Evergy Missouri West, Inc.

Financial Statements and Management's Narrative Analysis of the Results of Operations for the Years Ended December 31, 2022 and 2021 and Independent Auditor's Report

EVERGY MISSOURI WEST, INC.

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Consolidated Financial Statements and Management's Narrative Analysis of the Results of Operations for December 31, 2022 and 2021:

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GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
AAO	Accounting authority order
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AROs	Asset retirement obligations
BSER	Best system of emission reduction
CAA	Clean Air Act Amendments of 1990
CCRs	Coal combustion residuals
CO_2	Carbon dioxide
CPP	Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
ELG	Effluent limitations guidelines
EPA	Environmental Protection Agency
Evergy	Evergy, Inc.
Evergy Kansas Central	Evergy Kansas Central, Inc., a wholly-owned subsidiary of Evergy
Evergy Metro	Evergy Metro, Inc., a wholly-owned subsidiary of Evergy
Evergy Missouri West	Evergy Missouri West, Inc., a wholly-owned subsidiary of Evergy
February 2021 winter weather event	Significant winter weather event in February 2021 that resulted in extremely cold temperatures over a multi-day period across much of the central and southern United States
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
KDHE	Kansas Department of Health & Environment
MECG	Midwest Energy Consumers Group
MDNR	Missouri Department of Natural Resources
MPSC	Public Service Commission of the State of Missouri
NAAQS	National Ambient Air Quality Standards
NAV	Net asset value
OCI	Other comprehensive income
OPC	Office of the Public Counsel
SERP	Supplemental Executive Retirement Plan
SIP	State implementation plan
SPP	Southwest Power Pool, Inc.

EVERGY MISSOURI WEST, INC.

Consolidated Statements of Comprehensive Income

Year Ended December 31	2022	2021
	(millions)	
OPERATING REVENUES	$ 869.0	$ 833.3
OPERATING EXPENSES:		
Fuel and purchased power	372.0	312.9
Operating and maintenance	199.3	195.2
Depreciation and amortization	111.7	112.9
Taxes other than income tax	51.3	50.2
Sibley Unit 3 impairment loss and other regulatory disallowances	29.3	—
Total Operating Expenses	763.6	671.2
INCOME FROM OPERATIONS	105.4	162.1
OTHER INCOME (EXPENSE):		
Investment earnings	24.9	3.4
Other income	0.3	3.2
Other expense	(16.0)	(15.4)
Total Other Income (Expense), Net	9.2	(8.8)
Interest expense	48.7	52.0
INCOME BEFORE INCOME TAXES	65.9	101.3
Income tax expense	5.5	14.2
NET INCOME	$ 60.4	$ 87.1
COMPREHENSIVE INCOME		
NET INCOME	$ 60.4	$ 87.1
OTHER COMPREHENSIVE INCOME		
Defined benefit pension plans		
Net gain arising during period	5.0	0.7
Income tax expense	(1.2)	(0.2)
Net gain arising during period, net of tax	3.8	0.5
Amortization of net losses included in net periodic benefit costs	0.6	0.6
Income tax expense	(0.1)	(0.1)
Amortization of net losses included in net periodic benefit costs, net of tax	0.5	0.5
Change in unrecognized pension expense, net of tax	4.3	1.0
Total other comprehensive income	4.3	1.0
COMPREHENSIVE INCOME	$ 64.7	$ 88.1

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

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets

	December 31	
	2022	2021
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	**$ 2.2**	$ 1.8
Receivables, net of allowance for credit losses of $5.2 and $6.7, respectively	**49.5**	32.7
Related party receivables	**1.9**	1.6
Accounts receivable pledged as collateral	**50.0**	50.0
Fuel inventory and supplies	**82.7**	72.4
Income taxes receivable	**14.0**	3.9
Regulatory assets	**198.8**	77.1
Prepaid expenses and other assets	**9.4**	8.2
Total Current Assets	**408.5**	247.7
PROPERTY, PLANT AND EQUIPMENT, NET	**3,237.2**	3,009.4
OTHER ASSETS:		
Regulatory assets	**718.4**	617.0
Goodwill	**351.6**	351.6
Other	**21.9**	26.7
Total Other Assets	**1,091.9**	995.3
TOTAL ASSETS	**$ 4,737.6**	$ 4,252.4

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

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets

	December 31	
	2022	2021
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	**$ 10.0**	$ 387.5
Notes payable and commercial paper	**449.2**	395.3
Collateralized note payable	**50.0**	50.0
Accounts payable	**120.3**	142.2
Related party payables	**213.8**	306.0
Accrued taxes	**7.3**	8.2
Accrued interest	**11.1**	8.5
Regulatory liabilities	**28.0**	3.3
Asset retirement obligations	**2.1**	1.1
Other	**9.5**	4.2
Total Current Liabilities	**901.3**	1,306.3
LONG-TERM LIABILITIES:		
Long-term debt, net	**1,287.2**	752.5
Deferred income taxes	**445.7**	398.3
Unamortized investment tax credits	**2.5**	2.5
Regulatory liabilities	**327.6**	284.6
Retirement benefits	**17.0**	22.5
Asset retirement obligations	**22.5**	16.1
Other	**18.7**	19.2
Total Long-Term Liabilities	**2,121.2**	1,495.7
Commitments and Contingencies (Note 12)		
EQUITY:		
Common shareholder's equity		
Common stock-1,000 shares authorized, $0.01 par value, 10 shares issued, stated value	**1,457.7**	1,257.7
Retained earnings	**255.2**	194.8
Accumulated other comprehensive income (loss)	**2.2**	(2.1)
Total Shareholder's Equity	**1,715.1**	1,450.4
TOTAL LIABILITIES AND EQUITY	**$ 4,737.6**	$ 4,252.4

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

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Cash Flows

Year Ended December 31	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(millions)	
Net income	$ 60.4	$ 87.1
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	111.7	112.9
Net deferred income taxes and credits	32.2	80.9
Allowance for equity funds used during construction	0.2	(2.0)
Payments for asset retirement obligations	(0.9)	(9.0)
Sibley Unit 3 impairment loss and other regulatory disallowances	29.3	—
Changes in working capital items:		
Accounts receivable	(8.9)	10.9
Fuel inventory and supplies	(10.3)	(14.9)
Prepaid expenses and other current assets	(114.3)	(59.2)
Accounts payable	(0.4)	(12.5)
Accrued taxes	(10.0)	23.7
Other current liabilities	9.3	(0.1)
Change in other assets	(26.0)	(257.2)
Changes in other liabilities	81.4	13.5
Cash Flows from (used in) Operating Activities	153.7	(25.9)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(469.5)	(452.6)
Cash Flows used in Investing Activities	(469.5)	(452.6)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	53.9	329.4
Proceeds from long-term debt	544.3	497.3
Retirements of long-term debt	(387.5)	(429.4)
Net money pool borrowings	(94.5)	55.0
Equity contribution	200.0	—
Cash Flows from Financing Activities	316.2	452.3
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.4	(26.2)
CASH AND CASH EQUIVALENTS:		
Beginning of period	1.8	28.0
End of period	$ 2.2	$ 1.8

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

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

	Common stock shares	Common stock	Retained earnings	AOCI - Defined benefit pension plans	Total equity
	(millions, except share amounts)				
Balance as of December 31, 2020	10	$ 1,257.7	$ 107.7	$ (3.1)	$ 1,362.3
Net income	—	—	87.1	—	87.1
Change in unrecognized pension expense, net of tax	—	—	—	1.0	1.0
Balance as of December 31, 2021	10	1,257.7	194.8	(2.1)	1,450.4
Net income	—	—	60.4	—	60.4
Change in unrecognized pension expense, net of tax	—	—	—	4.3	4.3
Equity contribution	—	200.0	—	—	200.0
Balance as of December 31, 2022	**10**	**$ 1,457.7**	**$ 255.2**	**$ 2.2**	**$ 1,715.1**

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

EVERGY MISSOURI WEST, INC.
Notes to Consolidated Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Evergy Missouri West is an integrated, regulated electric utility that provides electricity to 341,200 customers in the state of Missouri. Evergy Missouri West conducts business in its service territory using the name Evergy.

