

INCOME TAXES

As a tax-exempt cooperative, KEPCo is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended. Accordingly, provisions for income taxes have not been reflected in the accompanying consolidated financial statements.

KEPCo Services, Inc., a subsidiary of KEPCo is not exempt from income taxes.

EQUITY INVESTMENTS

KEPCo measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in net margin. Under ASC 980, KEPCo has elected to defer changes to all unrealized gains and losses of equity investments with readily determinable fair market values. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Equity securities and equity investments without a readily determinable fair value are measured at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

For equity securities and equity investments measured under the practicability exception, KEPCo performs a qualitative assessment for equity investments without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, KEPCo will recognize a loss based on the difference between carrying value and fair value.

INVESTMENTS IN ASSOCIATED ORGANIZATIONS

KEPCo has equity ownership in the form of patronage capital through various lenders and other associated organizations (see Note 3). Patronage capital equity is increased as patronage is allocated to KEPCo and decreased as patronage is retired and cash received.

These investments are considered equity investments without readily determinable fair values and are accounted for at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or a similar investment. No impairment or observable price changes were recorded during 2020 and 2019.

WCNOOC DISALLOWED COSTS

Effective October 1, 1985, the KCC issued a rate order relating to KEPCo's investment in WCNOOC, which disallowed \$26,000,000 of KEPCo's investment in WCNOOC. A subsequent rate order, effective February 1, 1987, allows KEPCo to recover these disallowed costs and other costs related to the disallowed portion (recorded as deferred charges) for the period from September 3, 1985 through January 31, 1987, over a 27.736-year period starting February 1, 1987. Pursuant to a KCC rate order dated December 30, 1998, the disallowed portion's recovery period was extended to a 37-year period. The disallowed costs are being recovered through the use of straight-line amortization over the period required by the KCC.

COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of net margin and other comprehensive income (loss). Other comprehensive income (loss) includes plan amendments and changes in the funded status of the WCNOOC pension and postretirement plans (see Note 8).

NOTE 2: FACTORS THAT COULD AFFECT FUTURE OPERATING RESULTS

KEPCo currently applies accounting standards that recognize the economic effects of

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rate regulation and, accordingly, has recorded regulatory assets and liabilities related to its G&T operations in accordance with ASC 980. In the event KEPCo determines that it no longer meets the criteria of ASC 980, the accounting impact could be a noncash charge to operations in an amount that would be material. Criteria that could give rise to the discontinuance of ASC 980 include: 1) increasing competition that restricts KEPCo's ability to establish prices to recover specific costs and 2) a significant change in the manner in which rates are set by regulators from a cost-based regulation to another form of regulation. KEPCo periodically reviews these criteria to ensure the continuing application of ASC 980 is appropriate. Any changes that would require KEPCo to discontinue the application of ASC 980 due to increased competition, regulatory changes, or other events may significantly impact the valuation of KEPCo's investment in utility plant, WCNOG, and latan 2 and necessitate the write-off of regulatory assets. At this time, the effect of competition and the amount of regulatory assets that could be recovered in such an environment cannot be predicted.

The 1992 Energy Policy Act began the process of restructuring the United States electric utility industry by permitting FERC to order electric utilities to allow third parties to sell electric power to wholesale customers over their transmission systems. KEPCo has elected to deregulate its rate-making for sales to its members under recent statutory amendments.

Subject to the possibility of KCC review, KEPCo's member rates are now set by action of the Board of Trustees. KEPCo's ability to timely recover its costs is enhanced by this change.

NOTE 3: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

At December 31, investments in associated organizations consisted of the following:

	2020	2019
NRUCFC		
Memberships	\$1,000	\$1,000
Capital term certificates, bearing interest of 5.0% and maturing in 2080 (A)	395,970	395,970
Patronage capital certificates	2,847,674	2,613,206
Equity term certificates, bearing interest of 3.16% to 6.0% and maturing from 2021 through 2045 (A)	7,797,476	8,306,679
Total NRUCFC	11,042,120	11,316,855
Other	320,561	284,225
Total investments in associated organizations	\$11,362,681	\$11,601,080

(A) KEPCo is required to maintain these investments pursuant to certain loan agreements.

NOTE 4: DEFERRED CHARGES

DEFERRED INCREMENTAL OUTAGE COSTS

In 1991, the KCC issued an order that allowed KEPCo to defer its 6% share of the incremental operating, maintenance, and replacement power costs associated with the periodic refueling of WCNOG. Operating and maintenance costs are being amortized over the approximate 18-month operating cycle coinciding with the recognition of the related revenues. Additions to the deferred incremental outage costs were approximately \$300,000 and \$2,200,000 in 2020 and 2019, respectively. The current year amortization of the deferred incremental outage costs was approximately \$1,600,000 for the years ended December 31, 2020 and 2019.

