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EDITED TRANSCRIPT

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PRESENTATION

Lori A. Wright *Evergy, Inc. - VP of Corporate Planning & IR and Treasurer*

Good morning. I'm Lori Wright, Vice President of Corporate Planning, Investor Relations and Treasurer here at Evergy. Thank you for joining us this morning. Today's discussion will include forward-looking information. Slide 2 and the disclosure in our SEC filings contain a list of some of the factors that could cause future results to differ materially from our expectations and include additional information on non-GAAP financial measures.

Today's webcast slides are available on the main page of our website at investors.evergy.com. We will have a question-and-answer session at the conclusion of our prepared presentation. (Operator Instructions)

Welcome to Evergy's 2021 Investor Day.

(presentation)

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Good morning, and welcome to the Evergy Investor Day. My name is David Campbell, and I'm the President and Chief Executive Officer. My colleagues and I are very excited to share our business plan and our vision for Evergy this morning. We firmly believe that we have a tremendous opportunity here at Evergy, the opportunity to serve our customers and communities with affordable, reliable and sustainable power, while delivering consistent and superior returns to shareholders.

I joined Evergy 9 months ago for the reasons ably captured by the video. Our company is deeply committed to empowering a better future for our customers, communities and employees. We have a tradition of service to our customers. That tradition is at the core of who we are and what we do.

I'm honored to join the team and advance that mission of service. At the same time, our business plan sets high standards for operational excellence, continuous improvement and sustained execution to deliver 6% to 8% earnings growth per year. We are passionate, determined and excited to deliver that plan. I was drawn to Evergy, given the critical importance of execution and performance to our success. Those elements match up well with my experience and skill set.

I was also drawn by the value opportunity that successful execution will deliver. We'll describe that opportunity and the reasons for our excitement throughout our session today.

Turning to Slide 4. I'd be remiss if I did not start with the recognition of Evergy employees, along with so many others, who have worked

tirelessly to restore power in the wake of Hurricane Ida. When mother nature delivers its worst, hurricanes, lightning storms, severe winter weather, you name it. Most of us head indoors and stayed there. Utility employees are the ones who immediately go out to work in the dark, in the heat, in the rain, no matter of the conditions, they are focused on getting the lights back on.

Through the pandemic, I expect that most of you worked from home, and that was possible because utility employees in your region kept the power plants online and the grid up and running. We'd like to thank everyone involved in Ida restoration and thank our Evergy employees for their focus on service.

Slide 5 contains bios of our senior management team, 4 of whom will participate with me in the discussion today. Evergy's executive team brings a wealth of experience across a wide variety of backgrounds. One unifying factor is our shared commitment to performance and successful execution. Slide 6 lists today's agenda.

I'll open the session and then turn it over to Heather Humphrey, Kevin Bryant and Chuck Caisley to cover the key elements of our strategy and business plan Kirk Andrews will then walk through our renewables plan and our financial outlook. I'll wrap up with a discussion of long-term drivers and key takeaways. We'll close with your questions.

Let's jump right in with Slide 7. When I started in January, the first questions from investors, all focused on the sustainability transformation plan introduced last year and my commitment to the STP.

So we'll start there and hopefully put that question to rest. As shown on the slide, we are reaffirming the financial objectives of the STP through a targeted \$9 billion, 5-year capital expenditure program, focused on beneficial investments in grid modernization and our transmission and distribution network, we plan to achieve 5% to 6% annual growth in rate base from 2019 to 2024.

We were able to make these investments while ensuring affordability by improving the efficiency of our business. Relative to a 2018 baseline, we expect to save a cumulative \$330 million in adjusted operating and maintenance expenditures.

Driven by these inputs, we are reaffirming our target annual growth rate and adjusted earnings per share of 6% to 8% from 2019 to 2024. Along with affirming our STP financial targets, during today's event, we'll also introduce our outlook for 2022 and extend our financial targets through 2025.

Turning first to 2022. Slide 8 provides our earnings outlook for next year. We are initiating guidance in the range of \$3.43 to \$3.63 per share, which represents a 7% increase over the midpoint of our 2021 earnings guidance.

Importantly, this outlook reflects the ongoing consistent execution of our business plan, maintaining the 7% year-over-year trajectory and a cumulative annual growth rate of 7% from 2019 to 2022. As part of today's call, we are also reaffirming our guidance of \$3.20 to \$3.40 per share for 2021 adjusted earnings.

Our financial profile is third-quarter heavy, so we are not making adjustments to the range at this time, but I'll repeat my comment from our second quarter call. Based on our performance year-to-date, we'll be disappointed if results for 2021 are not in the top half of our outlook range.

Kirk will provide further commentary on expected performance drivers from 2021 to 2022.

In tandem with our 2022 outlook, we are also introducing our targets for 2025, as shown on Slide 9. As part of this update, we are introducing 2025 and resetting the baseline year off of 2021.

This rebasing removes the beneficial EPS impacts of our share repurchases in 2019. As noted on the slide, we expect rate base to grow in the 5% to 6% range from 2021 to 2025 with growth at the high end of the range in the last year.

We project capital expenditures in 2025 of \$2.4 billion, 30% of which will go towards new renewable resources that reduce both costs

and emissions. In 2025, we are also targeting ongoing efficiency gains of 1% to 2% in O&M costs, raising our overall savings target to \$345 million.

Taken together, these actions enable us to extend our adjusted EPS growth target of 6% to 8% to 2025 off of a 2021 baseline rather than 2019. Kirk will cover our forward financial plan in more detail. Now as with any enterprise, our target financial objectives, our expected outcomes, the cumulative results from the strategic initiatives that we are pursuing across the company.

Slide 10 highlights the core tenets of Evergy's strategy: affordability; reliability; and sustainability. These are priorities for every utility for good reasons. So in that context, I'll focus on some of the elements that may be more unique to us. As Chuck Caisley and I will describe, the merger of Westar and Great Plains in 2018, enabled significant savings to customers, keeping rates affordable is at the forefront of our thinking as it is for many of our stakeholders.

The senior team and I are also seeking to embed a continuous improvement culture across the company, and reliability is a core element. This extends beyond the traditional metrics like SAIDI to customer service, the commercial availability of our fleet, safety and all elements of our operations.

A relentless focus on performance and execution will be necessary as we are certainly not achieving our objective of top-tier performance in all areas today. We'll be clear-eyed about the gaps and relentless in seeking to improve. With respect to sustainability, one thing that I've learned about since joining Evergy is the company's strong track record in this area.

Frankly, this is not as well known as it should be and we'll improve in that regard. For example, we have accomplished more than most of our peers in terms of emissions reductions and transitioning the mix of energy that we deliver to our customers.

But at the same time, we have significant opportunities ahead, given the size of our coal fleet. I'll discuss affordability, reliability and sustainability over the next several pages.

Slide 11 shows the significant progress we've made in affordability. Since 2016, Evergy has reduced its average retail rates by 5%. This is 14% less than inflation and far below the rate of increase for other typical household costs.

And while we have upcoming rate cases in both Missouri and Kansas, the cumulative increases through 2024 are projected to be well below inflation over the same period.

Slide 12 summarizes our progress in driving cost savings across our business. Kevin Bryant will discuss our comprehensive cost program, which capitalizes on the opportunities created by the 2018 merger and the investments that we are making.

We are on track with respect to both our O&M and fuel and purchase power targets. Kevin will also go over our reliability-focused initiatives, which are summarized on Slide 13. We currently operate in the second quartile relative to several key reliability measures.

There is ongoing room for improvement, particularly as the industry is raising the bar. Supported by data analytics, our program involves a set of initiatives that target the highest impact areas in improving system reliability and resiliency.

On the generation side, we're also implementing actions to increase flexibility and operate seasonally. Slides 14 and 15 highlight our progress in sustainability and environmental performance. Half of the energy that Evergy customers received in 2020 was from emissions-free sources.

We've also made rapid progress in lowering CO2 emissions. As noted on Slide 15, progress in other areas is equally noteworthy. Since 2005, we've achieved an 89% reduction in NOx emissions and a 98% reduction in SO2 emissions.

As Heather Humphrey will discuss, in 2021, we've taken a comprehensive approach to accelerating our ESG initiatives, disclosures and objectives, and we plan to maintain that pace.

Before turning the discussion over to my colleagues, I'll summarize Evergy's value proposition on Slide 16. The left side of the page covers what we're focused on and how we plan to execute our strategy.

The right-hand side features what we believe are particularly attractive and distinctive features for our company. First, we are an all-electric regulated utility with significant benefits delivered since the merger and further opportunities that we will capture through continuous improvement in performance management. That is my passion and what I am here to do.

Second we have significant opportunities ahead for the ongoing transition of our generation portfolio. And we can do so cost effectively given that we'll be replacing coal with low-cost renewables, a win-win for affordability and sustainability.

Third, we are geographically advantaged given our proximity to world-class wind resources in Kansas. We are well positioned to participate in the renewables and transmission build out that will occur as part of the national transition to a clean energy economy.

And finally, we are targeting a high-performing 6% to 8% annual growth rate in adjusted earnings per share through 2025 at the top rank with our peers. I'll now hand it over to Heather.

Heather A. Humphrey *Evergy, Inc.* - Senior VP, General Counsel, Corporate Secretary & Interim Chief People Officer

Thanks, David, and good morning to you all. I'm Heather Humphrey, Senior Vice President, General Counsel and Corporate Secretary, with responsibility for Evergy's Environmental, Social & Governance Strategy and Reporting. I'll be updating you on our ESG strategy and the tremendous progress we've made in building our ESG foundation.

I'm excited to have the opportunity today to present our ESG story and demonstrate how well positioned we are to deliver on Evergy's commitment to ESG excellence. I'll start on Slide 18. A slide that really speaks for itself. Evergy's mission, values and strategic priorities work hand in glove to give vision to our environmental, social and governance priorities. I'll speak to each of these ESG pillars in depth as we walk through the next several slides, but the important takeaway from this page is that Evergy's ESG priorities are a product of our overarching mission and strategy.

As a result, ESG considerations impact every important decision we make. I'll now move to Slide 19 to touch on our carbon reduction accomplishments. On the left-hand side of the slide, you'll see the chart showing our significant historical carbon emissions reduction that David mentioned in his section.

Moving to the right-hand side, you can see how our emissions reduction track record compares favorably with our Midwest peers. We have ambitious, but achievable goals, to sustain this momentum in reducing carbon emissions targeting 70% reduction by 2030 and net zero carbon by 2045.

Turning to Slide 20, you'll see a similar comparison in which Evergy stacks up as a leader within our peer group, this time on emission-free energy, which includes both renewables and generation from our nuclear plant.

Our customers are increasingly interested in access to clean energy. We're proud that half the energy we generate to power our customers' lives come from emission-free sources. Our expansive wind portfolio, combined with our Wolf Creek nuclear station allow for a 50% clean energy mix, which ranks second among our Midwest Utility peers.