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

Subsequent events have been evaluated through March 15, 2023, the date the consolidated financial statements were available to be issued.

Evergy Missouri West elected not to apply "push-down accounting" related to the Great Plains Energy Incorporated (Great Plains Energy) and Evergy Kansas Central merger in 2018, whereby the adjustments of assets and liabilities to fair value and the resulting goodwill would be recorded on the financial statements of the acquired subsidiary. Evergy Missouri West's recorded goodwill of $351.6 million as of December 31, 2022 and 2021 is related to Great Plains Energy's acquisition of Evergy Missouri West in 2008, where "push-down accounting" was applied.

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

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

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

	December 31	
	2022	2021
	(millions)	
Fuel inventory	$ 24.5	$ 24.7
Supplies	58.2	47.7
Fuel inventory and supplies	$ 82.7	$ 72.4

Property, Plant and Equipment
Evergy Missouri West records the value of property, plant and equipment at cost. For plant, cost includes contracted services, direct labor and materials, indirect charges for engineering and supervision and an allowance for funds used during construction (AFUDC). AFUDC represents the allowed cost of capital used to finance utility construction activity. AFUDC equity funds are included as a non-cash item in other income and AFUDC borrowed funds are a reduction of interest expense. AFUDC is computed by applying a composite rate to qualified

construction work in progress. The rates used to compute gross AFUDC are compounded semi-annually and averaged 2.3% in 2022 and 2.6% in 2021.

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

	2022	2021
	(millions)	
AFUDC borrowed funds	$ 2.4	$ 1.5
AFUDC equity funds	(0.2)	2.0
Total	$ 2.2	$ 3.5

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

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

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

		(years)	
Generating facilities	20	to	60
Transmission facilities	49	to	66
Distribution facilities	10	to	66
Other	5	to	55

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

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

Evergy Missouri West retired its Sibley Station in 2018 and the retirement of Sibley Unit 3 met the criteria to be considered an abandonment. Evergy Missouri West has classified the remaining net book value of Sibley Unit 3 as retired generation facilities within regulatory assets on its consolidated balance sheet. In October 2019, the Public Service Commission of the State of Missouri (MPSC) issued an accounting authority order (AAO) requiring Evergy Missouri West to defer to a regulatory liability 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 its retirement in November 2018 to be considered in Evergy Missouri West's 2022 rate case. See Note 4 for additional information regarding the AAO and Evergy Missouri West's 2022 rate case.

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

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

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

Revenue Recognition
Evergy Missouri West recognizes revenue on the sale of electricity to customers over time as the service is provided in the amount it has the right to invoice. Revenues recorded include electric services provided but not yet billed by Evergy Missouri West. Unbilled revenues are recorded for kWh usage in the period following the customers' billing cycle to the end of the month. This estimate is based on net system kWh usage less actual billed kWhs. Evergy Missouri West's estimated unbilled kWhs are allocated and priced by regulatory jurisdiction across the rate classes based on actual billing rates. Evergy Missouri West’s unbilled revenue estimate is affected by factors including fluctuations in energy demand, weather, line losses and changes in the composition of customer classes. See Note 3 for the balance of unbilled receivables for Evergy Missouri West as of December 31, 2022 and 2021.

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

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

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

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

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

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

Income Taxes

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

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

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

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

Other Income (Expense), Net

Evergy Missouri West's other income includes income from AFUDC equity funds. See "Property, Plant and Equipment" within this Note 1 for these amounts for 2022 and 2021.

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

	2022	2021
	(millions)	
Non-service cost component of net benefit cost	$ (15.2)	$ (14.6)
Other	(0.8)	(0.8)
Other expense	$ (16.0)	$ (15.4)

Supplemental Cash Flow Information

Year Ended December 31	2022	2021
Cash paid for (received from):	(millions)	
Interest, net of amount capitalized	$ 54.4	$ 49.4
Income taxes, net of refunds	(16.6)	(89.6)
Non-cash investing transactions:		
Property, plant and equipment additions	25.0	65.2

February 2021 Winter Weather Event

In February 2021, much of the central and southern United States, including the service territory of Evergy Missouri West, experienced a significant winter weather event that resulted in extremely cold temperatures over a multi-day period (February 2021 winter weather event). These circumstances resulted in higher than normal market prices within the Southwest Power Pool, Inc. (SPP) Integrated Marketplace for both natural gas and power for the duration of the February 2021 winter weather event. As part of the February 2021 winter weather event and inclusive of the aforementioned items, Evergy Missouri West incurred natural gas and purchased power costs, net of wholesale revenues, of $296.6 million.

Evergy Missouri West deferred substantially all of the fuel and purchased power costs, net of wholesale revenues, related to the February 2021 winter weather event to a regulatory asset for future recovery from customers through a securitization financing order. See Note 4 for additional information regarding this regulatory proceeding.

Renewable Generation Investment
In August 2022, Evergy Missouri West entered into an agreement with a renewable energy development company to purchase for approximately $250 million an operational wind farm located in the state of Oklahoma with a generating capacity of approximately 199 MW. The purchase is subject to regulatory approvals and closing conditions, including the granting of a Certificate of Convenience and Necessity (CCN) by the MPSC. In January 2023, the MPSC staff recommended the MPSC reject Evergy Missouri West's application for a CCN and allow it to file a new application with updated economic analyses of the renewable generation investment or alternatively extend the procedural schedule to allow the MPSC staff time to evaluate the current economic analyses prepared by Evergy Missouri West. A final decision by the MPSC is expected in the first half of 2023.

2. REVENUE

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

	2022	2021
Revenues	(millions)	
Residential	$ 441.7	$ 402.3
Commercial	307.0	273.9
Industrial	93.5	83.3
Other retail	(61.4)	6.8
Total electric retail	$ 780.8	$ 766.3
Wholesale	45.0	29.6
Transmission	20.4	16.8
Industrial steam and other	21.7	19.6
Total revenue from contracts with customers	$ 867.9	$ 832.3
Other	1.1	1.0
Operating revenues	$ 869.0	$ 833.3

Evergy Missouri West's other retail electric revenues in 2022, include a $68.0 million deferral of revenues to a regulatory liability for the expected refund of amounts collected from customers since December 2018 for the return on investment of the retired Sibley Station. See "Other Proceedings" in Note 4 for additional information.

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

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

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

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

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

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

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

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

3. RECEIVABLES

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

	December 31	
	2022	2021
	(millions)	
Customer accounts receivable - billed	$ 8.9	$ 1.3
Customer accounts receivable - unbilled	40.0	27.8
Other receivables	5.8	10.3
Allowance for credit losses	(5.2)	(6.7)
Total	$ 49.5	$ 32.7

As of December 31, 2022 and 2021, other receivables for Evergy Missouri West included receivables from contracts with customers of $0.9 million and $0.6 million, respectively.

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

	2022	2021
	(millions)	
Beginning balance January 1	$ 6.7	$ 3.7
Credit loss expense	1.3	5.6
Write-offs	(5.0)	(4.8)
Recoveries of prior write-offs	2.2	2.2
Ending balance December 31	$ 5.2	$ 6.7

Sale of Accounts Receivable

Evergy Missouri West sells an undivided percentage ownership interest in its retail electric accounts receivable to an independent outside investor. This sale is accounted for as a secured borrowing with accounts receivable pledged as collateral and a corresponding short-term collateralized note payable recognized on the balance sheets. At December 31, 2022 and 2021, Evergy Missouri West's accounts receivable pledged as collateral and the corresponding short-term collateralized note payable were $50.0 million. Evergy Missouri West's receivable sales facility expires in 2024 and 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 mid-November.