SOUTHWEST POWER POOL CHARGES

During 2016, KEPCo was assessed historical charges in the amount of approximately \$2,442,000 from Southwest Power Pool related to a Z2 billing issue for generation system upgrades from 2008 through 2016. The total amount of historical charges was paid in October 2016 and will be amortized over a five-year period ending October 2021. The balance as of December 31, 2020 and 2019, was approximately \$400,000 and

\$900,000, respectively. Accumulated amortization as of December 31, 2020 and 2019, was approximately \$2,100,000 and \$1,500,000, respectively.

NOTE 5: LINES OF CREDIT

At December 31, 2020 and 2019, KEPCo has a \$10,000,000 line of credit available with CoBank, ACB. There were no funds borrowed against the line of credit at December 31, 2020 or 2019. Interest rate options, as selected by KEPCo, are a weekly quoted variable rate in which CoBank establishes a rate on the first business day of each week or a London InterBank Offered Rate (LIBOR) option at a fixed rate equal to LIBOR plus 1.6%. This line of credit expires January 2021 and was subsequently renewed through July 2021 and is secured by substantially all of KEPCo's assets.

KEPCo has two lines of credit available from the NRUCFC totaling \$20,000,000, of which no funds were borrowed against at December 31, 2020 and 2019. One line is for \$10,000,000 and matures March 2023. Interest varies as determined by the lender and was 2.45% and 3.25% at December 31, 2020 and 2019, respectively. The line requires an annual pay-down of the line or it becomes immediately callable at the discretion of the NRUCFC. The other line is for \$10,000,000 and matures December 2049. Interest varies as determined by the lender and was 2.25% and 2.85% at December 31, 2020 and 2019, respectively. The lines are collateralized by substantially all of KEPCo's assets.

NOTE 6: LONG-TERM DEBT

Long-term debt consists of mortgage notes payable to the United States of America acting through the Federal Financing Bank (FFB), NRUCFC, and others. Substantially all of KEPCo's assets are pledged as collateral. The terms of the notes as of December 31 are as follows:

	2020	2019
Mortgage notes payable to the FFB at fixed rates varying from 0.759% to 4.46%, payable in quarterly installments through 2043	\$84,823,634	\$79,645,170
RUS cushion of credit (A)	(3,004,187)	(7,167,211)
FFB mortgage notes payable, net of cushion of credit	81,819,447	72,477,959
Note payable to CoBank at a rate of 3.03%, payable in quarterly installments through 2023	330,851	470,904
Mortgage notes payable, equity certificate loans, and member capital security notes to NRUCFC at fixed rates of 3.80% to 7.50%, payable quarterly through 2045	75,415,536	80,848,373
	157,565,834	153,797,236
Less current maturities	(8,698,761)	(9,251,502)
	\$148,867,073	\$144,545,734

(A) RUS cushion of credit funds are required to be applied to the debt service requirements of the FFB mortgage notes payable and are, therefore, reflected net in the related balances in the accompanying consolidated balance sheets. The RUS cushion of credit is offered by the USDA and earns interest annually at a rate approved by the USDA.

KEPCo has approximately \$11,300,000 of unadvanced loan funds with the FFB as of December 31, 2020.

Aggregate maturities of long-term debt are as follows:

2021	\$8,698,761
2022	8,854,436
2023	8,888,280
2024	7,969,628
2025	7,449,654
Thereafter	115,705,075
	\$157,565,834

Restrictive covenants related to the NRUCFC and FFB debt require KEPCo to design rates that would enable it to maintain a times-interest earned ratio of at least 1.05 and debt service coverage ratio of at least 1.0, on average, in the two best years out of the three most recent calendar years. The covenants also prohibit distribution of net patronage capital or margins until, after giving effect to any such distribution, total patronage capital equals or exceeds 20% of total assets, unless such distribution is approved by the RUS or NRUCFC. KEPCo was in compliance with such restrictive covenants as of December 31, 2020 and 2019.

The RUS cushion of credit account is an interest-bearing account and is restricted for the debt service of RUS-guaranteed debt and cannot be withdrawn. During 2020 and 2019, KEPCo made principal and interest payments to FFB and RUS with funds held in the RUS cushion of credit account of \$4,460,688 and \$4,565,724, respectively. The balance in this account at December 31, 2020 and 2019, was \$3,004,187 and \$7,167,211, respectively.