On Slide 21, I'll touch on how our generation mix has transitioned over the last 1.5 decade. We've added more than 4,400 megawatts of renewable generation since 2005. Most of that has come as a result of leveraging our geographic location near Western Kansas to capitalize on some of the best wind resources in the nation.

Over the same time, we've been able to successfully retire more than 2,400 megawatts of fossil plants as they near the end of their useful lives. Going forward, we are strategically managing our future capital allocation to extend this steady decline in our reliance on coal. In 2020, about 30% of our rate base came from coal. But by the end of 2025, we estimate this will decline significantly to roughly

19%. Beyond 2025, this trend is expected to accelerate, as we execute on our Integrated Resource Plan that includes additional coal retirements in 2030 and 2032.

Slide 22 gives you a more detailed look at the Resource Plan I just mentioned. You'll see that in the next 10 years, we plan to add nearly 4,000 megawatts of renewables, a balanced mix between wind and solar.

Over the same time period, we're expecting to retire nearly 2,000 megawatts of coal. We're very excited about our fleet transition potential over the next decade. Kirk will discuss our plans for adding renewable resources in greater depth in his remarks.

Turning to Slide 23, you'll see highlights of our community and employee engagement. Our inclusive culture fosters engagement and strong philanthropic support across our employee base, including extensive participation in community boards, volunteer hours and employee and corporate giving. I'd like to specifically draw your attention to our work with diverse suppliers. We've been focused on supplier diversity for more than 30 years and are incredibly proud to have developed our program to reach the high watermark of \$150 million of spend in 2020.

As a result of these efforts, Evergy has been applauded as a leader in the field and most recently received EEI's 2021 Innovation Award for Supplier Diversity. On Slide 24, you'll see some of the important ways we bring to life our people-first commitment. We see our unwavering commitment to recruiting and developing an engaged workforce as a strategic imperative that will drive future success and fortify the communities we serve.

I'll call out a couple of elements that are highlighted on the page that we think demonstrate our well-developed people strategy and commitment to employees. We estimate that our more than 5,000 employees logged 280,000 hours of training in 2020. This total includes 10,000 hours delivered by our Evergy Analytics University, which enhances innovative thinking and challenges employees to prepare for the technology shift associated with our data-driven world.

It also helps employees achieve increased efficiencies using technology and automation. Like many companies, we perform routine employee engagement surveys. We're proud of the fact that we've improved our overall engagement scores year-over-year, since we merged in 2018, and saw a 20% increase in 2020 in spite of the challenges of the pandemic.

I'll touch on our Board profile on Slide 25 before I wrap up. We are committed to strong corporate governance practices that supports the regulated nature of our business and the long-term interest of our stakeholders.

Evergy is well positioned with a diverse, experienced and independent Board profile. We have separate CEO and Board Chair roles as well as a lead Independent Director. Each of our committee chairs are independent and 50% of them are diverse or female directors. There has been significant board transition since the beginning of 2020, with 6 departures and 4 new additions.

Our Board has a strong mix of longer-tenured historical perspective with newer members bringing a fresh set of perspectives for a very balanced governance approach.

I'll wrap up on Slide 26. We continue to accelerate our ESG disclosures and initiatives at Evergy, which we know is very important to our shareholders. I'll highlight just a few of the items listed on the page. In 2020, we conducted a climate risk assessment for the combined company, and earlier this year, incorporated those results into our first TCFD report.

We also significantly expanded our sustainability report. Recognizing the importance of tying ESG to executive compensation, our Board included a diversity, equity and inclusion modifier in the 2021 executive annual incentive plan and is considering the addition of an environmental goal for 2022.

Finally, just last month, we closed a \$2.5 billion Sustainability-linked Master Credit Facility that includes pricing adjustments based on the performance against KPIs for nonemitting generation and diverse supplier spend. With these initiatives and increasing disclosures, we've made significant progress in advancing our ESG strategy.

We are focused on continuing this momentum as we look ahead to executing our plan and delivering results the right way in years ahead. I'll now turn it over to my colleague, Kevin Bryant.

Kevin E. Bryant *Evergy, Inc. - Executive VP & COO*

Thanks, Heather, and good morning. I'm Kevin Bryant, Chief Operating Officer at Evergy. I'm humbled to represent all our employees that keep our power plants rolling and ensure the power stays on for our over 1.6 million customers in Missouri and Kansas, today and long into the future.

On behalf of this team, my job here this morning is very simple to offer a clear window into the operational plans we're executing on to become one of the preeminent electric utilities in the Midwest and across the country.

I'm super pumped about this opportunity and look forward to spending just a few minutes showing you why. I'll start on Slide 28, where you'll see our core priority of instilling operational excellence throughout all our areas of our business. Our strong safety culture drives both discipline and consistency of performance and cost management.

In tandem, we will execute the ongoing investment in the critical infrastructure needed to modernize our operations and ensure the continued delivery of reliable power. As David has emphasized, our objective is to become widely recognized for driving excellence in operations. Over the next few slides, I'll lay out our objectives and operational plans to do just that.

Moving to Slide 29. I'll touch on Safety-First. If you want to know how Evergy is doing as a company, you have to start with safety. Rather than citing statistics, showing the strong correlation between high performance and safety and operational excellence, I'll digress briefly to give you a view of what that looks like every day at Evergy.

Picture what goes on at an electric utility like ours. Our fuels teams ensure the coal, uranium, gas and oil is where it needs to be power our plants. Our power plant operators oversee the second-by-second status of the fleet. Our supply teams ensure that every employee has the necessary equipment and supplies for the specialized task at hand.

And our dispatchers watch the whole system and work with our crews to identify and respond to challenges day and night. Our engineers and planners use advanced analytical techniques to pinpoint solutions to make our system more resilient.

And our call centers take customer calls and e-mail during both blue and gray sky days. Keep this in mind as I circle back to safety. All those tasks and responsibilities take immense attention to detail and focus. When every member of the Evergy family is executing these tasks safely, it shows up in our safety results first, but in all our other performance indicators thereafter. With a focus on safety comes a focus on excellence and efficiency. So with all that in mind, how are we doing? When it comes to safety, our objective is to consistently be Tier 1. We are getting better, but are not there yet.

Slide 29 highlights a few of our initiatives from a focus on human performance, to leveraging technology like new heat stress monitoring wearables. But all of these initiatives are only as valuable as our overall safety culture. And that culture is built through our everyday interactions and observations and striving for excellence in everything we do.

Turning to Slide 30. I'll touch on some of our reliability objectives. As my colleague, Chuck Caisley will describe, customers are at the forefront of our priorities and reliable service is our second paramount objective of operational excellence.

In our system, this means ensuring the resilience of our 10,000 miles of transmission lines and 40,000 miles of distribution lines. Our system spans the high vegetation regions of the Kansas City metro area to the rural grass lands on the Kansas plains.

Across our service territory, we experienced an active storm season from March through September. It is within that context of geographic diversity and weather that we work to maintain a system which is reliable and resilient. Our objective is to consistently deliver Tier 1 customer reliability.

We have a strong track record to build on. But as with safety, we have work remaining to achieve our goal of consistent high performance. We are leveraging advanced analytics and predictive modeling to best target our tree trimming activities based on risk. We are also increasing our system flexibility and responsiveness to resolve outages more rapidly when they occur.

Our grid modernization investments replace aged equipment, while also installing the sensors and monitors from fault indicators on distribution lines, to performance equipment monitoring in the substation that expand our predictive maintenance capabilities and improve our remote visibility.

Across our system, many of our T&D assets are at or near their expected useful lives and we are replacing those assets with more resilient infrastructure, while also preparing the system to be a more distributed, flexible and adaptable grid in the future.

On Slide 31, you'll see how we're centering many of our generation fleet objectives around flexibility and adaptability. Our investment in a modernized grid must be supported by a correspondingly more flexible and adaptable generation fleet. With the influx of renewables across the Southwest Power Pool, our focus has evolved from traditional baseload operations to running our generation when it is needed and ramping down or shutting the plants off when market prices drop. In effect, our fossil fleet increasingly serves as a battery backup for renewables, balancing power supply as renewable generation rises and falls.

This flexibility is particularly important for our coal fleet. Our objective here is clear. We are focused on commercial availability as the most important reliability metric. At Wolf Creek, our nuclear plant, we seek to operate between 18-month refueling cycles with no downtime.

During these periods of operations, we will increasingly seek to ramp and flex the plant based on market dynamics, especially during the fall season. We are able to do so safely and with the long-term viability of Wolf Creek in mind.

For our natural gas and oil generation, primarily peakers, our objective is to ensure near-perfect commercial availability, so these plants can be relied upon when market conditions wobble. Many of these units can be operated remotely, lowering their operating costs. And our condition-based maintenance programs ensure we are only investing O&M and capital dollars when absolutely needed.

Our objective with our renewable assets is equally clear, ensure high reliability when the wind is blowing and the sun is shining. I'll now shift to our cost management efforts on Slide 32. To ensure affordability, disciplined cost management and benchmarking are necessary complements to our investment program and our focus on safety and reliability.

As Slide 32 highlights, we have a strong track record in cost management since the formation of Evergy in 2018. We are committed to achieve and consistently deliver Tier 1 cost performance. The slide highlights how we move from the bottom of Tier 3 at the time of the merger to second quartile performance in 2020.

We see ongoing cost opportunities and our plan to reduce O&M by roughly 26% from 2018 through 2025, moves us to our Tier 1 goal. Slide 33 lays out our execution plan. We plan to deliver over \$225 million of annual cost savings in 2025 versus 2019 through disciplined action across the enterprise.

Predictive maintenance, generation outage optimization and vegetation management are key focus areas and will drive corresponding cost savings. Consolidation of IT software and customer billing programs are examples of merger and investment enabled sources of efficiency.

We know how to drive this program, and we have high confidence that we can achieve our goals. Ultimately, these savings will benefit customers in rate cases. We estimate that for every dollar of operational savings, roughly \$7 of infrastructure investment can be made while staying rate neutral.

This allows us to invest in reliability, while ensuring affordability. The final element of the operational excellence that I'll feature is

infrastructure modernization, which is profiled on Slide 34. Building the grid of the future will help us to better leverage technology, improve resiliency and efficiency and position the company to benefit from the growth of electrification, distributed resources and non-dispatchable generation.

In light of these benefits, grid modernization accounts for nearly 70% of the \$9 billion of beneficial infrastructure investments that we expect to make over the next 5 years. Slide 35 provides a practical view of why these investments are needed.

Much of our transmission system is nearing or has reached the end of its useful life. As we rebuild this critical infrastructure, the backbone of our system, we will be adding redundancy where it doesn't exist and even more importantly, making it stronger to better withstand severe weather and recover more quickly when there are outages. Transmission will also support the addition of low-cost renewables.