4. RATE MATTERS AND REGULATION

MPSC Proceedings

2022 Rate Case Proceeding

In January 2022, Evergy Missouri West filed an application with the MPSC to request an increase to its retail revenues of $27.7 million before rebasing fuel and purchased power expense, with a return on equity of 10% and a rate-making equity ratio of 51.81%. The request reflected increases related to higher property taxes and the recovery of infrastructure investments made to improve reliability and enhance customer service and were also partially offset by significant customer savings and cost reductions created since the Great Plains Energy and Evergy Kansas Central merger in 2018. Evergy Missouri West also requested an additional $32.1 million increase associated with rebasing fuel and purchased power expense, the implementation of tracking mechanisms for both property tax expense and credit loss expense, the creation of a storm reserve, and the full return of and return on its unrecovered investment related to the 2018 retirement of Sibley Station as part of its application with the MPSC.

During the third quarter of 2022, Evergy Missouri West, MPSC staff and other intervenors in the case reached several non-unanimous partial stipulations and agreements to settle certain issues in the case. In September 2022, the MPSC issued an order approving the partial non-unanimous stipulations and agreements.

In December 2022, the MPSC issued an amended final rate order settling the remaining issues in the case, including the treatment of Evergy Missouri West's unrecovered investment in Sibley Station. The order and prior partial stipulations and agreements approved by the MPSC provide for an increase to Evergy Missouri West's retail revenues of $30.1 million after rebasing fuel and purchased power expense. The order determined that Evergy Missouri West will be allowed to collect $182.3 million ($173.6 million attributable to Sibley Unit 3) from customers over a period of eight years as a recovery of its existing investment in Sibley Station but will not be allowed to collect the return on its unrecovered investment in Sibley Station. The order also required Evergy Missouri West to refund to customers all revenues collected from customers for return on investment, non-fuel operations and maintenance costs and other costs associated with Sibley Station following its retirement in November 2018 over a period of four years. Also included in the final order was a disallowance related to the recovery of costs associated with the replacement of certain electric meters.

As a result of the amended final order, Evergy Missouri West recorded a $68.0 million reduction to operating revenues and a corresponding increase to its Sibley AAO regulatory liability for revenues collected from customers for return on investment in Sibley Station since December 2018, which had not previously been recorded as they were not determined to be probable of refund, a $26.7 million impairment loss on Sibley Unit 3 and a $2.7 million other regulatory disallowance related to the recovery of costs associated with the replacement of certain meters on its consolidated statement of comprehensive income for 2022. As of December 31, 2022, the remaining net book value of Sibley Unit 3 was $146.3 million, which is representative of the $173.6 million unrecovered investment in Sibley Unit 3 determined by the MPSC in its December 2022 order less the 2022 impairment loss recorded and other amortization expense. As of December 31, 2022, Evergy's Sibley AAO regulatory liability was $108.0 million. The rates established by this order took effect in January 2023.

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 a regulatory liability for the revenues discussed above for consideration in Evergy Missouri West's 2022 rate case. Subsequent to the MPSC order in 2019, Evergy Missouri West recorded a regulatory liability for the estimated amount of revenues that Evergy Missouri West had collected from customers for Sibley Station since December 2018 that Evergy Missouri West had determined was probable of refund. This regulatory liability did not include revenues collected related to the return on investment in Sibley Station as Evergy Missouri West determined that they were not probable of refund based on the relevant facts and circumstances. As of December 31, 2021, this Sibley AAO regulatory liability was $29.3 million.

As a result of the Evergy Missouri West 2022 rate case determination, Evergy Missouri West recorded an additional $68.0 million deferral to its Sibley AAO regulatory liability in 2022 for revenues collected from customers for return on investment in Sibley Station since December 2018. See "2022 Rate Case Proceeding" within this Note 4 for additional information.

February 2021 Winter Weather Event AAO

In June 2021, Evergy Missouri West and Evergy Metro filed a joint request for an AAO with the MPSC that would allow Evergy Missouri West to defer to a regulatory asset any extraordinary costs, including carrying costs, to provide electric service during the February 2021 winter weather event for consideration in future proceedings.

Evergy Missouri West initially deferred substantially all of its fuel and purchased power costs, net of wholesale revenues, related to the February 2021 winter weather event to a regulatory asset pursuant to its ability to recover these amounts through its fuel recovery mechanism, which allows for the recovery of 95% of increases in fuel and purchased power costs, net of wholesale revenues, above the amount included in base rates to customers. This AAO request is intended to address the recovery of the February 2021 winter weather event amounts separate from the normal fuel recovery mechanism process given the extraordinary nature of the February 2021 winter weather event and to help moderate customer bill impacts. Evergy Missouri West recognized a regulatory asset of approximately $280 million related to its costs incurred during the February 2021 winter weather event, primarily consisting of increased fuel and purchased power costs.

In the AAO filing, Evergy Missouri West requested to exclude its deferred February 2021 winter weather event amounts from recovery through its fuel recovery mechanism and indicated its intent to recover them through issuing securitized bonds pursuant to the securitization legislation signed into law in Missouri in July 2021. Evergy Missouri West also requested an approximately $15 million increase to its February 2021 winter weather event recovery from Missouri customers, which is not currently reflected in its regulatory asset for the February 2021 winter weather event, for the portion of net fuel and purchased power costs not traditionally recoverable because of the 5% sharing provision of its fuel recovery mechanism.

In April 2022, the MPSC staff filed a motion to suspend the February 2021 winter weather event AAO procedural schedule for Evergy Missouri West pending the resolution of its petition for securitization financing order discussed below. The MPSC granted the motion to suspend the AAO procedural schedule in April 2022.

February 2021 Winter Weather Event Securitization

In March 2022, Evergy Missouri West filed a petition for financing order with the MPSC requesting authorization to finance its extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event, including carrying costs, through the issuance of securitized bonds. Evergy Missouri West requested to repay the securitized bonds and collect the related amounts from customers over a period of approximately 15 years from the date of issuance of the securitized bonds.

In November 2022, the MPSC issued a revised financing order authorizing Evergy Missouri West to issue securitized bonds to recover its extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. As part of this order, the MPSC found that Evergy Missouri West's costs were prudently incurred, that it should only be allowed to recover 95% of its extraordinary fuel and purchased power costs consistent with the 5% sharing provision of its fuel recovery mechanism, that it should be allowed to recover carrying costs incurred since February 2021 at Evergy Missouri West's long-term debt rate of 5.06% and approved a 15 year repayment period for the bonds with a 17 year legal maturity. In the third quarter of 2022, Evergy Missouri West recorded an increase of $15.0 million to its February 2021 winter weather event regulatory asset for the recovery of carrying charges granted in the MPSC's financing order. As of December 31, 2022 and 2021, the value of Evergy Missouri West's February 2021 winter weather event regulatory asset was $309.0 million and $281.6 million, respectively. Evergy Missouri West will continue to record carrying charges on its February 2021 winter weather event regulatory asset until it issues the securitized bonds.

In January 2023, the OPC filed an appeal with the Missouri Court of Appeals, Western District, challenging the financing order regarding the treatment of income tax deductions, carrying costs and discount rates related to the financing of the extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. A final nonappealable financing order is required prior to the issuance of securitized bonds. A decision by the Missouri Court of Appeals, Western District, is currently expected in the second half of 2023, though the timeline for the decision is uncertain.