Restrictive covenants related to the CoBank debt require KEPCo to design rates that would enable it to maintain a debt service coverage ratio, as defined by CoBank, of at least 1.10. KEPCo was in compliance with the restrictive covenants as of December 31, 2020 and 2019.

NOTE 7: REVENUE FROM CONTRACTS WITH CUSTOMERS

PERFORMANCE OBLIGATIONS – OPERATING REVENUES

The majority of KEPCo's revenues are derived primarily from the sale of electric power to members. Members consist of distribution cooperatives within dedicated territories in Kansas.

Rates charged for electric power sales to members are established at least annually by the Board. KEPCo provides energy and demand to members as one stand-ready performance obligation. Electric power revenue is recognized by KEPCo upon transfer of control of the promised services to members in an amount that reflects the consideration KEPCo expects to receive in exchange for those services. KEPCo transfers control of the electric power to members at each member's meter point and the members simultaneously receive and consume the benefits of the energy provided. Electric power provided to members is accounted for as a series of performance obligations. Progress toward completion is measured using the output method. Meter readings are taken at the end of each month for billing purposes, and the quantity of energy transferred is determined after the meter readings. Customers are billed monthly and KEPCo accrues for unbilled amounts. Payments from members are received in accordance with each member's contract, which is less than 30 days from the invoice date.

Revenue associated with the electric power performance obligation to members is recorded as sales of electric energy in the accompanying consolidated statements of margin and comprehensive income (loss).

KEPCo has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are not materially affected by any factors, such as the geography of the service location, customer type, or service line.

ACCOUNTING POLICIES AND PRACTICAL EXPEDIENTS ELECTED

KEPCo has applied an accounting policy election that allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes KEPCo collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

KEPCo has also elected to use the right to invoice practical expedient. This practical expedient allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer.

NOTE 8: BENEFIT PLANS

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA) RETIREMENT AND SECURITY PROGRAM

KEPCo participates in the NRECA Retirement and Security Program (RS Plan) for its employees. The NRECA RS Plan is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single-employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

KEPCo's contributions to the NRECA RS Plan in 2020 and 2019 represented less than 5% of the total contributions made to the plan by all participating employers. KEPCo made contributions to the NRECA RS Plan of approximately \$570,000 and \$470,000 for the years ended December 31, 2020 and 2019, respectively. There have been no significant changes that affect the comparability of 2020 and 2019 contributions.

For the NRECA RS Plan, a "zone status" determination is not required, and thus not determined, under the *Pension Protection Act* (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the NRECA RS Plan was more than 80% funded at January 1, 2020 and 2019, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the NRECA RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

In 2012, NRECA approved an option to allow participating cooperatives in the NRECA RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the NRECA RS Plan's unfunded value of benefits earned to date using NRECA RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual NRECA RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives, the billing rate is reduced by approximately 25%, retroactive to January 1 of the year in which the amount is paid to the NRECA RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However, changes in interest rates, asset returns, and other plan experiences different from expected; plan assumption changes; and other factors may have an impact on the differential in billing rates and the 15-year period. KEPCo participated in the prepayment program and is amortizing the \$1,314,273 over a 10-year period through 2023. This balance is included in prepaid pension cost in other long-term assets on the accompanying consolidated balance sheets.

NRECA SAVINGS 401(K) PLAN

All employees of KEPCo are eligible to participate in the NRECA Savings 401(k) Plan. Under the plan, KEPCo contributes an amount not to exceed 5%, dependent upon each employee's level of participation and completion of one year of service, of the respective employee's base pay to provide additional retirement benefits. KEPCo contributed approximately \$135,000 and \$121,000 to the NRECA Savings 401(k) Plan for the years ended December 31, 2020 and 2019, respectively.

WCNOC PENSION AND POSTRETIREMENT PLANS

KEPCo has an obligation to the WCNOC retirement plan, supplemental retirement plan, and postretirement medical plan (collectively, the Plans) for its 6% ownership interest in WCNOC. The Plans provide for benefits upon retirement, normally at age 65. In accordance with the *Employee Retirement Income Security Act of 1974*, KEPCo has satisfied its minimum funding requirements. Benefits under the Plans reflect the employee's compensation, years of service, and age at retirement.

WCNOC uses a measurement date of December 31 for the Plans.