Turning to Slide 36. Our distribution system has the most direct impact on customer reliability. Many distribution assets have already reached the end of their useful lives, necessitating a steady pace of investment. This mitigates outage risk and gives us a pathway to manage our O&M costs related to outage restoration and system maintenance. And I'll wrap up on Slide 37 with a quick overview of how we're leveraging technology across our operations. As I noted, when we replace aged infrastructure, we also deploy grid edge technologies that will further our reliability, performance and grid flexibility.

In the near future, all devices deployed in our system will be packaged with sensors and controls from the transformer in your backyard to the street light illuminating your way. Those devices will need robust connectivity in order for us to take advantage of near real-time information, often allowing us to address trouble spots before outages occur.

We are deploying the communications network to provide that connectivity across our system. In the near term, it will also be the backbone for the widespread deployment of automation. It is through the combination of investment in traditional T&D assets, hardening the system and new technology and communication, modernizing the system that we can ensure that the Eversource grid is ready for what the future requires and serves our customers reliably.

In summary, I hope you can feel how excited we are about the opportunities in front of us and our path for operational excellence here at Eversource. I'll now pass the mic to Chuck to give a deep dive on our customer focus.

Charles A. Caisley *Eversource, Inc. - Senior VP of Marketing & Public Affairs and Chief Customer Officer*

Thanks, Kevin, and good morning, everyone. I'm Chuck Caisley, Senior Vice President of Public Affairs and Chief Customer Officer at Eversource, and I may have the best job in our company because I get to get up every day and work for and collaborate with our customers.

This morning, I'm going to cover our strategy to enhance customer experience and strengthen our relationship with customers. I will also discuss our upcoming priorities and efforts to collaborate with stakeholders to reach mutually beneficial outcomes for both our customers and our company.

I'll begin on Slide 39, which profiles Eversource's economically stable and growing service territory. Prior to the pandemic, the region grew at just under 2% annually, and Eversource has experienced 41 consecutive quarters of customer growth of our more than 1.6 million customers. Roughly 86% are residential, while industrial and large commercial customers consume nearly 62% of retail energy. Our industrial customer base is diverse with the Kansas City region boasting the largest concentration of automobile and truck manufacturing outside of Detroit.

Wichita is an internationally recognized center for aircraft and aerospace development and manufacturing. In addition, our service territory is home to the KC Animal Health Corridor, stretching from Manhattan, Kansas and ending in Columbia, Missouri, the Corridor is nearly entirely located in Eversource's service territory and is home to one of the largest concentration of animal science and manufacturing companies in the world.

More than 56% of the world's animal science, diagnostic, pharmaceutical and pet food manufacturing companies are located within the

Corridor.

As you would expect, given our location in the middle of the country, we have a large and vibrant logistics and transportation industry. Both animal health and logistics are vital sectors of our regional economy that have continued to grow and expand throughout the pandemic.

As a result, our service territory typically doesn't see the dramatic booms or busts that occur in other parts of the country. Rather, Evergy has unemployment that is typically below the national average and we have consistently experienced modest, but steady customer growth.

Turning now to Slide 40. Customers are at the forefront of our company strategy. As we all know, good customer service is a job that is never done, and it's no different for an electric utility. Reliable power is always at the top of the list, but it is just the first step in customer satisfaction. In my remarks today, I'll describe 3 other areas on which we are laser-focused in order to deliver an exceptional customer experience.

First and foremost, we are working to ensure that Evergy has long-term, regionally competitive and affordable rates. Since 2017, our disciplined approach to cost management, following the merger, coupled with tax law changes, have enabled us to deliver more than \$420 million in savings to our customers.

Second, we have undertaken a significant investment of more than \$285 million over the last 5 years to modernize our customer platforms. More than 11 core customer-facing grid management and communication systems have been consolidated and improved. With those projects now complete, we are able to fully leverage our automated meter infrastructure to deliver best-in-class customer solutions, sophisticated online tools and better avenues for customers to interact with us, enabling a vastly improved customer experience.

At the same time, automation and digital self-service further drive down costs. Our third area of focus is helping our customers, particularly commercial and industrial companies to navigate the increasingly complex energy ecosystem.

We are well positioned to tailor energy solutions that fit customer needs in areas such as energy efficiency, electric vehicle charging and access to renewable energy. Demand for diverse energy solutions continues to grow, and our goal is to serve as the creative and trusted energy partner for our customers. I'll discuss each of these 3 initiatives in the following slides. Earlier, David described how our rates have declined over the past 5 years, along with Evergy's rate trajectory and inflation, the graph on Slide 41 also compares our rate trajectory with that of regional peers.

As shown on this slide, since 2016, Evergy has outpaced utilities in neighboring states and lowering our retail rates. We note this change as regional rate competitiveness is a focus area for both our team, just like it is for our customers and our regulators. More importantly, as we look forward to our upcoming rate cases, we expect to maintain affordable rates and continue to improve our relative position.

Due to our significant operating and fuel cost efficiencies, we anticipate being able to fund our beneficial investments and grid modernization, T&D infrastructure and customer systems, while limiting the overall annual rate of increase to 0.5% a year, that is less than 1/3 of the estimated annual CPI inflation over the same time period. As shown on Slide 42, Evergy has a solid reputation for customer service, with nearly 80% of our customers very satisfied with our performance as their electricity provider. This provides a solid base for stakeholder collaboration and regulatory proceedings. However, customer expectations continue to increase and we remain focused on continuing to enhance the way we serve and interact with our customers. Increasingly, American consumers use digital self-service to interact with their service providers. They are also increasingly accustomed to personalized product offerings and streamlined pricing and purchase options.

That is why Evergy is committed to investing in and delivering a true omnichannel experience. This effort includes 24-hour self-service, personalized communications and product offerings and an online marketplace. In addition, we are committed to modernizing our rate structure to give customers more insight into and control over their energy use.

Collectively, these initiatives will help us better serve our customers, while reducing costs at the same time. We also see meaningful opportunities in energy efficiency and electric vehicle charging. By strategically investing in these areas, we are partnering with our customers to make them more sustainable and more competitive.

It solidifies our relationship with customers while advancing broader sustainability objectives. Slide 43 profiles the success of programs implemented under the Missouri Energy Efficiency Act, or MEEIA.

Over the last decade, Evergy has invested close to \$350 million in this area, partnering with nearly half of our Missouri customers through a comprehensive set of programs for both households and businesses. These programs have generated close to \$2.60 of benefit for every dollar invested, and those benefits are shared with our investors through a performance incentive.

In addition, our research shows that customers who participate in Energy Efficiency Programs are among the most engaged and satisfied customers that Evergy has. For these reasons, we are looking to expand our Energy Efficiency Programs in Kansas.

Slide 44 covers another avenue to partner with and invest in our customers as automobile manufacturers increasingly commit to electrified transportation, significant opportunities exist to deepen the customer experience through electric vehicle charging.

In 2015, Evergy invested in one of the first and one of the largest electric vehicle charging station networks of any U.S. utility. As a result, we are now well positioned to take the knowledge gain from that program and use it to partner with our customers, as they begin to transition from internal combustion engines to electric vehicles. Our EV charging initiatives will help large customers, most notably, fleet operators, achieve their sustainability and ESG goals. And over time, demand growth from electric vehicles is a long-term tailwind where experience with the charging network will serve us well in managing the related grid infrastructure investments to accommodate this growth. Currently, we have dockets underway in both Kansas and Missouri to pursue the expansion of EV-related programs.

I'll close the customer discussion with Slide 45, which provides an excellent example of partnering with a large customer on sustainability. Spirit AeroSystems is a leading manufacturer in the aerospace industry. By working with Spirit to procure and deliver more than 100 megawatts of wind energy, we help them improve their overall cost structure, while supplying their nearly 12 million square foot manufacturing facility in Wichita, with 100% renewable energy.

As a result, Spirit awarded Evergy with its 2021 Sustainability Partner Award. Currently, we have more than 600 megawatts of renewable energy dedicated to more than 60 large customers. By working with our business customers to access renewable generation, we are typically able to help customers reduce their electric rates while improving their ESG ratings at the same time.

This is exactly the type of enhanced customer experience that we seek to deliver to residential, commercial and industrial customers across our business.

I'll now shift gears and discuss our regulatory priorities beginning on Slide 47. As part of our Public Affairs Organization, we have a deep and highly capable team that manages our regulatory and legislative affairs in Kansas, Missouri and at the federal level. As you know, stakeholder collaboration is a key tenet of delivering on our value proposition.

Our STP dockets in both states were a good example of collaboration, enabling a dialogue with interveners and commissioners and a common understanding of the benefits for customers from the STP.

We typically have a range of initiatives that we are pursuing in Kansas and Missouri and right now is no exception. Slide 47 summarizes the main items that are currently in play, and I'll call out just a few items on this slide. As I mentioned earlier, in Kansas, we believe there's an opportunity to advance Energy Efficiency Programs.

We plan to file a portfolio of new efficiency programs with the KCC later this fall and are currently holding stakeholder discussions to inform that filing. In addition, we recently made a predetermination filing in Kansas relating to the cessation of coal operations at our

Lawrence

Energy Center, the continuation of natural gas operations at 1 unit there for reliability and our planned addition of utility scale solar.

We expect to receive the commission's determination on this filing in March of next year, and Kirk will discuss this initiative in further detail during his remarks. The last item I'll note relates to Winter Storm Uri and the impacts of this extreme weather event.

Earlier this year, we filed a request in Missouri for an accounting authority order to provide for the deferral of the impacts from Uri. We expect to receive the commission's order by year-end and just prior to filing rate cases for both Missouri Metro and Missouri West in January of 2022, which will be our first general rate case since 2018.

Moving now to Slide 48. Kansas and Missouri both set rates based on historic test years, but often don't get recognized for having several constructive mechanisms to efficiently reflect current cost in our prices, similar to those found in many other states.

Many of the mechanisms in Kansas help address regulatory lag for costs that are less controllable by the utility, but are nonetheless a requirement of utility operation.

Similarly, Slide 49 lists the mechanisms we have in Missouri and includes a tracker known as Plant in Service Accounting, or PISA. This tracker enabled by 2018 legislation created a state policy incentive for utilities to invest in grid modernization and renewable energy. The legislation allows us to defer 85% of the return on investment and depreciation expense related to qualifying investments. All investments qualify, except those that generate new revenue, meaning new customer connections and those related to new fossil generation.

As I noted earlier, we have energy efficiency cost recovery in place in Missouri supported through MEEIA legislation, which has produced beneficial results for our Missouri customers. We are hopeful that our recent collaboration with stakeholders will create the opportunity for similar beneficial programs to be launched for our Kansas customers.

With respect to proactive initiatives, Missouri lacks mechanisms related to property tax and transmission cost changes, which have the potential to pressure earned returns. So we continue to have strong and ongoing discussions with various parties on why such mechanisms are appropriate for our Missouri utilities.