Regulatory Assets and Liabilities

Evergy Missouri West has recorded assets and liabilities on its consolidated balance sheets resulting from the effects of the ratemaking process, which would not otherwise be recorded if Evergy Missouri West was not regulated. Regulatory assets represent incurred costs that are probable of recovery from future revenues. Regulatory liabilities represent future reductions in revenues or refunds to customers.

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

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

	December 31	
	2022	2021
Regulatory Assets	(millions)	
Pension and post-retirement costs	$ 82.4	$ 88.3
Debt reacquisition costs	0.8	1.0
Depreciation	54.8	21.4
Cost of removal	48.0	26.3
Asset retirement obligations	19.6	17.9
Iatan No. 1 and common facilities	3.6	3.8
Iatan No. 2 construction accounting costs	12.0	12.3
Property taxes	2.6	—
Deferred customer programs	1.1	4.5
Fuel recovery mechanism	175.0	61.9
February 2021 winter weather event	309.0	281.6
Solar rebates	15.7	21.3
Pension and other post-retirement benefit non-service costs	19.8	13.0
Retired generation facility	146.3	123.4
Merger transition costs	4.3	5.0
Other regulatory assets	22.2	12.4
Total	917.2	694.1
Less: current portion	(198.8)	(77.1)
Total noncurrent regulatory assets	$ 718.4	$ 617.0

	December 31	
	2022	2021
Regulatory Liabilities	(millions)	
Taxes refundable through future rates	$ 195.8	$ 209.7
Pension and post-retirement costs	2.9	5.3
Sibley AAO	108.0	29.3
Other regulatory liabilities	48.9	43.6
Total	355.6	287.9
Less: current portion	(28.0)	(3.3)
Total noncurrent regulatory liabilities	$ 327.6	$ 284.6

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, prior service and transition costs that will be recognized in future net periodic pension and post-retirement costs, pension settlements amortized over various periods and financial and regulatory accounting method differences that will be eliminated over the life of pension and post-retirement plans maintained by Evergy and certain of its subsidiaries, of which Evergy Missouri West is allocated its respective share of the costs. Of these amounts, $61.4 million is not included in rate base and is amortized over various periods.

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

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

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

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

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

Property taxes: Represents actual costs incurred for property taxes in excess of amounts collected in revenues. These costs are expected to be requested in a future rate case and are not 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 this amount, $1.1 million is not included in rate base and is amortized over various periods.

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

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

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

Retired generation facility: Represents amounts to be recovered for facilities that have been retired 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.

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.

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

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

5. GOODWILL

In May 2022, Evergy Missouri West voluntarily changed its annual goodwill impairment testing date from September 1 to May 1. Management considers this accounting change to be preferable because Evergy Missouri West’s new goodwill impairment testing date will align with the annual impairment testing date of Evergy, Inc. This change has been applied prospectively from May 1, 2022 as retrospective application is deemed impracticable due to the inability to objectively determine the assumptions and significant estimates used in earlier periods without the benefit of hindsight.

Accounting rules require goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. The annual impairment test for the $351.6 million of Evergy Missouri West acquisition goodwill was conducted as of May 1, 2022. The goodwill impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill, to identify potential impairment. In the event that the carrying amount exceeds the fair value of the reporting unit, an impairment loss is recognized for the difference between the carrying amount of the reporting unit and its fair value. Evergy Missouri West's regulated electric utility operations are considered one reporting unit for assessment of impairment, as they have similar economic characteristics. The determination of fair value of the reporting unit consisted of two valuation techniques: an income approach consisting of a discounted cash flow analysis and a market approach consisting of a determination of reporting unit invested capital using a market multiple derived from the historical earnings before interest, income taxes, depreciation and amortization and market prices of the stock of peer companies. The results of the two techniques were evaluated and weighted to determine a point within the range that management considered representative of fair value for the reporting unit. The fair value of the reporting unit exceeded the carrying amount, including goodwill. As a result, there was no impairment of goodwill.

6. ASSET RETIREMENT OBLIGATIONS

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

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

The following table summarizes the changes in Evergy Missouri West's AROs for the periods ending December 31, 2022 and 2021.

	2022	2021
	(millions)	
Beginning balance, January 1	$ 17.2	$ 19.5
Revision in timing and/or estimates	7.4	0.2
Settlements	(0.9)	(3.7)
Accretion	0.9	1.2
Ending balance	$ 24.6	$ 17.2
Less: current portion	(2.1)	(1.1)
Total non-current asset retirement obligation	$ 22.5	$ 16.1

7. PROPERTY, PLANT AND EQUIPMENT

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

	December 31	
	2022	2021
	(millions)	
Electric plant in service	$ 4,499.9	$ 4,038.9
Accumulated depreciation	(1,381.7)	(1,251.6)
Plant in service	3,118.2	2,787.3
Construction work in progress	119.0	222.1
Net property, plant and equipment	$ 3,237.2	$ 3,009.4

Evergy Missouri West recorded depreciation expense on property, plant and equipment of $110.9 million in 2022 and $112.1 million in 2021.

8. RETIREMENT BENEFITS

Evergy Missouri West maintains a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) for certain former executives. The SERP is unfunded; however, Evergy Missouri West has approximately $9.2 million of assets in a non-qualified trust for the SERP as of December 31, 2022, and expects to fund future benefit payments from these assets. Benefits paid by Evergy Missouri West in each of 2022 and 2021 were $1.3 million.

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

	December 31	
	2022	2021
	(millions)	
Projected benefit obligation	$ 18.3	$ 23.8
Funded status	$ (18.3)	$ (23.8)
Accumulated benefit obligation	$ 18.3	$ 23.8
Amounts recognized in the consolidated balance sheets		
Current retirement benefits liability	$ (1.3)	$ (1.3)
Noncurrent retirement benefits liability	(17.0)	(22.5)
Net amount recognized before Other Comprehensive Income (OCI)	(18.3)	(23.8)
Accumulated OCI	(2.9)	2.7
Net amount recognized	$ (21.2)	$ (21.1)
Amounts in accumulated OCI not yet recognized as a component of net periodic benefit cost:		
Actuarial loss	$ (2.9)	$ 2.7
Assumptions used for benefit obligations:		
Discount rate	5.73 %	3.07 %

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

Year Ended December 31	2022	2021
	(millions)	
Net periodic benefit costs	$ 1.3	$ 1.3
Other changes in plan assets and benefit obligations recognized in OCI		
Current year net (gain) loss	$ (5.0)	$ (0.7)
Amortization of loss	(0.6)	(0.6)
Total recognized in OCI	(5.6)	(1.3)
Total recognized in net periodic benefit costs and OCI	$ (4.3)	$ —
Expense assumptions:		
Discount rate	3.07 %	2.74 %

Evergy Missouri West's projected benefit payments related to the SERP are $1.3 million for 2023, $1.4 million for 2024, $1.6 million per year for 2025 through 2027 and a total of $7.4 million for the years 2028 to 2032.

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

Evergy's $2.5 billion master credit facility expires in 2026. Evergy Missouri West has borrowing capacity under the master credit facility with a current sublimit of $700.0 million. This sublimit can be unilaterally adjusted by Evergy provided the sublimit remains within minimum and maximum sublimits as specified in the facility. The applicable interest rates and commitment fees of the facility are subject to upward or downward adjustments, within certain limitations, if Evergy achieves, or fails to achieve, certain sustainability-linked targets based on two key performance indicator metrics: (i) Non-Emitting Generation Capacity and (ii) Diverse Supplier Spend (as defined in the facility).

A default by Evergy Missouri West or one of its significant subsidiaries on other indebtedness totaling more than $100.0 million constitutes a default by Evergy Missouri West under the facility. Under the terms of this facility, Evergy Missouri West is required to maintain a total indebtedness to total capitalization ratio, as defined in the facility, of not greater than 0.65 to 1.00 at all times. As of December 31, 2022, Evergy Missouri West was in compliance with this covenant.