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Information about KEPCo's 6% share of the Plans' funded status follows

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Change in benefit obligation				
Beginning of year	\$35,905,327	\$32,123,209	\$904,303	\$883,170
Service cost	953,320	931,676	18,622	16,298
Interest cost	1,299,924	1,406,986	29,957	35,839
Plan participants' contributions	-	-	188,011	195,382
Plan amendments	484,292	-	60,134	-
Benefits paid	(2,940,010)	(1,968,736)	(325,379)	(399,263)
Actuarial losses	3,622,476	3,412,192	60,816	172,877
End of year	39,325,329	35,905,327	936,464	904,303
Change in fair value of plan assets				
Beginning of year	24,593,562	19,916,182	51,813	35,225
Actual return on plan assets	3,959,744	4,583,499	-	-
Employer contributions	1,092,000	2,028,000	61,182	213,000
Plan participants' contributions	-	-	159,564	191,140
Benefits paid	(2,905,392)	(1,934,119)	(272,559)	(387,552)
End of year	26,739,914	24,593,562	-	51,813
Funded status, end of year	\$(12,585,415)	\$(11,311,765)	\$(936,464)	\$(852,490)

Amounts recognized in the accompanying consolidated balance sheets:

	2020	2019
Other long-term liabilities		
WCNOC pension and postretirement benefit plans	\$12,091,282	\$10,994,841
WCNOC provision for injuries	\$46,689	\$23,339
Current liabilities		
Current provision for pension and postretirement benefit plans	\$1,479,574	\$1,192,753

Amounts recognized in accumulated other comprehensive loss not yet recognized as components of net periodic benefit costs consist of:

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Net loss	\$(8,616,167)	\$(8,264,153)	\$(217,160)	\$(167,941)
Prior service cost	(513,546)	(35,978)	(60,134)	-
	\$(9,129,713)	\$(8,300,131)	\$(277,294)	\$(167,941)

Information for the pension and postretirement benefit plans with an accumulated benefit obligation in excess of plan assets:

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Projected benefit obligation	\$39,325,329	\$35,905,327	\$936,464	\$904,303
Fair value of plan assets	\$26,739,914	\$24,593,562	\$-	\$51,813

Weighted-average actuarial assumptions used to determine the net periodic benefit obligation:

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Discount rate	3.61%	4.34%	2.76%	3.42%
Annual salary increase rate	3.75%	4.14%	N/A	N/A

WCNOC uses a measurement date of December 31 for its pension and postretirement benefit plans. The discount rate to determine the current year pension

obligation and the following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality, non-callable corporate bonds that generate a sufficient cash flow to provide for the projected benefit payments of the plan. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Components of net periodic benefit costs				
Service cost	\$953,320	\$931,676	\$18,622	\$16,298
Interest cost	1,299,924	1,406,986	29,957	35,839
Expected return on plan assets	(1,552,419)	(1,420,950)	-	-
Prior service cost amortization	6,722	6,807	-	-
Actuarial loss amortization	863,139	641,205	11,597	(408)
Net periodic benefit costs	1,570,686	1,565,724	60,176	51,729
Other changes in plan obligations recognized in other comprehensive income (loss)				
Current year actuarial loss	1,215,151	249,643	60,815	172,877
Amortization of actuarial loss (gain)	(863,138)	(641,205)	(11,597)	408
Amortization of prior service cost	(6,722)	(6,807)	60,134	-
Total recognized in other comprehensive income (loss)	345,291	(398,369)	109,352	173,285
Total recognized in net periodic benefit costs and other comprehensive income (loss)	\$1,915,977	\$1,167,355	\$169,528	\$225,014

Weighted-average actuarial assumptions used to determine net periodic benefit costs

	2020	2019	2020	2019
Discount rate	3.48%	3.61%	2.76%	3.42%
Expected long-term return on plan assets	6.70%	6.70%	N/A	N/A
Compensation rate increase	3.75%	3.75%	N/A	N/A

KEPCo estimates it will amortize the following amounts into net periodic benefit costs in 2021:

	Pension Benefits	Postretirement Benefits
Actuarial loss	\$993,333	\$14,822
Prior service cost	49,515	4,661
Total	\$1,042,848	\$19,483

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each asset class were selected after analyzing long-term historical experience and future expectations of the volatility of the various asset classes. Based on target asset allocations for each asset class, the overall expected rate of return for the portfolios was developed, adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

For measurement purposes, the assumed annual health care cost trend rates were as follows:

	2020	2019
Health care cost trend rate assumed for next year	6.25%	6.25%
Rate to which the health care cost trend rate is assumed to decline	4.50%	4.50%
Year the health care cost trend rate reaches the ultimate trend rate	2027	2027