Moving to Slide 50, with the collaboration and support of many stakeholders, we were successful in the most recent Kansas and Missouri legislative sessions in passing securitization legislation that will reduce costs for our customers, as we transition to a more sustainable generation portfolio. Importantly, while the legislation was being considered, our states were impacted by Winter Storm Uri, resulting in Eversource and other Missouri and Kansas utilities, incurring significant cost to procure fuel and supply electricity for our customers during this extreme weather.

Both states legislatures recognize the potential impact to customers when such extraordinary costs are incurred under the traditional regulatory construct and included the opportunity to securitize extraordinary costs as part of the new securitization law. We have signaled our intent to utilize securitization to benefit customers in our Missouri West jurisdiction which was our hardest hit by Winter Storm Uri cost.

More broadly, the passage of securitization in both states reflects the successful execution of the constructive, collaborative approach that we seek with our stakeholders in Kansas and Missouri.

My last regulatory update on Slide 51 provides the timelines for our upcoming rate proceedings. In Missouri, we will file in January of 2022 with new rates effective in December of 2022. This filing is required to maintain our fuel clause under Missouri regulation and will provide customers with the full range of benefits achieved since our 2018 merger by reflecting our current cost of service in rates.

We will also continue our progress in expanding customer choice rate offerings. Our next Kansas rate cases will have rates effective the

end of 2023, consistent with our 5-year merger stay-out agreement. We have not changed base rates in Kansas since December of 2018. This intervening period and the sharing of substantial merger-related benefits has helped us make significant progress towards regional rate competitiveness, which remains an ongoing area of focus for us.

As in Missouri, the Kansas cases will provide customers the full range of merger benefits achieved, recognize our current cost of service and enable ongoing progress with respect to customer choice rate offerings.

With that, I'd like to end my time today by reinforcing our commitment to collaborative stakeholder engagement and finding win-win solutions that allow Eversource to execute our key objectives of affordability, reliability and sustainability.

We operate in constructive jurisdictions in which regulators and stakeholders are equally committed to those objectives. I'll now turn it over to Kirk.

Kirkland B. Andrews Eversource, Inc. - Executive VP & CFO

Thanks, Chuck, and good morning, everyone. I'm Kirk Andrews, Eversource's Chief Financial Officer. And I'm excited to be here with my colleagues to share with you the bright future ahead for our company and how we're working together to ensure that we unlock the tremendous potential we have here at Eversource for the benefit of all of our stakeholders.

I joined the Eversource team as CFO about 7 months ago after having served as a member of our Board of Directors over the previous 12 months. And during my time on the Board, I had the privilege to also serve as a member of the Strategic Review and Operations Committee, or the SROC, as we called it, which was formed in early 2020 to oversee the creation of our 5-year strategic plan.

And during that time, I saw, firsthand, the tremendous potential we have, as a company, to create value for our customers, our communities and our shareholders, as we work closely with the management team and weekly meetings to evaluate the best means to realize that potential. I'm confident we left no stone unturned in finding the best way to make the most of every dollar we spend in order to deliver more reliable, sustainable and affordable product for our customers.

And as a member of the SROC, I was particularly compelled by the passion, commitment and dedication of this management team as we work closely together to create and ultimately recommend the adoption of our 5-year plan we announced just over a year ago.

And having known David Campbell for about 15 years when he accepted the position as the company's CEO, shortly we -- after we announced that plan, I'm confident we added a critical piece to the puzzle to ensure we could make those plans a reality. And when David and I talked about my joining as CFO, I saw an opportunity to be a part of driving Eversource's success in an even more impactful and rewarding way.

And as I've shared with many of you during our conversations over the past months, I can't imagine a job offer where I could have been more fully informed and confident in the potential for such an opportunity.

And having voted as a Board member in favor of adopting our plan, I eagerly voted with my feet to join Eversource's team to help execute that plan and turn its potential into tangible value. Over the past months, my experiences merely reconfirm my conviction, and I'm confident we have the right team in place here to realize the tremendous future that lies ahead.

And as David shared with you earlier, we've taken the opportunity to further optimize and extend our plan. And today, I'm going to share with you more details behind that in 2 key areas. First, as my role as CFO also includes responsibility for leading our renewable development efforts, I'm going to update you regarding our progress on that front. And importantly convey our confidence in building on our success, as we evolve to a model of owning and operating a growing renewable platform here at Eversource.

And second, as you've heard from my colleagues about the many initiatives in play, which together help us deliver greater value for our shareholders and our stakeholders. I'll provide some additional detail about how those initiatives manifest in our compelling expected financial performance in the coming years, while we continue to improve the quality of our service to our customers at affordable rates.

And with that, let me turn to our renewable efforts. I'll begin with an update on our fleet transition plans and the exciting opportunities in renewables, starting on Slide 53. As you saw earlier in the presentation, Evergy's clean energy mix based on production from our emission-free sources of renewables and the nuclear is about 50% or 1.4x the amount of clean energy implied by our capacity mix, which is shown on the far left side of this slide.

Based on capacity mix, renewables, which today consists primarily of wind PPAs, represent about 28% of our total capacity. As we execute our planned renewables build out over the next decade, we will diversify and balance this capacity mix.

As shown on the right, by 2030, we expect to increase renewable share of capacity from 28% to nearly 53%, while fossil generating capacity will decline to less than 50%. Translating that clean capacity shift to energy mix, we'd also expect a strong increase in the energy mix beyond the 50% clean energy we generated in 2020 to enable us to meet our 2030 interim goal of 70% reduction in carbon emissions versus 2005 and remain on track to net zero by 2045.

As I'll discuss later, Evergy is taking a balanced technology approach to our renewable strategy, given the top-tier potential wind and solar resources in our region. While our current renewable capacity is primarily PPAs, our owned renewables include the 280-megawatt Western Plains wind farm in Kansas.

This successful project and pricing mechanism balances stakeholder interest and has proved to be a solid model for regulatory recovery of owned renewables in our Kansas jurisdiction. We intend to build on its success in shifting to an ownership model as the best means to achieve the significant increase in clean capacity and energy in our plan.

Owned renewables have significant advantages versus PPAs, including full asset-light visibility, increased operational control and regulatory oversight as well as the direct financing at the utility, as rating agencies have increasingly ascribed debt-like attributes to a portion of the fixed price commitment in PPAs.

We also look to translate our extensive data analytics and predictive maintenance techniques to our owned renewables fleet, as Kevin mentioned earlier.

Turning to Slide 54. I'll address our latest near-term plan for owned renewables. Since filing our IRP, which included 350 megawatts of solar in each of 2023 and 2024, we have adjusted the sequencing of renewables due to a number of factors, including near-term supply chain and inflationary headwinds, which have disproportionately pressured solar newbuilds, optimizing reliability and capturing PTCs for wind ahead of their current expiration in 2026.

As a result, we've shifted our plans for new wind forward to 2024 and 2025, ahead of the current PTC expiry and pushed the second phase of solar to 2026. For the first phase of solar, we've recently executed a term sheet and we're finalizing definitive agreements with a well-known developer to build 190 megawatts of solar in Kansas, targeted to be placed in service at the end of 2023. And I'll review the process for that project in greater detail shortly.

To implement the remaining renewables in our plan, while maintaining flexibility, given changing market dynamics, we plan to pursue multiple alternatives simultaneously. This will allow us to select the optimal execution plan that offers the most value to all of Evergy's stakeholders.

These alternatives include traditional build transfer agreements, self-development of renewable projects for which we've identified several promising opportunities within our existing footprint and potential for buy-in and potential repowering of existing PPA assets.

The pace and mix of our revised renewables plan is also designed to coincide with the increase in our appetite for tax credits as we work through our legacy tax attributes in order to allow us to drive robust ongoing operating cash flow. In total, including the new solar project in Kansas, which is targeted for completion in late '23, we anticipate about \$3.5 billion in renewable investment by 2029.

Now turning to Slide 55, I'll provide more detail on the regulatory process for our 2023 Solar edition and our updated plan for 2023 Coal Retirement. First, in order to request a ruling on investment prudence and ratemaking before any actions are taken, we've just made a predetermination filing for both our 190-megawatt Kansas Solar project, which represents approximately \$250 million of capital investment as well as our planned elimination of coal at our Lawrence Energy Center, which is also in Kansas.

We call that LEC for short, which is shown on the slide here. As you may recall, the retirement of LEC has been part of our plan for some time. However, following the February winter weather event and the early summer heat waves, we conducted an evaluation of LEC, specifically unit 5, as a potential reliability asset given the unit's existing ability to run on natural gas.

Due to the unique nature of this unit, which already has the existing infrastructure to operate on natural gas at nearly full load of 350 megawatts, we concluded that retiring this unit from coal operations, while retaining it as a gas-fired backup without the need for additional capital was a more ideal way to preserve this critical dispatchable power, while still eliminating nearly 500 megawatts of coal.

Our plan continues to include the retirement of LEC unit 4 as well as all of the associated coal infrastructure at the plant in order to achieve that elimination of 480 megawatts of coal at the end of 2023. We plan to request securitization of the portion of the remaining rate base with LEC 4 and coal operations in general in a future regulatory filing.

Importantly, the combination of our new solar facility and retaining gas operations at LEC 5, while retiring LEC 4 allows us to deliver approximately \$7 million in net annual customer benefits, as shown on the far right of the slide. Flexible solutions like this that lower customer bills, increase grid resiliency and backup -- and backstop rather, our renewable transition are key strategic enablers of our portfolio transition as a whole.

And finally, the net impact on rate base is consistent with our prior plan, which in turn allows us to remain neutral on an EPS basis versus the STP, while capturing these important savings for our customers in the process.

Turning to Slide 56. I mentioned our own renewable strategy includes a number of alternatives, including potential buy-ins and repowering of our existing PPAs, which totaled nearly 3.8 gigawatts.

This chart shows a view of our current PPA fleet by year of expiration of the production tax credits, or PTCs. Between now and the end of the decade, over 2,800 megawatts of wind under PPAs will see their PTCs expire, which represents a potential opportunity to buy in remaining term of the PPA and recover this capital and rates at a lower cost for our customers.

In the process, Eversource would acquire control of these assets and sites for further optimization. For some of our older technology PPAs, repowering a site can result in increased output, improved reliability and the restart of the PTCs.

In combination with the buy-in of the PPA asset, this represents a potentially more compelling opportunity. And this also allows Eversource's customers and stakeholders to transition away from third-party controlled assets and towards realizing the numerous benefits of utility-owned and operated assets that are locally regulated.

Before I turn to the financial summary, I'll wrap up this part of my presentation with a summary of the long-term fleet transition opportunity you'll find on Slide 57. We're very bullish on our long-term opportunities with this fleet transition. There are a few factors that will help determine the pace of this transition as we work towards net zero by 2045.

All 3 factors reflected on the right side of the slide are quickly changing. And we are seeing some impacts of these changes in real time, in particular, federal and state policy changes, including the potential extension and expansion of tax credits for wind and solar.