At December 31, 2022, Evergy Missouri West had $449.2 million of commercial paper outstanding at a weighted-average interest rate of 4.84%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility. At December 31, 2021, Evergy Missouri West had $395.3 million of commercial paper outstanding at a weighted-average interest rate of 0.40%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility.

10. LONG-TERM DEBT

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

		December 31	
	Year Due	2022	2021
Mortgage Bonds		(millions)	
5.15% Series	2027	$ 300.0	$ —
3.75% Series	2032	250.0	—
Senior Notes			
3.49% Series A[a]	2025	36.0	36.0
4.06% Series B[a]	2033	60.0	60.0
4.74% Series C[a]	2043	150.0	150.0
3.74% Series[a]	2022	—	100.0
2.86% Series A[a]	2031	350.0	350.0
3.01% Series B[a]	2033	75.0	75.0
3.21% Series C[a]	2036	75.0	75.0
Medium Term Notes			
7.33% Series[a]	2023	3.0	3.0
7.17% Series[a]	2023	7.0	7.0
Affiliated Notes Payable to Evergy			
5.15% Series	2022	—	287.5
Current maturities		(10.0)	(387.5)
Unamortized debt discount and debt issuance costs		(8.8)	(3.5)
Total excluding current maturities		$ 1,287.2	$ 752.5

[a] Unconditionally guaranteed by Evergy, Inc.

Mortgage Bonds

In March 2022, Evergy Missouri West entered into a First Mortgage Indenture and Deed of Trust, dated as of March 1, 2022 (Evergy Missouri West Mortgage Indenture), establishing a first mortgage lien on substantially all of its present properties and certain after-acquired properties, subject to certain exceptions. In connection with the establishment of the Evergy Missouri West Mortgage Indenture, Evergy Missouri West issued collateral mortgage bonds secured by the Evergy Missouri West Mortgage Indenture to serve as collateral for Evergy Missouri West's obligations under the following outstanding unsecured senior notes:

- $36.0 million of 3.49% Series A, maturing in 2025;
- $60.0 million of 4.06% Series B, maturing in 2033;
- $150.0 million of 4.74% Series C, maturing in 2043;
- $350.0 million of 2.86% Series A, maturing in 2031;
- $75.0 million of 3.01% Series B, maturing in 2033; and
- $75.0 million of 3.21% Series C, maturing in 2036.

Under the Evergy Missouri West Mortgage Indenture, additional Evergy Missouri West mortgage bonds may be issued on the basis of 75% of property additions or retired bonds. As of December 31, 2022, approximately $1,905.0 million principal amount of additional Evergy Missouri West mortgage bonds could be issued under the most restrictive provisions in the mortgage.

The collateral mortgage bonds were issued to the holders of the unsecured senior notes, are only payable if Evergy Missouri West defaults on the underlying unsecured senior notes and do not increase the amount of outstanding debt for Evergy Missouri West.

As a result of the above transactions, Evergy Missouri West's outstanding senior notes have effectively become secured by the mortgage lien of the Evergy Missouri West Mortgage Indenture and rank equally and ratably with all of Evergy Missouri West's mortgage bonds, regardless of series, from time to time issued and outstanding under the Evergy Missouri West Mortgage Indenture.

Also in March 2022, Evergy Missouri West issued, at a discount, $250.0 million of 3.75% first mortgage bonds (FMBs), maturing in 2032.

In December 2022, Evergy Missouri West issued, at a discount, $300.0 million of 5.15% FMBs, maturing in 2027.

Senior Notes
Under the terms of the note purchase agreements for certain senior notes, Evergy Missouri West is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreements, not greater than 0.65 to 1.00. In addition, Evergy Missouri West's priority debt, as defined in the agreements, cannot exceed 15% of consolidated tangible net worth, as defined in the agreements. At December 31, 2022, Evergy Missouri West was in compliance with these covenants.

In March 2022, Evergy Missouri West repaid its $100.0 million of 3.74% Senior Notes at maturity.

Affiliated Notes Payable to Evergy
In June 2022, Evergy Missouri West repaid its $287.5 million of 5.15% Affiliated Notes Payable to Evergy, at maturity.

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

	2023	2024	2025	2026	2027
			(millions)		
Evergy Missouri West	$ 10.0	$ —	$ 36.0	$ —	$ 300.0

Financing of Planned 2023 Capital Expenditures
Evergy Missouri West currently has planned capital expenditures within twelve months from the date of issuance of the financial statements that it currently does not have the cash on hand or liquidity to fund. These planned capital expenditures primarily consist of Evergy Missouri West’s planned $250 million acquisition of an operational wind farm located in the state of Oklahoma. Evergy Missouri West plans to fund these capital expenditures through the issuance of long-term debt. In the event that Evergy Missouri West is unable to obtain the necessary financing, Evergy Missouri West could reduce its discretionary capital spending or in the alternative, Evergy, Inc. has committed to provide Evergy Missouri West with equity financing support for its operating, investing and financing activities for at least one year following the date that the financial statements are issued. See Note 13 for additional information on affiliated financing arrangements.

11. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Fair Value of Long-Term Debt

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

	December 31, 2022		December 31, 2021	
	Book Value	Fair Value	Book Value	Fair Value
	(millions)			
Long-term debt[(a)]	$ 1,297.2	$ 1,155.8	$ 1,140.0	$ 1,195.4

[(a)]Includes current maturities.

Supplemental Executive Retirement Plan

At December 31, 2022 and 2021, Evergy Missouri West's SERP rabbi trusts included $9.2 million and $12.5 million of core bond funds, respectively. The core bond funds are Level 1 investments.

12. COMMITMENTS AND CONTINGENCIES

Environmental Matters

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

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

Clean Air Act - Startup, Shutdown and Malfunction (SSM) Regulation
In 2015, the Environmental Protection Agency (EPA) issued a final rule addressing how state implementation plans (SIPs) can treat excess emissions during SSM events. This rule was referred to as the 2015 SIP Call Rule. The rule required 36 states to submit SIP revisions by November 2016 to remove certain exemptions and other discretionary enforcement provisions that apply to excess emissions during SSM events. Legal challenges ensued and the case was eventually placed in abeyance. In December 2021, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit) restarted the litigation and oral arguments were held in March 2022. An additional case was also taking place in the U.S. District Court for the Northern District of California (District Court of Northern California) and in June 2022, the District Court of Northern California entered a final consent decree establishing deadlines for the EPA to take final action on SIP revisions that were submitted in response to the 2015 SIP Call Rule. Deadlines for 26 states and air districts, including Kansas, Missouri and Oklahoma, are listed in the final consent decree. Final action from the EPA could result in required SIP revisions in Oklahoma, Kansas and Missouri which could have a material impact on Evergy Missouri West. If the D.C. Circuit overturns the EPA's 2015 SIP Call Rule, the final consent decree's deadlines will no longer be valid.

Ozone Interstate Transport State Implementation Plans (ITSIP)
In 2015, the EPA lowered the Ozone National Ambient Air Quality Standards (NAAQS) from 75 ppb to 70 ppb. Impacted states were required to submit ITSIPs in 2018 to comply with the "Good Neighbor Provisions" of the Clean Air Act (CAA). The EPA did not act on these ITSIP submissions and was challenged in a court filing in May 2021 to address them. In February 2022, the EPA published proposed disapprovals of ITSIPs for nineteen states including Missouri and Oklahoma. In April 2022, the EPA published a final approval of the Kansas ITSIP in the Federal Register. In June 2022, the Missouri Department of Natural Resources (MDNR) announced that it intended to submit a supplemental ITSIP to the EPA and placed the document on public notice until August 2022. MDNR submitted the supplemental ITSIP to the EPA on November 1, 2022.