WCNOC's pension plan investment strategy is to manage assets in a prudent manner with regard to preserving principal while providing reasonable returns. It has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. Part

of its strategy includes managing interest rate sensitivity of plan assets relative to the associated liabilities. The primary objective of the pension plan is to provide a source of retirement income for its participants and beneficiaries, and the primary financial objective of the plan is to improve its funded status. The primary objective of the postretirement benefit plan is growth in assets and preservation of principal, while minimizing interim volatility, to meet anticipated claims of plan participants. WCNOG delegates the management of its pension benefit plan assets to independent investment advisors who hire and dismiss investment managers based upon various factors. The investment advisors are instructed to diversify investments across asset classes, sectors, and manager styles to minimize the risk of large losses, based upon objectives and risk tolerance specified by WCNOG, which include allowable and/or prohibited investment types. It measures and monitors investment risk on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

The target allocations for WCNOG's pension plan assets are 31% to international equity securities, 25% to domestic equity securities, 25% to debt securities, 5% to commodity investments, and 14% to other investments. The investments in both international and domestic equity include investments in large-, mid-, and small-cap companies and investment funds with underlying investments similar to those previously mentioned. The investments in debt include core and high-yield bonds. Core bonds include funds invested in investment grade debt securities of corporate entities, obligations of U.S. and foreign governments and their agencies, and private debt securities. High-yield bonds include a fund with underlying investments in non-investment grade debt securities of corporate entities, private placements, and bank debt. Real estate securities include funds invested in commercial and residential real estate properties while commodity investments include funds invested in commodity-related instruments.

PENSION PLAN ASSETS

All of WCNOG's pension plan assets are recorded at fair value using daily net asset values as reported by the trustee.

Similar to other assets measured at fair value, GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring pension and postretirement benefit plan assets at fair value. From time to time, the WCNOG pension trust may buy and sell investments resulting in changes within the hierarchy. Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include cash equivalents. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics, or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. Significant inputs and valuation techniques used in measuring Level 3 fair values include market discount rates, projected cash flows, and the estimated value into perpetuity. Investments that do not have a readily determinable fair value are measured at net asset value (NAV). These investments do not consider the observability of inputs; therefore, they are not included within the fair value hierarchy. WCNOG includes investments in private equity, real estate, and alternative investment funds that do not have a readily determinable fair value in this category. The underlying alternative investments include collateralized debt obligations, mezzanine debt, and a variety of other investments.

The following table provides the fair value of KEPCo's 6% share of WCNOG's pension plan assets and the corresponding level within the fair hierarchy as of December 31:

	Fair Value Measurements Using				
	Fair Value	Level 1	Level 2	Level 3	NAV
2020					
Cash equivalents	\$182,152	\$182,152	\$-	\$-	\$-
Equity securities					
U.S.	7,084,961	-	-	-	7,084,961
International	8,605,847	-	-	-	8,605,847
Debt securities					
Core bonds	3,761,131	-	-	-	3,761,131
Alternative investments	7,105,823	-	-	-	7,105,823
Total investments	<u>\$26,739,914</u>	<u>\$182,152</u>	<u>\$-</u>	<u>\$-</u>	<u>\$26,557,762</u>
2019					
Cash equivalents	\$135,489	\$135,489	\$-	\$-	\$-
Equity securities					
U.S.	6,314,393	-	-	-	6,314,393
International	7,778,190	-	-	-	7,778,190
Debt securities					
Core bonds	6,211,176	-	-	-	6,211,176
Alternative investments	4,154,314	-	-	-	4,154,314
Total investments	<u>\$24,593,562</u>	<u>\$135,489</u>	<u>\$-</u>	<u>\$-</u>	<u>\$24,458,073</u>

Estimated future benefit payments as of December 31, 2020, for the Plans, which reflect expected future services, are as follows:

	Pension Benefits	Other Postretirement Benefits
EXPECTED CONTRIBUTIONS		
2021	\$1,398,000	\$81,574
EXPECTED BENEFIT PAYMENTS		
2021	\$2,188,775	\$81,574
2022	\$2,243,006	\$77,146
2023	\$2,356,310	\$70,259
2024	\$2,321,966	\$66,557
2025	\$2,316,938	\$60,044
2026-2030	\$11,852,936	\$255,465

NOTE 9: COMMITMENTS AND CONTINGENCIES

CURRENT ECONOMIC CONDITIONS

KEPCo considers current economic conditions when planning for future power supply and liquidity needs. The current economic climate may also affect KEPCo's ability to obtain financing.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the accompanying consolidated financial statements could change rapidly, resulting in material future adjustments that could negatively impact KEPCo's ability to meet debt covenants or maintain sufficient liquidity. Currently under state statutes, KEPCo's rate-making is deregulated and, therefore, KEPCo expects to be able to recover any economic losses through future rates.