Our geographic location is a clear competitive advantage for our customers. Most are aware of our service territories proximity to the prime wind corridor in Western Kansas, but we have access to high-quality solar research potential as well.

This makes for an exciting opportunity to leverage advancements in renewables technologies as they evolve. And similarly, as other

variables shift like policy mandates and changing market conditions, we will adapt and continue to put forward plans that balance the interest of our many stakeholders as evidenced by our optimized plan for new solar and the Lawrence coal retirement.

I'll now turn to the financial summary, which begins on Slide 59. This overview will provide greater detail of the expected financial results behind the initiatives you've heard about today. As David mentioned, having reaffirmed our 2021 guidance, we're very pleased to introduce 2022 adjusted EPS guidance of \$3.43 to \$3.63 per share, which based on the midpoint of that range, represents another year of strong 7% earnings growth.

And using the midpoint of our 2021 earnings, we are rebasing and extending our target adjusted EPS growth of 6% to 8% by another year from 2021 to 2025. We've also refined our outlook for 2025 capital expenditures of \$2.4 billion, which includes about 30% or approximately \$750 million of owned renewables, advancing our plans to reduce our carbon emissions with 0 marginal cost generation.

Importantly, our extended plan benefits from robust operating cash flows as our tax position, which is augmented by new renewables, results in minimal cash taxes over the forecast period, translating earnings into substantial operating cash flow.

This allows us to fund investment, affordably improving our platform for customers without the need for additional equity, while keeping our balance sheet metrics in line with rating agency targets.

And with that, I'll provide some greater detail regarding our guidance for 2022 EPS, which you'll find on Slide 60. Starting with the \$3.30 per share midpoint of our reaffirmed 2021 guidance range and moving from left to right, the drivers of our 2022 guidance midpoint of \$3.53 include \$0.12 of increased retail demand.

Now about 2/3 of this increase reflects the realization of more normal demand in '22, which we'd originally expected to occur in 2021. This shift is due to the observed delay in returning to a normal demand mix due to lingering COVID effects in 2021.

The remaining portion are about 1/3 of this \$0.12 demand impact, represents and reflects normal year-over-year load growth into 2022. As I mentioned on our second quarter earnings call, while we've seen an uptick in demand through the first half of 2021 as compared to 2020, at the time when COVID-19 was particularly acute. The increase in 2021 demand through the first half of the year was below our expectations as a result of the continuing effects of COVID-19 and the Delta variant, which has delayed return to work plans for many employers.

While these continuing effects have caused residential demand to remain elevated, commercial and industrial recovery has been slower than originally expected. And as a result, we've adjusted our demand outlook for 2021 to reflect a continuation of this trend, and we've shifted the expected return to a more normal demand mix into 2022.

Of note, notwithstanding the change in our 2021 demand outlook shifting to 2022, we continue to be optimistic about our 2021 results exceeding our guidance midpoint due to other positive drivers, including favorable weather year-to-date.

Turning to the remaining 2022 growth drivers, we expect about \$0.09 of additional earnings from transmission revenue, which is in line with 2021 growth, given our steady pace of investment to improve our transmission infrastructure. Additional O&M savings are expected to add approximately \$0.05 as we continue to execute on efficiency gains.

A slight increase in interest savings and AFUDC equity, the expiration of merger-related customer bill credits in 2022 and about \$0.01 of other items of the remaining uplift drivers, all of which are offset by additional depreciation expense not yet reflected in rates.

Turning to Slide 61. As David mentioned earlier and as evidenced by our new guidance for 2022, we remain on track to deliver our robust original earnings growth target of 6% to 8% from 2019 to 2024, which we first announced a little more than a year ago. We remain focused on executing that plan, which underpins this, and we are very pleased with the progress to date on both our O&M savings as well as the pace of investment to improve reliability, flexibility and resilience.

Beyond executing on the components of our previously announced growth plan, we've also continued our discipline focused on continuous improvement beyond 2024, and we're pleased to share with you our revised and extended outlook which you'll find on Slide 62.

Starting with the \$3.30 midpoint of our reaffirmed 2021 guidance range, which represents yet a second year of approximately 7% EPS growth from our original base year of 2019, we're rebasing our 6% to 8% EPS growth target from 2021 to 2025.

As we also extended our focus on operational efficiencies by targeting \$20 million of additional O&M reductions in 2025, we now expect to continue our pace of 6% to 8% annual EPS growth through the middle of the decade.

While we're committed to and confident in delivering this compelling earnings growth profile to our shareholders, it's important to note that while we review this as a necessary objective, earnings growth, alone, is not sufficient unless it results from having first achieved our operational and affordability goals. At Evergy we view our earnings growth objective as only being truly achieved if it comes as a result of improving the quality and reliability of our service while keeping rates competitive and affordable for our customers.

The combination of the investment projects, Kevin and Chuck described earlier and our relentless high performance focus on reducing O&M as well as fuel and purchase power costs, both of which are tracking toward the targets allows us to effectively strike that balance, and that is how we define quality earnings growth at Evergy.

Looking at our CapEx forecast. We plan to continue to make critical annual investments in our base CapEx of approximately \$1.6 billion to \$2 billion, with base capital investments expected to decrease in 2023, as we begin to increase our investment in owned renewables.

These base investments are targeted to ensure that our legacy generation remains reliable, resilient and flexible to meet our customers' demands through asset hardening, to withstand extreme weather events and flexibility-enhancing technology implementation to deliver affordable power when it's needed most.

The largest portion of our base capital investment will be in transmission and distribution. As Kevin Bryant discussed earlier, these investments are vital to building a more reliable grid that meets our region's demand growth needs, can leverage smart grid technology to efficiently get electricity to the customers we serve and to pave the way for broader implementation of electrification.

These investments are also critical in paving the way for renewables, which have different dispatch profiles and are often located in areas where established connections to the grid do not exist.

Finally, our renewable investments represent zero carbon emitting generation, which will enable us to continue our path towards making Evergy carbon-neutral by 2045. Importantly, renewable generation also carries no fuel cost and minimal O&M costs, which drives affordable rates for customers at reduced exposure to volatility from fuel costs.

These investments are expected to total approximately \$1.5 billion in 2023 to 2025, and represent nearly a gigawatt of new solar and wind generation to serve our customers.

And now let's turn to Slide 64, and I'll summarize how we plan to fund these investments. Over this 5-year period, we expect to generate approximately \$9.5 billion in cash flow from operations. Our current and projected tax positions place us on a path for minimal cash taxes over the course of the plan. And as a result, we translate earnings growth into significantly greater operating cash flow, providing us a robust base of capital to both return to our shareholders and reinvest in improving our platform.

After maintaining our dividend payout ratio in line with our 60% to 70% target, enabling this to keep our dividend growth in line with earnings growth through '25, we'd still expect to generate nearly \$6.7 billion of excess operating cash flow or approximately 64% of our cumulative capital expenditures over the 5-year period.

We also expect approximately \$466 million in proceeds from securitization. This consists primarily of approximately \$300 million of fuel

and purchase power costs incurred during Winter Storm Uri, which will allow us to smooth the impact of these costs for our customers.

The balance of securitization proceeds is expected to come from securitizing rate base associated with the cessation of coal operations and the retirement of unit 4 at our Lawrence Energy Center. When combined with proceeds from Bluescape's equity investment in early 2021, we expect to be able to fund approximately 70% of our investment plan before any incremental traditional balance sheet debt, which in turn represents only 30% of our capital funding sources over the period.

This allows us to efficiently fund our capital requirements without any incremental equity while maintaining the strength of our balance sheet and our credit metrics in line with targets. For more on those credit metrics, I'll turn to Slide 65.

2020 cash flow from operations pre-working capital to debt, which is a key target metric for our credit ratings, is solidly above our targets on a consolidated basis as well as each of our utilities.

These favorable metrics as of the year-end 2020, combined with the operating cash flow-focused financing plan I discussed previously, which is further augmented by our increasing rate base and earnings profile creates a solid path to allow us to fund our investment plan with no incremental equity while continuing to remain in line with our target credit ratios and consistent to support our current credit ratings through 2025.

Moving next to Slide 66. Evergy's balance sheet remains strong and healthy with ample headroom below the threshold for holdco debt versus total debt as well as plenty of liquidity. Although, as I described earlier, we expect to issue approximately \$3.2 billion of incremental debt through 2025, the significant majority of this will be at the various utility subsidiaries.

This allows us to balance our capital structure appropriately and maintain our holding company debt below 20% of total consolidated debt. From a liquidity standpoint, as of the end of August, we had over \$1.9 billion, maintaining efficient deployment of excess cash with nearly that amount representing available capacity in our \$2.5 billion Sustainably-linked Master Credit Facility.

As Heather mentioned earlier, we just completed the process to amend and extend that facility through August of 2026, giving us a new 5-year liquidity runway and tied a portion of the periodic cost of that facility to our ESG targets.

Now turning briefly to dividend policy on Slide 67. We remain focused on returning capital to our shareholders by maintaining our target payout ratio of 60% to 70% throughout the plan. Based on the midpoint of our target EPS growth range and this consistent payout ratio, as I reviewed previously, this implies over \$2.8 billion in capital returned to shareholders via dividends from 2021 to 2025.

Turning finally to Slide 68, we're very pleased and proud of our enhanced and extended 5-year plan. We're confident in our ability to execute that plan as we continue to transform our company in order to realize its high performance potential for the benefit of all stakeholders.

Importantly, we are confident this plan ensures we deliver on the core tenets of our strategy: affordability; reliability; and sustainability. By ensuring that our plan achieves just that, we can be truly proud that in the process, it also allows us to achieve our financial objectives as well. And with that, I'll turn it back to Dave.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Thanks, Kirk. In this final section, I'll cover a few points on long-term growth drivers before opening things up to Q&A. Slide 70 lays out our current high-level estimates of the infrastructure investment potential from 2026 to 2030. Needless to say, a lot can and will change over the next 5 years before we even start this period.

But from where we sit today, we see a sustained runway of beneficial investment in our distribution and transmission grid and related grid modernization. This \$10 billion to \$15 billion estimate also includes \$3 billion for renewables, consistent with the 2026 to 2030 phase of the resource plan that Kirk covered. Of course, these amounts could certainly change, for example, depending on what may result from the federal reconciliation bill currently under review in Washington.

Turning to Slide 71, I'm a believer that geography and resource potential play an important role in every utility's future, and we are no different. Frankly, it's one of the factors that attracted me to Evergy in the first place. Our service territory is adjacent to one of the best wind resource corridors in the United States. Given the massive infrastructure needs that will be required to transition to a clean energy economy, I think that it's a great place to be.

Slide 72 summarizes some of the potential long-term value drivers. The renewables potential speaks for itself. Renewables growth over the long term could be in service to average use or SPPs resource needs or to provide access to low-cost Kansas wind to other regions.