Ozone Interstate Transport Federal Implementation Plans (ITFIP)
In April 2022, the EPA published in the Federal Register the proposed ITFIP to resolve outstanding "Good Neighbor" obligations with respect to the 2015 Ozone NAAQS for 26 states including Missouri and Oklahoma. This ITFIP would establish a revised Cross-State Air Pollution Rule (CSAPR) ozone season nitrogen oxide (NOx) emissions trading program for electric generating units (EGUs), and would limit ozone season NOx emissions from certain industrial stationary sources. The proposed rule would also establish a new daily backstop NOx emissions rate limit for applicable coal-fired units larger than 100 MW, as well as unit-specific NOx emission rate limits for certain industrial emission units, and would feature "dynamic" adjustments of emission budgets for EGUs beginning with ozone season 2025. The proposed ITFIP includes reductions to the state ozone season NOx budgets for Missouri and Oklahoma beginning in 2023 with additional reductions in future years. Evergy Missouri West provided formal comments as part of the rulemaking process. The EPA intends to issue final ITFIPs for applicable states in March 2023. Due to uncertainty regarding the proposed ITFIP, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with the ITFIP could be material.

Particulate Matter and Ozone National Ambient Air Quality Standards
In January 2023, the EPA proposed strengthening the primary annual $PM_{2.5}$ (particulate matter less than 2.5 microns in diameter) NAAQS. The EPA is proposing to lower the primary annual $PM_{2.5}$ NAAQS from 12.0 µg/m3 (micrograms per cubic meter) to a level that would be between 9.0 and 10.0 µg/m3. The EPA is proposing to retain the other PM NAAQS at their current levels. The EPA is also in the process of reconsidering its December 2020 decisions to retain each of the Ozone NAAQS at the level set in 2015. Due to uncertainty regarding the potential lowering of the ozone and $PM_{2.5}$ NAAQS, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with lower future ozone or $PM_{2.5}$ NAAQS could be material.

Regional Haze Rule
In 1999, the EPA finalized the Regional Haze Rule which aims to restore national parks and wilderness areas to pristine conditions. The rule requires states in coordination with the EPA, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties to develop and implement air quality

protection plans to reduce the pollution that causes visibility impairment. There are 156 "Class I" areas across the U.S. that must be restored to pristine conditions by the year 2064. There are no Class I areas in Kansas, whereas Missouri has two: the Hercules-Glades Wilderness Area and the Mingo Wilderness Area. States must submit revisions to their Regional Haze Rule SIPs every ten years and the first round was due in 2007. For the second ten-year implementation period, the EPA issued a final rule revision in 2017 that allowed states to submit their SIP revisions by July 31, 2021. Evergy Missouri West has been in contact with the Kansas Department of Health and Environment (KDHE) and MDNR as they worked to draft their SIP revisions. The Missouri SIP revision does not require any additional reductions from Evergy Missouri West's generating units in the state. MDNR submitted the Missouri SIP revision to the EPA in August 2022, however, they failed to do so by the EPA's revised submittal deadline of August 15, 2022. As a result, on August 30, 2022, the EPA published "finding of failure" with respect to Missouri and fourteen other states for failing to submit their Regional Haze SIP revisions by the applicable deadline. This finding of failure established a two-year deadline for the EPA to issue a Regional Haze federal implementation plan (FIP) for each state unless the state submits and the EPA approves a revised SIP that meets all applicable requirements before the EPA issues the FIP. The Kansas SIP revision was placed on public notice in June 2021 and requested no additional emission reductions by electric utilities based on the significant reductions that were achieved during the first implementation period. The EPA provided comments on the Kansas SIP revision in June 2021 that each state is statutorily required to conduct a "four-factor analysis" on at least two sources within the state to help determine if further emission reductions are necessary. The EPA also stated it would be difficult to approve the Kansas SIP revision if at least two four-factor analyses are not conducted on Kansas emission sources. KDHE submitted the Kansas SIP revision in July 2021. If a Kansas generating unit of Evergy Missouri West is selected for analysis, the possibility exists that the state or EPA, through a revised SIP or a FIP, could determine that additional operational or physical modifications are required on the generating unit to further reduce emissions. The overall cost of those modifications could be material to Evergy Missouri West.

Greenhouse Gases

Burning coal and other fossil fuels releases carbon dioxide (CO_2) and other gases referred to as greenhouse gases (GHG). Various regulations under the CAA limit CO_2 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 emission guidelines for GHG emissions from existing electric utility generating units (EGUs) and revisions to emission guideline implementing regulations. The rule defined the "best system of emission reduction" (BSER) for GHG emissions from existing coal-fired EGUs as on-site, heat-rate efficiency improvements. In conjunction with the finalization of the ACE rule, the EPA repealed its previously adopted Clean Power Plan (CPP) on the basis that the EPA had exceeded its statutory authority under CAA section 111(d) by defining BSER through generation shifting. A number of states and industry parties filed petitions for review in the D.C. Circuit, challenging the EPA's repeal of the CPP and its enactment of the ACE rule, and in January 2021, the D.C. Circuit issued a decision holding that CAA section 111(d) could be read in a manner that allows the EPA to define BSER as including generation shifting. The D.C. Circuit therefore vacated both the EPA's repeal of the CPP and its replacement of that rule with the ACE rule, and remanded them to the EPA for further consideration. In October 2021, the Supreme Court granted petitions for certiorari to review the D.C. Circuit decision. The Supreme Court issued its decision in June 2022, reversing the D.C. Circuit's decision and holding that, absent specific authorization from Congress, the EPA lacks authority to define BSER through generation shifting. Given that the Supreme Court found the CPP to be unlawful and that the deadlines established in the ACE rule have passed, neither rule is in effect following the Supreme Court's ruling. In January 2023, the EPA announced its intent to propose GHG regulations that would apply to EGUs by April 2023.

Due to uncertainty regarding the future of the EPA's GHG regulations, Evergy Missouri West cannot determine the impacts on its operations or consolidated financial results, but the cost to comply with potential GHG rules could be material.

Water
Evergy Missouri West discharges some of the water used in generation and other operations containing substances deemed to be pollutants. A November 2015 EPA rule applicable to steam-electric power generating plants 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 vacated and remanded portions of the original ELG rule. Due to this ruling, the EPA announced a plan in July 2021 to issue a proposed rule in the fall of 2022 to address the vacated limitations for legacy wastewater and landfill leachate. This proposed rule has not yet been issued and the EPA is now expected to initiate this proposed rulemaking in early 2023. Future ELG modifications for the best available technology economically achievable for the discharge of legacy wastewater and landfill leachate are likely and could be material to Evergy Missouri West.

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 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. In August 2021, the EPA published notice in the Federal Register that it is initiating a supplemental rulemaking to revise the ELG regulations after completing review of the ELG reconsideration rule as a result of an executive order from President Biden. As part of the rulemaking process, the EPA will determine if more stringent limitations and standards are appropriate. The 2020 ELG reconsideration rule will remain in effect while the EPA undertakes this new rulemaking.

Evergy Missouri West has reviewed the 2020 ELG reconsideration regulation, and the costs to comply with these changes are not expected to be material. However, Evergy Missouri West cannot predict what revisions the EPA may make under its supplemental rulemaking to revise the ELG regulations, and compliance costs associated with any revisions could be material.

In August 2021, based on an order issued by the U.S. District Court for the District of Arizona, which vacated and remanded the EPA's 2020 Navigable Waters Protection Rule (NWPR), the EPA and the U.S. Army Corps of Engineers announced that they had halted implementation of the NWPR nationwide, and were interpreting "Waters of the United States" consistent with the regulatory regime that was in place prior to 2015. In December 2021, the EPA and the Department of the Army published a proposed rule that would formally repeal the NWPR and revise the definition of "Waters of the United States". In December 2022, the EPA and the Department of the Army issued a final rule establishing a definition for "Waters of the United States". The final rule was published in the federal register in January 2023 and will take effect in March 2023. Evergy Missouri West is reviewing the final rulemaking and the impact on its operations or consolidated financial results are not expected to be material.