LETTER OF CREDIT

KEPCo has an open letter of credit with NRUFC in the amount of \$1,500,000 that automatically renews every year. The letter of credit is intended to provide financial security to Southwest Power Pool pursuant to its credit policy.

NUCLEAR LIABILITY INSURANCE

Pursuant to the *Price-Anderson Act*, liability insurance includes coverage against public nuclear liability claims resulting from nuclear incidents to the required limit of public liability, which is approximately \$13,800,000,000. This limit of liability consists of the

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maximum available commercial insurance of \$500,000,000, and the remaining \$13,300,000,000 is provided through mandatory participation in an industry-wide retrospective assessment program. Under this retrospective assessment program, the owners of WCNOG are jointly and severally subject to an assessment of up to \$137,600,000 (KEPCo's share is \$8,300,000), payable at no more than \$20,500,000 (KEPCo's share is \$1,200,000) per incident per year per reactor for any commercial U.S. nuclear reactor qualifying incident. Both the total and yearly assessments are subject to an inflationary adjustment based on the Consumer Price Index and applicable premium taxes. In addition, Congress could impose additional revenue-raising measures to pay claims.

The owners of WCNOG carry nuclear accident decontamination liability, premature nuclear decommissioning liability, and property damage insurance for WCNOG totaling approximately \$2,800,000,000 (KEPCo's share is \$168,000,000). In the event of a nuclear accident, insurance proceeds must first be used for reactor stabilization and site decontamination in accordance with a plan mandated by the NRC. The owners' share of any remaining proceeds can be used to pay for property damage or, if certain requirements are met, including decommissioning the plant, toward a shortfall in the NDT.

The owners also carry additional insurance with Nuclear Electric Insurance Limited (NEIL) to help cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at WCNOG. If significant losses were incurred at any of the nuclear plants insured under the NEIL policies, the owners may be subject to retrospective assessments under the current policies of approximately \$33,200,000 (KEPCo's share is \$2,000,000) in 2020 and 2019.

Although KEPCo maintains various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, KEPCo's insurance coverage may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at WCNOG. Any substantial losses not covered by insurance, to the extent not recoverable in KEPCo's prices, would have a material effect on KEPCo's consolidated financial results.

DECOMMISSIONING INSURANCES

KEPCo carries premature decommissioning insurance that has several restrictions, one of which can only be used if WCNOG incurs an accident exceeding \$500,000,000 in expenses to safely stabilize the reactor and decontaminate the reactor and reactor station site in accordance with a plan approved by the NRC and pay for on-site property damages.

Once the NRC property rule requiring insurance proceeds to be used first for stabilization and decontamination has been complied with, the premature decommissioning coverage could pay for the decommissioning fund shortfall in the event an accident at WCNOG exceeds \$500,000,000 in covered damages and causes WCNOG to be prematurely decommissioned.

NUCLEAR FUEL COMMITMENTS

KEPCo owns a 6% undivided interest in WCNOG and provides its own financing for costs incurred by WCNOG. KEPCo's share of anticipated costs for ongoing nuclear fuel for WCNOG is estimated to be approximately \$20,452,000 for the next five years. KEPCo has provided a letter of credit of approximately \$2,068,000 in connection with nuclear fuel costs.

COAL COMMITMENTS

KEPCo owns a 3.53% undivided interest in Iatan 2 and provides its own

financing for costs incurred by Iatan 2. KEPCo's share of anticipated costs for ongoing coal fuel for Iatan 2 is estimated to be approximately \$13,600,000 for the next five years.

PURCHASE POWER COMMITMENTS

KEPCo has supply contracts with various utility companies to purchase power to supplement generation in given service areas. KEPCo has provided the Southwest Power Pool a letter of credit of \$1,500,000 to help ensure power is available if needed.

NOTE 10: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

LITIGATION

KEPCo is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have an adverse effect on the consolidated financial position, results of operations, and cash flows of KEPCo.

There is a provision in the WCNOG operating agreement whereby the owners treat certain claims and losses arising out of the operations of WCNOG as a cost to be borne by the owners separately (but not jointly) in proportion to their ownership shares. Each of the owners has agreed to indemnify the others in such cases.