Along the same lines, building out the regional transmission backbone is a likely long-term driver. As many have noted, to accomplish our national clean energy objectives, regional and interregional transmission will be a must.

The Southwest Power Pool is not as far along as MISO in terms of planning for future transmission needs, but SPPs grid of the future effort and 20-year plan are likely to take a more expansive view of regional needs. Federal policies will be an important driver as well. I spent part of my career transmission, and there is no doubt that the operative word is patience. Major transmission initiatives often take 5 to 10 years or even decades to advance. The good news is we are in the right geography, and we have the right capabilities if and when those opportunities develop.

The third factor that I'll cite is green hydrogen. We don't have plans to be a first mover in hydrogen applications. But studies that are bullish about hydrogen, as a replacement for carbon as a fuel source, typically cite green hydrogen as an enabler. Furthermore, low-cost onshore wind is one of the more promising potential sources for green hydrogen.

Kansas benefits not only from its wind resources, but also from a large existing pipeline and storage network. For hydrogen to become a major enabler of decarbonization, very significant investment will be required, and our region is positioned well to participate. Finally, as an all electric utility, we benefit from the long-term move towards electrification, trends in transportation, heating, buildings and industrial and commercial applications, all point to an increasing share for electricity over time.

We haven't included any demand increase from electrification in our 5-year forecast. But in the back half of this decade and into the 2030s, most external studies estimate that electrification could drive incremental demand growth of up to 1% per year or more. Net across these factors, we see significant beneficial tailwinds for all electric utility franchise, well beyond our 5-year plan.

Slide 73 wraps up our session for today. As noted on the slide, reflecting confidence in Evergy's value proposition, Bluescape Energy Partners plans to buy an additional \$25 million in Evergy shares, Kirk and I each plan to buy an additional \$500,000 worth of shares.

In closing, thanks to everyone for engaging with us through our presentation today. I speak for the entire leadership team in saying that we are deeply committed to successfully executing our business plan and delivering results for our customers, communities, employees and shareholders. We are very excited about Evergy's future, and we look forward to your questions today. With that, operator, let's open it up to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from Shar Pourreza with Guggenheim Partners.

Shahriar Pourreza *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

David, you included that chart detailing the \$10 billion to \$15 billion opportunity set from '26 million to '30 on Slide 7. Think about that in the context of the current 6% rate base growth guidance and the ability to maintain higher earnings growth into those outer years of the decade, just elaborate a bit further maybe on the drivers there as we think about the current gap in growth as we look further out,

understanding you don't want to front run the regulatory process, right?

Kirk may have sort of alluded to this in his prepared remarks in the end. But just really want to confirm on the perpetuity and sustainability of that current earnings growth trajectory.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Got it. Thanks, Shar. So look, we like our position in the long-term potential for our business. Our update is focused on the 5-year plan. A lot can change in the 2026 to 2030 time frame. But we want to include the chart just to reflect that we see both ongoing significant base capital investment as well as the decarbonization generation transition potential and ongoing grid modernization. So we think that, that baseline provides a steady trajectory for our business.

And then there are some several drivers that could present upside over time. We'll have to see again, it's a ways out, and those relate, in particular, to electrification that would be an upside driver on the demand side, could drive incremental grid investment, also drive demand growth.

As it relates to transmission, if we have any sizable and meaningful regional, interregional build-out, that would present potential upside. And of course, the federal policies emerge that provide incentives for or sticks related to a clean energy transition, then that could certainly drive a different investment profile over time.

So we like our position and we like the potential over the long term, alongside the kind of the base potential for beneficial investment that we see ongoing for our business.

Shahriar Pourreza *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. And then just the \$20 million of incremental efficiency above the STP from '24 to '25 is pretty good. How should we sort of think about where you'll be at that point versus the overall opportunity set, i.e. you see more to squeeze, especially as you shoot for Tier 1 and even further looking at the asset level transition opportunities?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

So Shar, I think that we -- again, we're projecting out 5 years plus. Our view of where we'll be relative to benchmarks at that time and our assessment of our performance today. We expect that there'll be ongoing continuous improvement in optimization opportunities. We've set a firm target for 2026 and beyond, but given the investments that we're making, given the opportunities associated with automation, with data analytics and robotics and more systematic processing, we think that there's going to be ongoing runway for improvement in our business.

We've set an explicit target for '25. And obviously, our cost improvements in both the O&M side and purchase power through '25. But we're certainly not going to stop beyond that. And I think in particular, with technology trends and where we'll be positioned overall relative to benchmarks and best practices, we expect that there will be ongoing opportunity.

Shahriar Pourreza *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. Got it. And then lastly for me to which you can comment on it, David, it would be great. I mean there was obviously some media reports in the past around looking at transmission projects like the Green Belt project that could be dispatching a lot of renewables within Missouri. Is there any sort of status there, how you're thinking about maybe a non-rate-basable transmission project like the Green Belt project and whether you'd be interested in partnering there?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

So Shar, I won't comment on any specific projects. I think our focus is on rate base-related investments. I don't think merchant transmission lines, I have some experience in the past with that is probably not -- would not be in our core area. That said, projects that could potentially fold in the rate base that are developed by third parties. We certainly wouldn't preclude them.

We'll have -- as Kirk described, there be a range of different ways we'll approach looking at our wind resources. It could be through build

transfer or other sources. And certainly, projects that include a combination of when even potentially transmission could be considered as part of that.

There's elements of the federal legislation that include a potential transmission, ITC, for example. So that could increase the competitiveness. So we'll certainly look at everything. We think that we can -- well, we will certainly be focused on the regulated side, but we'll certainly look at anything.

We wouldn't -- not got any particular idea. So I think as Kirk described, we think it will be great opportunity for us to deliver something that's cost competitive for our customers and really help to drive an affordable transition for our fleet.

Shahriar Pourreza Guggenheim Securities, LLC, Research Division - MD and Head of North American Power

Congrats on the execution today.

Operator

Our next question comes from Steve Fleishman with Wolfe.

Steven Isaac Fleishman Wolfe Research, LLC - MD & Senior Analyst

Can you hear me?

David A. Campbell Evergy, Inc. - President, CEO & Director

Yes, we can.

Steven Isaac Fleishman Wolfe Research, LLC - MD & Senior Analyst

So I guess first question, just on the -- could you maybe give a little more color on the wind PPA buy-in opportunities and just how -- is that included in your plan at all, despite your plan? And is that something where if you bought it in, you'd be able to recover the investment in rate base and I guess, pass through the savings to customers? How would that work?

Kirkland B. Andrews Evergy, Inc. - Executive VP & CFO

Sure. Steve, it's Kirk. Answering the first part of your question is that's not embedded in any assumptions behind the numbers we walked through today, so that would be incremental. We're focused primarily, and I think this was on one of the slides I went through sort of racking and stacking our little less than 3.8 gigawatts of PPAs on the near-term expiry of the PTCs for obvious reasons.

I think that number through middle of the decade is a little over 1.2 gigawatts of PPAs with PTCs expire. We see those as kind of the sweet spot. We want to evaluate that. Obviously, the customer benefit is first and foremost in our mind, and it would work the way you had described it. Literally just paying the PPA counterparty to buy out the remaining term of the fixed price commitment for the PPAs, they'd obviously no longer incur the O&M that they're providing through those PPAs as well as there's an offset for them.

And that would be capital that would then go into rate base, and we'd recover that in the traditional fashion. Potential knock-on obviously, these are long-dated PPAs and older technology. That's why we also talked about the possibility of extending that or repowering them with new technology, which on that blend, if you will, and then extend to the repowering.

By taking advantage of that newer technology, we see that as a potential opportunity to sort of levelize or smooth the impact to make that more cost effective and more reliable for our customers because that would obviously extend the term of that known reliable power on a repowering basis. So the latter of that, I'd say, obviously, we're mindful of the current requirements around the ITCs, which expire at the end of '26, currently.

And in order to take advantage of that, we're actively looking into possibilities of making down payments on the equipment to maintain the eligibility for the ITC or potentially partnering with somebody else.

I said ITC, obviously, I meant PTC, but potentially partnering with a development of that process. So all of that goes in the equation, but

it would be a shift from PPAs as the pass-through to taking the present value of those, obviously, on a rate beneficial basis and putting those in rate base for recovery.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

I'll just add, Steve. There's obviously a consideration of expansion of the PTCs, which could factor in the equation as well and can further enhance the possibilities.

Steven Isaac Fleishman *Wolfe Research, LLC - MD & Senior Analyst*

Sure. Okay. Second question is just on -- maybe give a sense of where your earned returns are in your jurisdictions?

I guess you have several different subsidiaries, but just roughly in '21, '22 plan as you head in -- then into these rate cases?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Sure, Steve, I'll take a shot at that, and then Kirk can correct me. We estimate that in all our jurisdictions we're -- well, I'll site, in Kansas Central and in Missouri West, we're under our authorized ROE. We're -- I think if we adjusted for COVID impacts, we are right around our authorized level. So we're a little under there, probably in the 50, 100 bps range.

In Missouri Metro and in Kansas Metro, our returns are better. And I think that in '21, we will be a little higher than our authorized return on the Missouri side, and that's -- it's a little heavier residential service territories, so the COVID impacts haven't been as high, and we expect that to get back in line with their under authorized level in '22. And then obviously, we have rate cases, so we'll normalize.

So we think our overall earned returns are in a spot that matches up well with authorized levels. We shared our bill credits resulting in the merger, so our -- we've been able to mitigate regulatory lag with our own end savings, but of course, we're already saving some -- sharing some of that benefit with our customers coming out of the merger. So I don't think anything major of note in the earned ROEs.

Steven Isaac Fleishman *Wolfe Research, LLC - MD & Senior Analyst*

Okay. So as you go into these rate cases with the historic test years and all that, it's not like you're going to be in some kind of issue of having some kind of over-earning to deal with your -- and then keeping...

David A. Campbell *Evergy, Inc. - President, CEO & Director*

No, we don't expect that -- yes, that's right. We don't expect to have any issues with over-earning going to the cases.

Steven Isaac Fleishman *Wolfe Research, LLC - MD & Senior Analyst*

Yes. And then just on the -- I guess, David, just in terms of thinking about, over time, the 6% to 8% range gets pretty wide in terms of outcomes by the time we get to 2025. So just as we're trying to kind of measure kind of your success in achieving your goal, what we consider like what you're targeting for here? Is it receiving...

David A. Campbell *Evergy, Inc. - President, CEO & Director*

So it's a great question, Steven. We've -- partly by rebasing off of 2021, the range in '25 is actually a little narrower than it was before in '24, if you will, but it's still relatively wide, it's \$0.32. I think the '24 range we had out before today was \$0.38, around that.

So how we think about it or how I think about it is that we're striving to execute consistently and successfully. So the 7% increase in the cumulated annual growth rate from '22 to '19, 7% increase from '21 to '22, that kind of consistent performance, we're striving to deliver that. We'll obviously always strive to outperform. So as we noted in 2021, we disappointed if we're not in the top half.