Regulation of Coal Combustion Residuals
In the course of operating its coal generation plants, Evergy Missouri West produces 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 January 2022, the EPA published proposed determinations for facilities that filed closure extensions for unlined or clay-lined CCR units. These proposed determinations include various interpretations of the CCR regulations and compliance expectations that may impact all owners of CCR units. These interpretations could require modified compliance plans such as different methods of CCR unit closure. Additionally, more stringent remediation requirements for units that are in corrective action or forced to go into corrective action are possible. In April 2022, the Utility Solid Waste Activities Group (USWAG) and other interested parties filed similar petitions in the D.C. Circuit challenging the EPA's legal positions regarding the CCR rule determinations proposed in January 2022. Some CCR units at Sibley Station have moved into corrective action. The cost to comply with these proposed determinations by the EPA could be material.

Evergy Missouri West has recorded AROs for current estimates for the closure of ash disposal ponds and landfills, 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 and landfills. If revisions to these AROs are necessary, the impact on Evergy Missouri West's operations or consolidated financial results could be material.

Contractual Commitments - *Fuel and Power*
Evergy Missouri West's contractual commitments for fuel and power at December 31, 2022, are detailed in the following table.

	2023	2024	2025	2026	2027	After 2027	Total
Purchase commitments				(millions)			
Fuel	$ 20.1	$ 7.8	$ 6.8	$ 6.9	$ 4.3	$ —	$ 45.9
Power	38.2	32.4	28.3	28.3	28.3	108.3	263.8
Total fuel and power commitments	$ 58.3	$ 40.2	$ 35.1	$ 35.2	$ 32.6	$ 108.3	$ 309.7

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

13. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In the normal course of business, Evergy Missouri West, Evergy Kansas Central and Evergy Metro engage in related party transactions with one another. A summary of these transactions and the amounts associated with them is provided below.

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

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

	2022	2021
	(millions)	
Evergy Kansas Central billings to Evergy Missouri West	$ 32.7	$ 32.5
Evergy Metro billings to Evergy Missouri West	140.5	142.1

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

As of December 31, 2022, Evergy Missouri West had no outstanding receivables and $29.5 million and $31.0 million of outstanding payables to Evergy, Inc. and Evergy Metro, respectively, under the money pool. As of December 31, 2021, Evergy Missouri West had no outstanding receivables and $155.0 million of outstanding payables to Evergy Metro under the money pool.

Evergy Missouri West also has access to certain equity financing support from its parent company, Evergy, Inc. in the circumstance that such support would be needed.

In February 2022, Evergy, Inc. provided Evergy Missouri West with an equity contribution of $200.0 million.

Related Party Net Receivables and Payables

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

	December 31	
	2022	2021
	(millions)	
Net payable to Evergy	$ 67.0	$ 39.5
Net payable to Evergy Kansas Central	7.4	10.4
Net payable to Evergy Metro	137.5	254.5

Tax Allocation Agreement

Evergy files a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of income or loss. As of December 31, 2022 and 2021, Evergy Missouri West had income taxes receivable from Evergy of $14.0 million and $3.9 million, respectively.

14. SHAREHOLDER'S EQUITY

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

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

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

As of December 31, 2022, all of Evergy Missouri West's retained earnings and net income were free of restrictions.

15. TAXES

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

	2022	2021
Current income taxes	(millions)	
Federal	$ (27.6)	$ (63.7)
State	0.9	(3.0)
Total	(26.7)	(66.7)
Deferred income taxes		
Federal	31.2	70.9
State	1.0	10.0
Total	32.2	80.9
Income tax expense	$ 5.5	$ 14.2

Effective Income Tax Rates

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

	2022	2021
Federal statutory income tax rate	21.0 %	21.0 %
Effect of:		
State income taxes	2.3	5.5
Flow through depreciation for plant-related differences	(15.1)	(9.2)
Federal tax credits	(0.1)	(0.1)
AFUDC equity	0.1	(0.4)
Other	0.2	(2.8)
Effective income tax rate	8.4 %	14.0 %

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	
	2022	2021
Deferred tax assets:	(millions)	
Tax credit carryforward	$ 5.3	$ 6.0
Income taxes refundable to customers, net	40.9	44.2
Net operating loss carryforward	30.1	38.9
Regulatory liabilities	52.1	23.6
Other	25.3	22.9
Total deferred tax assets before valuation allowance	153.7	135.6
Valuation allowance	(10.4)	(10.5)
Total deferred tax assets, net	143.3	125.1
Deferred tax liabilities:		
Plant-related	(427.4)	(402.9)
Deferred employee benefit costs	(15.3)	(14.9)
Regulatory assets	(24.4)	(16.3)
Fuel recovery mechanism adjustments	(41.0)	(81.9)
February 2021 winter weather event AAO	(73.7)	—
Other	(7.2)	(7.4)
Total deferred tax liabilities	(589.0)	(523.4)
Net deferred income tax liabilities	$ (445.7)	$ (398.3)

Tax Credit Carryforwards

At December 31, 2022 and 2021, Evergy Missouri West had $5.3 million and $6.0 million, respectively, of federal general business income tax credit carryforwards. The carryforwards relate primarily to solar, research and development, and alternative refueling property tax credits and expire in the years 2023 to 2042. Due to federal limitations on the utilization of income tax attributes acquired in the Evergy Missouri West acquisition by Great Plains Energy, management expects a portion of these credits to expire unutilized and has provided a valuation allowance against $0.1 million of the federal income tax benefit.

Net Operating Loss Carryforwards

At December 31, 2022 and 2021, Evergy Missouri West had $26.1 million and $34.5 million, respectively, of tax benefits related to federal net operating loss (NOL) carryforwards. The federal NOL carryforwards expire in 2024. Due to federal limitations on the utilization of income tax attributes acquired in the Evergy Missouri West acquisition by Great Plains Energy, management does not expect to utilize $7.1 million of tax benefits related to federal NOLs. Therefore, a valuation allowance has been provided against $7.1 million of the federal income tax benefits.

The year of origin of Evergy Missouri West's related tax benefit amounts for federal NOL carryforwards as of December 31, 2022 are detailed in the following table.

Year of Origin	Amount of Benefit
	(millions)
2006	26.1
	$ 26.1

In addition, Evergy Missouri West also had deferred tax benefits of $4.0 million and $4.4 million related to state NOLs as of December 31, 2022 and 2021, respectively. Management does not expect to utilize $2.9 million of tax benefits related to NOLs in state tax jurisdictions where Evergy Missouri West does not expect to operate in the future and $0.3 million of NOLs due to projected future taxable income in state tax jurisdictions where Evergy Missouri West has operations. Therefore, a valuation allowance has been provided against $3.2 million of state tax benefits.

Valuation Allowances

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

During 2022 and 2021, $0.1 million and $1.4 million of tax benefit, respectively, was recorded in continuing operations primarily related to federal and state NOL carryforwards and federal alternative minimum tax credits.

Uncertain Tax Positions

Evergy and its subsidiaries, including Evergy Missouri West, file a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Evergy is considered open to U.S. federal examination for years after 2009 due to the carryforward of net operating losses and general business income tax credits. With few exceptions, Evergy is no longer subject to state and local tax examinations by tax authorities for years before 2018. As of December 31, 2022, Evergy Missouri West does not have any significant income tax issues under examination.