DEFERRED COMPENSATION AGREEMENT

The amount of annual expense accrued for deferred compensation is based on an estimate of the total amounts payable under the contract over the lifetimes of the beneficiaries.

ASSET RETIREMENT OBLIGATION

As described in **NOTE 1**, KEPCo has recorded a liability for its conditional asset retirement obligation related to the WCNOG plant decommissioning costs.

PENSION AND OTHER POSTRETIREMENT BENEFIT OBLIGATIONS

KEPCo, through its 6% share in WCNOG, has a noncontributory defined benefit pension and postretirement medical plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

INVESTMENTS

KEPCo invests in various investment securities in its NDT. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

NOTE 11: DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

ASC 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

LEVEL 1 – Quoted prices in active markets for identical assets or liabilities

LEVEL 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

LEVEL 3 – Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

DECOMMISSIONING FUND AND SHORT-TERM INVESTMENTS

The decommissioning fund consists of various mutual funds where fair value is determined by quoted market prices in an active market and, as such, are classified within Level 1 of the valuation hierarchy. Short-term investments are investments with an original maturity greater than three months, but less than 12 months, in commercial paper issued by NRUCFC maturing in April 2021 and are classified within Level 2 of the valuation hierarchy.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at December 31:

Fair Value Measurements				
Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	

2020 NUCLEAR DECOMMISSIONING TRUST

Equity securities

Domestic fund	\$20,731,690	\$20,731,690	\$-	\$-
International fund	2,195,993	2,195,993	-	-
Domestic bond fund	12,458,624	12,458,624	-	-
Money market	178,644	178,644	-	-
Total nuclear decommissioning trust	\$35,564,951	\$35,564,951	-	-

Internal Investments

Short-term investments	13,000,000	-	13,000,000	-
Total Investments	\$48,564,951	\$35,564,951	\$13,000,000	\$-

2019 NUCLEAR DECOMMISSIONING TRUST

Equity securities

Domestic fund	\$17,014,773	\$17,014,773	\$-	\$-
International fund	1,981,101	1,981,101	-	-
Domestic bond fund	10,636,865	10,636,865	-	-
Money market	894,477	894,477	-	-
Total	\$30,527,216	\$30,527,216	-	-

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The estimated fair values of KEPCo's other financial instruments at December 31 are as follows:

	2020		2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	\$16,598,637	\$16,598,637	\$20,369,872	\$20,369,872
Short-term investments	\$13,000,000	\$13,000,000	\$-	\$-
Investments in associated organizations	\$11,362,681	\$11,362,681	\$11,601,080	\$11,601,080

The following methods were used to estimate the fair value of all other financial instruments not recognized in the accompanying consolidated balance sheets.

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The carrying amount approximates fair value.

INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Management was not able to estimate the fair value of investments that represent KEPCo's investment in memberships and other associated organizations and they remain at their cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

NOTE 12: PATRONAGE CAPITAL

In accordance with KEPCo's bylaws, KEPCo's current margins are to be allocated to members. KEPCo's current policy is to allocate to members based on revenues collected from the members as a percentage of total revenues. If KEPCo's consolidated financial statements were no longer prepared under the regulatory basis of accounting as prescribed by ASC 980, total patronage capital would be substantially less. Patronage capital distributions of \$699,114 were made to members in 2020. No patronage capital distributions were made to members in 2019.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 6, 2021, which is the date the consolidated financial statements were available to be issued.

WINTER STORM URI

In February 2021, the entire Southwest Power Pool region, which includes KEPCo's members' service territory, experienced a winter storm that resulted in record low temperatures, causing a substantial increase in energy and natural gas usage throughout the region. This high demand, coupled with strained natural gas supply and low wind generation availability, resulted in extraordinarily high natural gas and market energy prices. KEPCo's Board of Directors has elected to defer the excess costs of the winter storm and amortize them into its rates over two years.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES, KANSAS ELECTRIC POWER COOPERATIVE, INC. TOPEKA, KANSAS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **GOVERNMENT AUDITING STANDARDS**, issued by the Comptroller General of the United States, the consolidated financial statements of Kansas Electric Power Cooperative, Inc. and its wholly owned subsidiary (KEPCo), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of margin and comprehensive income (loss), patronage capital, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 6, 2021.



Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered KEPCo's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of KEPCo's internal control. Accordingly, we do not express an opinion on the effectiveness of KEPCo's internal control.

A **DEFICIENCY IN INTERNAL CONTROL** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A **MATERIAL WEAKNESS** is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A **SIGNIFICANT DEFICIENCY** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KEPCo's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **GOVERNMENT AUDITING STANDARDS**.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **GOVERNMENT AUDITING STANDARDS** in considering the entity's internal control and compliance.

Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

OKLAHOMA CITY, OKLAHOMA APRIL 6, 2021

ABOUT KEPCo

Kansas Electric Power Cooperative, Inc. (KEPCo), headquartered in Topeka, Kansas, was incorporated in 1975 as a not-for-profit generation and transmission cooperative (G&T). KEPCo strives for excellence in providing safe, reliable, economical and environmentally responsible power supply, exceptional support, and innovative services to our Members and the Kansans they serve.

In addition to its core mission, KEPCo also assists our Member cooperatives on such important activities as rural economic development, electric appliance rebates, load and power cost forecasting, and system enhancement projects.

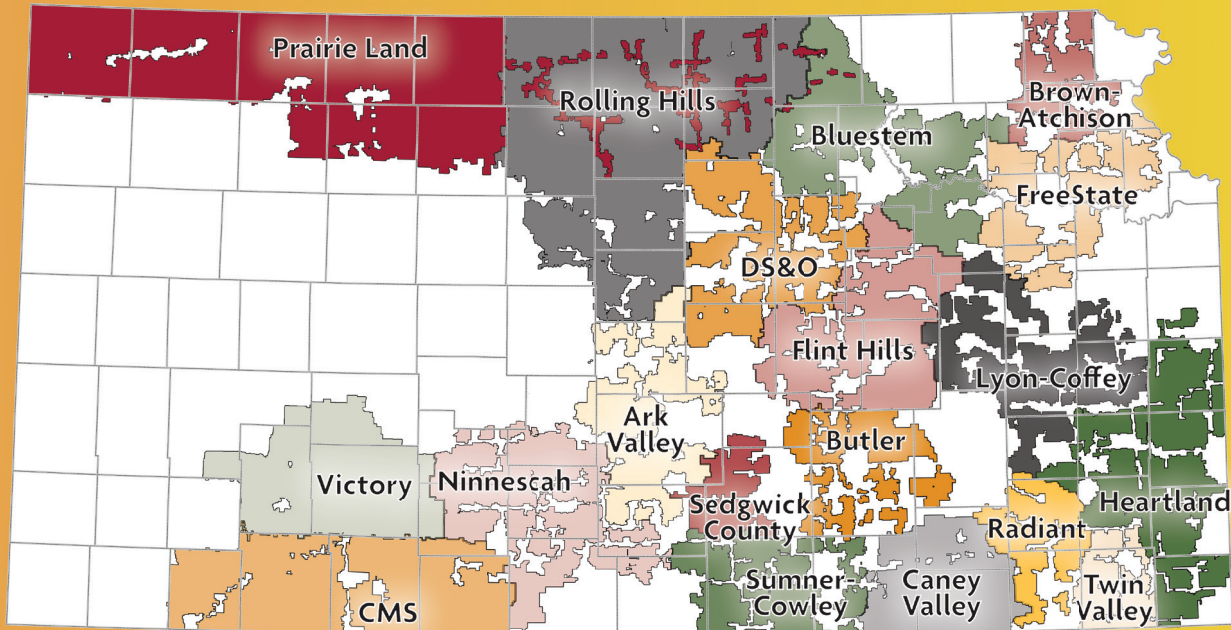
Governed by an 18-member Board of Trustees, KEPCo's Members collectively serve over 80,000 consumer-members in the eastern two-thirds of Kansas, which represents more than 200,000 rural Kansans. The Board of Trustees establishes policies and acts on issues that often include recommendations from working committees of the Board and KEPCo staff. The Board also elects a seven-person Executive Committee, which includes the president, vice president, secretary, treasurer, and three additional members.

KEPCo's power supply resources consist of: 70 MW of owned generation from Wolf Creek

KEPCo strives for excellence in providing safe, reliable, economical, and environmentally responsible power supply, exceptional support, and innovative services ...

Generating Station; 32 MW of owned generation from Iatan 2 Generating Plant; 20 MW of owned generation from Sharpe Generating Station; hydro allocations consisting of 100 MW from the Southwestern Power Administration and 13 MW from the Western Area Power Administration; 1 MW of owned generation from Prairie Sky Solar Farm; and partial requirement power purchases from regional utilities.

KEPCo is a Touchstone Energy® Cooperative, a national network of electric cooperatives across 46 states that provides resources and leverages partnerships to engage and serve their members. By working together, Touchstone Energy cooperatives stand as a source of power and information to their 32 million consumer-members every day.





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