So we've got a couple of rate cases in this time period. I think a range makes sense when you do a rate cases. But we're striving to be recognized for and delivering against consistent execution. And that doesn't mean we're going to stop at 7%, but it does mean that we're going to strive to consistently execute and be known for that and be more predictable in that and -- or won't even commit relatively on the past, just be known for that. And so we're pleased we're on that trajectory thus far, and our '22 guidance reflects that aspiration, and that's the path that we're going to be focused on in terms of execution.

Operator

Our next question comes from Durgesh Chopra with Evercore ISI.

Durgesh Chopra Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research

One clarification and then a follow-up question for me. Just Kirk, Slide 55, which talks to sort of the predetermination filing that you made earlier this month, just what should we -- is the commission actually going to rule on that filing? Shall be a go or no-go decision in March 2022? Can you clarify that for us?

Kirkland B. Andrews Evergy, Inc. - Executive VP & CFO

I'll obviously defer to the experts here. But as I think as delineated on the slide, it's about a 6-month process after we file a predetermination with a focus on the prudence from a ratemaking standpoint. So this gives us an opportunity having just advanced the ball around, in particular, that new solar addition, which I mentioned, in addition to what we think is a much more comprehensive and better for customers' plan in terms of the blending of Lawrence, getting that coal out of rate base and keeping that one asset for reliability. And that 6-month process would give us sort of an immediate click to stop watch for that 180 days for the KCC to review that for prudence.

Durgesh Chopra Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research

Got it. So is there a formal decision here at the end, or is it just like...

Kirkland B. Andrews Evergy, Inc. - Executive VP & CFO

Yes, yes. At the end of that 180 days, we would expect a formal decision. So that would be correct. So I wasn't clear on that answer when I answered to the first place. By the end of that 180-day period, you'd go through that approval process subject to a short appeal process. And afterwards, we would expect any ruling, yes.

Durgesh Chopra Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research

Understood. And is this kind of a road map as we think about your future wind and solar additions? I mean kind of as you sort of build those out (inaudible) retirements, is this kind of a road map of how you approach the commission as you seek approvals for future wind and solar additions?

Kirkland B. Andrews Evergy, Inc. - Executive VP & CFO

I think that's certainly fair as regards to Kansas, yes.

Durgesh Chopra Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research

Okay. And then just on your -- Steve Fleishman's question on the wind PPA buyout opportunity, Kirk, how much credit cushion do you have in the balance sheet versus your sort of credit rating thresholds? I guess what I'm trying to go with this is, if I'm thinking about incremental buyout opportunities, should I be sort of modeling them 50-50 finance with equity and debt? Just trying to see how much balance sheet room you have at this juncture?

Kirkland B. Andrews Evergy, Inc. - Executive VP & CFO

Yes. I think as a general rule, that's the right way to think about it. However, as I also noted in my comments, the rating agencies have taken a more acute focus on those fixed price obligations. So in the event, for example, we moved away from those -- some of those fixed-price obligations and turned them into rate base investment, there is incremental headroom in the first step of that because the debt attributed to that particular PPA that's being canceled and put in rates is incremental headroom when you pull that over. And I think in particular, one of the agencies has produced a lot more detail about how they thought about that from a debt attribution standpoint. So I would not necessarily think about the capital required as being incremental from a standpoint of debt capacity or headroom, we free up some headroom by releasing the fixed-price obligations on the PPAs, if you will.

Durgesh Chopra Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research

Got it. Understood. So it's actually credit accretive when you go from the PPA to rate basing some of these opportunities?

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Certainly on step one, but we take advantage of that accretion in terms of the debt capacity, yes.

Operator

Our next question comes from Michael Lapidès with Goldman Sachs.

Michael Jay Lapidès *Goldman Sachs Group, Inc., Research Division - VP*

I actually have a couple. First, on the O&M trajectory, how smooth do you think the reductions will be through the 2020 time frame? I mean you talked about 4% or 5% benefit in 2022, does it get a little bit lumpier in the out years? Does it -- are there -- does the retirement of La Cygne 4 and the conversion of La Cygne 5 drive a little bit more of a pickup in '24 versus '23? Just can you -- whatever detail you can provide on that? And then I've got one follow-up.

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Sure, Michael. It's Kirk. It will come in -- from time to time in chunks for lack of a more elegant phrase. I mean if you look back over the last couple of years from 2021 going into 2020, I think we had certainly a more robust step upward from 2020 into 2021. We probably -- I think we had about \$0.40 of earnings. So that's probably \$125 million added to roughly another \$14 million, I think that's what the \$0.05 equates to. So that would mean we're about 60% on a cumulative basis towards that \$210 million savings off of 2019.

So we are on pace, but it will come in steps, and it is a function of some of the programs that, in particular, Kevin Bryant and his team are spear heading as well as Chuck Caisley and [IT] and others. I wouldn't necessarily say it's absolutely tied to retirement of Lawrence per se. But we would expect to see that probably move to a little bit more robust level as we move from '22 to '23, but we are absolutely on pace to hitting that target. Now that more robust target we've set up there in 2025, midpoint of which is taking that O&M down to 960.

Michael Jay Lapidès *Goldman Sachs Group, Inc., Research Division - VP*

Got it. And then when you guys think about rate cases in '22 and '23, how are you thinking about the equity layers down at the operating companies? And whether there's potential or even a need for a thicker equity layer down at the opco?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

So Michael, I'll hand it over to Kirk. I think that it's -- we've seen it's a relatively formulaic approach in jurisdictions as to the equity layer. We -- I've been around this before as of you. And I think it is beneficial to the operating companies to have a robust equity layer, but it's pretty -- a relatively straightforward approach in the jurisdictions.

Kirk, I don't know if there's anything you want to add on that?

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

No, you put that well. I mean, I think certainly, we're focused on that equity layer, not only from an equity content standpoint, but also from a ratings and keeping aligned with our target ratios as well. And that's where I think that robust level of operating cash flow really benefits us, right? We are a very efficient converter, if you will, of net income into operating cash flow because of our tax position. And that gives us a lot of internally generated equity capital for redeployment towards that particular objective.

Michael Jay Lapidès *Goldman Sachs Group, Inc., Research Division - VP*

Got it. And then, guys, one final one, just a regulatory one. If you were to do a wind's PPA buy-in, how do you get preapproval for that? Or do you have to do it through some kind of CPCN process to get the rate change and to get regulatory approval?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Michael, that's a great question. I think it will depend a little bit on the nature of what we're working on. I think we'll certainly explore whether it be eligible for predetermination, I think on the right circumstances it would. It's really been a pretty attractive feature in Kansas, in particular, around how predetermination has been used in the past by Westar and how we're using it in this approach. So we think that it will be a tool that we can use. It will depend a little bit on the specific circumstances of course.

Operator

Our next question comes from Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith *BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Perhaps if I can ask some simple questions, but I think illustrative, maybe the starting point, I mean you guys made some pretty powerful statements about your efficacy and cost reductions past tense and what that meant for consumers' rates. And I understand there's a lot of different inputs in the consumer rates prospectively. But just want to make sure we're hearing you right. What does it mean for your various utility jurisdictions, the plan you're laying forward for consumer rates to '25? I'm not sure I heard it as succinctly and I know there's a lot of variables there, but I just want to make sure we've addressed that head-on.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Good, Julien, and thanks for asking because that is an issue that's very important to us and -- at the forefront for many of our stakeholders as well. So as Chuck in his presentation described how we've been able to improve our regional rate competitiveness, we think we can stay on that trajectory. And the productivity gains we've been able to drive in the business, both enabled by the merger and efficiency to be driven related to investments that we've made really help in that regard.

So on an overall basis, we estimate that our cumulative rate of increase since 2016, we use that as a baseline because the last time we increased base rates in both jurisdictions, I think it was '17 and '18, so we went back to 2016. The average overall annual rate of increase is 0.5% over that period from 2026 -- I'm sorry, from 2016 to 2024. That's across our jurisdiction. So it's well below the consumer price index, the overall inflation rate over that time period, varies a little bit by jurisdiction, but the overall trajectory being well under inflation on an annual basis is true in every jurisdiction. And that matters to us. And we think the investments that we're making have a lot of other benefits for our customers as well in terms of grid resiliency and reliability and modernizing the infrastructure we have in place, building renewables that help to lower fuel costs.

So we were able to manage the rate trajectory below inflation while making a series of beneficial investments across the system. So that is very important to us, and we'll stay at the forefront.

Julien Patrick Dumoulin-Smith *BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Got it. Excellent. And then if I can follow, I heard your earlier comments, but I want to make sure I heard this right. I mean, obviously, rate case dynamics in the interim here, but implied in that 2025 outlook, I take it that you're largely assuming that you're earning, shall we say, close to your authorized returns?

And then with respect to credit, obviously, I heard your comments earlier as well, how much latitude do you have at that point by the time you get to '25, given the financing plan that you've articulated here? Just want to make sure I've heard that right as well. Maybe that's a Kirk question in part.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Yes, I'll start with the first and then ask Kirk to comment on the credit question. So we do think that through what we've been able to do in our current operations and in 2020 and 2022, we think with managing the cost of our business and productivity, we can offset lag and earn close to our authorized returns.

Now in Missouri, we've got very constructive mechanisms in place to reduce lag already with PISA and a series of different things in Kansas as well, some of which we commented on today in terms of predetermination, so we think taking advantage of those tools and through managing the productivity of our business and our cost structure, we can -- that helps drive that underlying earnings power through 2025, just as we've been able to do in the period since the merger.

Now on the credit question, Kirk, do you want to take that one?

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Sure. On the credit side, Julien, as I walk through quickly in that kind of cumulative walk, if you will, from '21 to '25, we are generating a significant amount of cash from operations, and that's largely because of our tax position. We're moving through some of the legacy NOLs from the old mergers and then also moving through some of our just various business credits, in particular ITCs, and that's given us that basic shield, if you will, or that ability to convert a significant amount of earnings into cash flow. That obviously translates into that cash flow preworking capital to debt ratio.

So that's obviously a nice tailwind for us in terms of internally generated cash and also maintaining that particular ratio. So that even after paying our dividends, I think as I indicated, we've got about \$3.2 billion of incremental debt, managing that incremental debt and balancing it, I mean the preponderance of which is at the utilities because, obviously, they're generating more of that numerator and that all-important cash flow before working capital to debt ratio. So we feel very comfortable that given that tailwind on cash from operations, we've got the ability to fund this plan without new equity and maintaining those ratios in headroom.

As we move forward, that's where renewables, which is primarily beneficial certainly for customers and for the environment, but it's also beneficial from a tax capacity absorption standpoint and allows us to keep on that track, on that efficient cash generation. And that obviously gives us a tailwind to maintain those ratios effectively as we move forward because, obviously, that's important from both a cost of capital standpoint and the debt side, as well as an access to capital standpoint.