16. LEASES

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

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

Evergy Missouri West's leases have remaining terms ranging from 2 to 6 years. Leases that have original lease terms of twelve months or less are not recognized on Evergy Missouri West's balance sheets. Some leases have options to renew the lease or terminate early at the election of Evergy Missouri West. Judgment is applied at lease commencement to determine the reasonably certain lease term based on then-current assumptions about use of the leased asset, market conditions and terms in the contract. The judgment applied to determine the lease term can significantly impact the measurement of the lease liability and right-of-use asset and lease classification.

Evergy Missouri West typically discounts lease payments over the term of the lease using its incremental borrowing rate at lease commencement to measure its initial and subsequent lease liability. For leases that existed at the initial application of Topic 842, Evergy Missouri West 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.

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

	2022	2021
Finance lease costs	(millions)	
Amortization of right-of-use assets	$ 0.1	$ 0.1
Interest on lease liabilities	0.1	0.1
Operating lease costs	0.4	0.4
Short-term lease costs	0.3	1.1
Variable lease costs for renewable purchase power agreements	40.2	33.5
Total lease costs	$ 41.1	$ 35.2

Finance Leases

Right-of-use assets for finance leases are included in property, plant and equipment on Evergy Missouri West's balance sheets. Lease liabilities for finance leases are included in other current and other long-term liabilities. Payments and other supplemental information for finance leases as of December 31, 2022, are detailed in the following table.

	(millions)
2023	$ 0.2
2024	0.2
2025	0.2
2026	0.2
2027	0.2
After 2027	0.2
Total finance lease payments	1.2
Amounts representing imputed interest	(0.2)
Present value of lease payments	1.0
Less: current portion	(0.2)
Total long-term obligations under finance leases	$ 0.8
Right-of-use assets under finance leases included in property, plant and equipment, net on the consolidated balance sheets	$ 257.3
Weighted-average remaining lease term (years)	5.7
Weighted-average discount rate	8.7 %

Operating Leases

Right-of-use assets for operating leases are included in other long-term assets on Evergy Missouri West's balance sheets. Lease liabilities for operating leases are included in other current and other long-term liabilities. Lease payments and other supplemental information for operating leases as of December 31, 2022, are detailed in the following table.

	(millions)
2023	$ 0.4
2024	0.4
2025	—
2026	—
2027	—
After 2027	—
Total operating lease payments	0.8
Amounts representing imputed interest	—
Present value of lease payments	0.8
Less: current portion	(0.4)
Total long-term obligations under operating leases	$ 0.4
Right-of-use assets under operating leases included in other assets on the consolidated balance sheets	$ 0.8
Weighted-average remaining lease term (years)	2.0
Weighted-average discount rate	2.2 %

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

Year Ended December 2022 vs. 2021

Earnings Variances

		Change (millions)	
2021 Net income	$	87.1	
		Favorable/(Unfavorable)	
Utility gross margin[a]		(23.4)	A
Operating and maintenance		(4.1)	B
Depreciation and amortization		1.2	
Taxes other than income tax		(1.1)	
Estimated impairment loss on Sibley Unit 3		(29.3)	C
Other income (expense), net		18.0	D
Interest expense		3.3	E
Income tax expense		8.7	F
2022 Net income	$	60.4	

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

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

A Due primarily to the deferral of revenues in 2022 for the refund of amounts collected from customers since December 2018 for the return on investment of the retired Sibley Station - ($68.0M); partially offset by impacts from the February 2021 winter weather event primarily driven by increased fuel and purchased power costs in February 2021 that are not recoverable from customers through Evergy Missouri West's fuel recovery mechanism - $21.0M; and higher retail sales in 2022 driven by higher weather-normalized demand and favorable weather - $19.9M.

B Due primarily to an increase in transmission and distribution operating and maintenance expenses primarily driven by higher contractor costs, engineering and environmental outside service fees and vegetation management costs in 2022 - ($4.7M).

C Due to the recording of an impairment loss on Evergy Missouri West's regulatory asset for retired generation facilities related to Sibley Unit 3 in 2022 and the recording of a loss at Evergy Missouri West in accordance with the amended final rate order from the MPSC in its 2022 rate case which disallowed the recovery of costs associated with the replacement of certain electric meters - ($29.3M).

D Due primarily to carrying charges recorded by Evergy Missouri West in the third quarter of 2022 associated with its regulatory asset for fuel and purchased power costs related to the February 2021 winter weather event - $15.0M; and lower Evergy Missouri West equity allowance for funds used during construction (AFUDC) - ($2.2M).

E Due primarily to the repayment of Evergy Missouri West's $80.9 million of 8.27% Senior Notes at maturity in November 2021 - $5.8M.

F Due primarily to lower pre-tax income in 2022 - $8.1M.

The Notes to Evergy Missouri West's Unaudited Consolidated Financial Statements for the period ended December 31, 2022 should be read in conjunction with this financial information.

Evergy Missouri West, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results		
Year Ended December 31	**2022**	2021
	(dollars in millions)	
Operating revenues	$ **869.0**	$ 833.3
Fuel and purchased power	**372.0**	312.9
Operating and maintenance	**199.3**	195.2
Depreciation and amortization	**111.7**	112.9
Taxes other than income tax	**51.3**	50.2
Sibley Unit 3 impairment loss and other regulatory disallowances	**29.3**	—
Income from operations	**105.4**	162.1
Other income (expense), net	**9.2**	(8.8)
Interest expense	**48.7**	52.0
Income tax expense	**5.5**	14.2
Net income	**60.4**	87.1
Reconciliation of gross margin (GAAP) to utility gross margin (non-GAAP):		
Operating revenues	**869.0**	833.3
Fuel and purchased power	**(372.0)**	(312.9)
Operating and maintenance[(a)]	**(76.8)**	(68.1)
Depreciation and amortization	**(111.7)**	(112.9)
Taxes other than income tax	**(51.3)**	(50.2)
Gross margin (GAAP)	**257.2**	289.2
Operating and maintenance[(a)]	**76.8**	68.1
Depreciation and amortization	**111.7**	112.9
Taxes other than income tax	**51.3**	50.2
Utility gross margin (non-GAAP)	**497.0**	520.4
Revenues	(dollars in millions)	
Residential	**441.7**	402.3
Commercial	**307.0**	273.9
Industrial	**93.5**	83.3
Other retail revenues	**(61.4)**	6.8
Total electric retail	**780.8**	766.3
Wholesale revenues	**45.0**	29.6
Transmission	**20.4**	16.8
Other	**22.8**	20.6
Operating revenues	**869.0**	833.3
Electricity Sales	(MWh in thousands)	
Residential	**3,808**	3,634
Commercial	**3,416**	3,261
Industrial	**1,422**	1,406
Other retail revenues	**21**	20
Total electric retail	**8,667**	8,321
Wholesale revenues	**398**	223
Total electricity sales	**9,065**	8,544

[(a)]Operating and maintenance expenses which are deemed to be directly attributable to revenue-producing activities include plant operating and maintenance expenses at generating units and transmission and distribution operating and maintenance expenses and have been separately presented in order to calculate gross margin as defined under GAAP. These amounts exclude general and administrative expenses not directly attributable to revenue-producing activities of $122.5 million and $127.1 million year to date December 31, 2022 and 2021, respectively.

Evergy Missouri West, Inc.
Non-GAAP Measures

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

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

Utility gross margin (non-GAAP) differs from the GAAP definition of gross margin due to the exclusion of operating and maintenance expenses determined to be directly attributable to revenue-producing activities, depreciation and amortization and taxes other than income tax. See Financial Results, Revenue and Sales above for the reconciliation of utility gross margin (non-GAAP) to gross margin, the most comparable GAAP measure, for the years ended December 31, 2022 and 2021.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Evergy Missouri West, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Deloitte & Touche LLP

March 15, 2023