Julien Patrick Dumoulin-Smith *BofA Securities, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Got it. Excellent, guys. And I just want to clarify the renewable piece, if I can, just in brief. Obviously, buy-ins, a very interesting angle here. But clearly, to a certain extent, buy-ins might be tied to repowerings, repowerings might be tied to tax credits, tax credits getting elevated here back to 100% and certainly would change the equation. Just curious if you can elaborate here. I mean to the extent that you're looking at buying, how much of that is repowering? And even within that, as you think about the plan, how much upside is there given just the quantum of offtakes that you have in PPA form today? Is there to the extent which you actually get a move to a 100% PTC once more? It sounds like a lot of sort of leverage to -- and exposure to that outcome.

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Certainly, there is. I mean, obviously, duration matters and the history of those PPAs, which is why I answered an earlier question, it might have come from Steve earlier, certainly, we're focused on those nearer-term expiry's of PPAs because obviously, once the counterparty has gotten through the utilization of the PTCs, that's a much more viable environment for us to potentially negotiate buying in those remaining PPAs.

So also, I mean, you're very familiar with the history of wind development, the longer the legacy, it tends to be those of the higher price of the PPAs as well, which gives us an opportunity once those PTCs have rolled up to buy in those remaining cash flows, extend them. And I think certainly, repowering could be an important and beneficial part of that. And that's where, as I noted before, under the current rules, which are very much in flux and being revisited right now, in order to maintain that eligibility relatively near-term window to ensure that's the case. There are opportunities for us to do that. It doesn't mean we have to put all the capital to work tomorrow afternoon, but it does make -- ensure that under the current rules, we got to make sure that we've maintained eligibility for that ITC, which currently expires at the end of '26

I think about that as incremental opportunities beyond the 4 quarters and the scope of the plan we've laid out here today. Not to say that we're not exploring that as a possibility for some of that wind at the end of the plan, but we've seen opportunities in the traditional sense on build transfer, which we think shows promise.

So we'll look at both of those 2. But I think that the robust nature of that overall portfolio of near 3.8 gigawatts gives us a long runway to consider. And certainly, the extension of ITCs will be a catalyst for that -- for PTCs, yes, sorry. I've done that twice today. Sorry about that.

Operator

Our next question comes from Paul Patterson with Glenrock.

Paul Patterson *Glenrock Associates LLC - Analyst*

So just to clarify a few things. So you guys clearly are very focused on stakeholder engagement. Sounds like you guys have done pretty well there. Just to be sure here, is there more buy in, in Kansas now with STP? Or has there been mitigation of, I guess, previous concerns by some of the parties regarding it because of your performance? Should we think of it that way? Or how should -- I guess what's the update on STP among the stakeholders and the feedback that you're getting in Kansas?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Paul, thanks for asking on that. I think that the -- I think the overall STP workshop process was very constructive. It gave us the chance to interact with commissioners, staff and interveners and share the plan and go through it. It was a very active dialogue, especially on the Kansas side, but there are obviously the workshops on the Missouri side as well. And overall gave an opportunity, which is rare when you have a long stretch between rate cases to really go through the plan and go through what we're trying to achieve and what we're trying to accomplish.

Now as with any of those processes, and when you've got interveners, they're going to offer their point of view. But I think overall, it's a constructive dialogue, and we feel good about where they ended up. Both the proceeds are ongoing at some level, but we had our final scheduled workshops back in May and June.

And one of the key things and why we featured it prominently here is we really believe we've got a balanced plan that delivers value to all stakeholders. It's very important to us. So the affordability angle is featured in particular, on the Kansas side, and that matters a lot to us. That's why you hear us talking about it, while we have emphasized the affordability elements, we think our plan is really advancing. So net, we think the dialogue is constructive in both states, and we appreciate the opportunity that came out of the workshops.

Paul Patterson *Glenrock Associates LLC - Analyst*

Okay. Now with respect to Missouri, there's a rate case with another utility currently underway. And there have been some concerns by some of the stakeholders about PISA about perhaps not being renewed and also discovery issues associated with cost benefit analysis, wanting sort of (inaudible) grid mod in particular, wanting an actual formal cost benefit analysis. I think the staff was pushing for that.

And I'm just sort of wondering, what are you guys hearing about with respect to you guys about PISA, about how people are feeling about how it's working, your engagement with stakeholders there? Just sort of the flavor that you -- how do you guys feel about your ability to provide the quantifiable benefits for customers for the big CapEx that you guys are talking about?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Thanks, Paul. It's a great question. And we've had some direct feedback as well from staff and other parties to the STP workshops. I think that feedback was consistent with what we've seen in state policy, which is embodied in PISA and otherwise that is supportive of grid modernization and renewable generation development. So we heard that constructive feedback in general and overall through the workshops. And we think that PISA has delivered in terms of the goals that it's ought to achieve and the benefits it drives for customers and stakeholders. We'll obviously follow those rate case and see how they play out. Those are -- they're actually 2 underway in Missouri now, 2 electric utilities.

But in general, we actually think there's been pretty constructive approach. We know it will be an active rate case, they always are, but we feel good about the positions going in. And I think the investments we're making are clearly aligned with the state policy objectives.

And Chuck, is there anything you'd add on that front?

Charles A. Caisley *Evergy, Inc. - Senior VP of Marketing & Public Affairs and Chief Customer Officer*

I would just say that PISA is relatively new and still enjoying a honeymoon phase. We haven't heard anything out of the regulatory environment or in the legislative world that would make us think that its demise was imminent. And in addition to that, with respect to

the cost benefit analysis, I think that's something that OPC has floated forward. And frankly, they've been floating that forward for a decade now and a multiple of different things. And I don't anticipate any huge changes to the regulatory environment or additional hurdles coming out of this rate case at this time.

Paul Patterson *Glenrock Associates LLC - Analyst*

Okay. With respect to the PPA exploration, which everybody has been asking you about, I was just curious, for 2022 to 2025, that vintage of PPA exploration, could you give us a flavor as to just the cost savings in general that might be showing up? I mean, I guess it would accrue to a customer if -- just because they might be older vintage, I would assume, contracts, are they in of themselves by their expiration? Is there a benefit in terms of higher cost contracts falling off? Or any sense about how that impacts rates?

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Yes, Paul, it's Kirk. I certainly think beneficial relative to what we're seeing in terms of the current market. So there, I'd say, just through the expiry in terms of what we would see both in terms of new technology capacity factor and the onslaught that means for new build wind, right, to extend that beyond that, that would certainly entail cost savings. I think what we're looking at is the possibility of accelerating that cost savings by buying in those remaining years of the PPAs to take advantage of, obviously, the expiry, in particular, as I've noted a number of times, the PTCs that have now kind of run through that first 10 years. And in doing so, it's kind of a win-win-win in that particular sense, right?

The counterparty who's taken advantage of the tax advantages and obviously has that kind of terminal year or risk or outside the PPA risk, we take that on because we're better able to handle that and at the same time, repowering it. So in so doing, that gives us more transparency, more rate base investment at a lower cost for our customers. So that's what I mean by a win-win-win. So we think about it that way. But I think the real incremental opportunity we're focused on is not waiting for those higher-priced PPAs to expire, but taking advantage of those today to see if we can accelerate that savings for the benefit of customers.

Operator

Our next question comes from Angie Storzynski with Seaport.

Agnieszka Anna Storzynski *Seaport Research Partners - Research Analyst*

So I have a question about the securitization bills. I mean going into this Analyst Day, I would have thought there would be some application of those bills in accelerated coal plant retirements. And I understand that they're being used to deal with the high fuel cost issue after Hurricane Uri. But again, is there -- why aren't you hearing about additional coal plant retirements? And is it just that post Uri you're deciding to keep some of the units on, again, of gas just for reliability reason?

David A. Campbell *Evergy, Inc. - President, CEO & Director*

So Angie, thanks for the question. I think that we talked about the pace of coal retirements when we introduced our integrated resource plan. Obviously, resource planning is a dynamic exercise that's sort of done on a continuous basis. So it's something we'll continue to assess. We've achieved a lot of emissions reductions and shift to clean energy, and we're going to stay on that path. And we think that the IRP that we put forward with the coal transition time line strikes the right balance in terms of affordability, reliability and sustainability.

Now there are factors that could lead to that -- that can lead to that changing over time. So for example, if the federal policies that are under consideration now are enacted, could lead an accelerated pace. But we think we've got a trajectory and path that makes sense. We're obviously going to work through that with our stakeholders and constituents and reliability matters. We actually thought it was a -- as we dug into the opportunity at Lawrence, we like the results there for all constituents. We ceased coal operations, so we expect emissions to drop by 90% to 95% range in terms of CO2. And we were able to significantly reduce costs, obviously, much lower operating cost profile running on gas. There was 0 incremental cost because they already had a capacity to run on gas, and you preserve reliability assets that can really matter and avoid the potential need down the line.

So we'll look for opportunities like that. But I think you'll continue to see a steady reduction in our emissions trajectory, I think securitization will be a very helpful tool to reduce costs as we transition our coal fleet over time. And there's no doubt over the near term,

we'll continue to see reductions in our capacity factors for coal. We're implementing seasonal to daily flexibility in our coal operations, given the prices that we see in the market and the addition of renewables. So we're seeing the reliability benefits from coal continuing, but the energy production from it declining over time in advance retirements.

Agnieszka Anna Storzynski Seaport Research Partners - Research Analyst

Okay. And then following up on all of the questions about the upcoming rate cases. I understand that you are providing us ranges of earnings to account for the outcome of those rate cases and that they are based on historical test years. But don't you have like known and measurable adjustments? And in light of the fact that you're projecting your earnings -- I'm sorry, your cost structure going forward, aren't you concerned that some of those cost efficiencies are going to be reflected in those revenue increases that you're going to be asking for?

David A. Campbell Evergy, Inc. - President, CEO & Director

Well, I think that, obviously, we've got a systematic approach in the rate cases. They take a test year approach and reflect known and measurable pieces. So we'll approach those rate cases that we always have in the past. There's not certainty around our the different elements following the plan and the typically the approach is taking the rate cases, of course, is around the known measurable elements. And that's an approach that's worked well in those jurisdictions and we sure will going forward in the rate cases. We are very focused on driving benefits for our customers and turning affordability, and I think those elements will come through loud and clear in the rate cases, so we look forward to those discussions.

Operator

Our next question comes from Travis Miller with Morningstar.

Travis Miller Morningstar Inc., Research Division - Director of Utilities Research and Strategist

A lot of your peers are kind of dabbling in the outside of rate base investments, either renewables or some other, you mentioned, obviously, a couple of other sector-wide transformation type of investments that would be possible. When you think about the capital allocation, you talked about how you could have some -- you obviously have some strong free cash flow. What's your approach on that in terms of investments outside of rate base?

David A. Campbell Evergy, Inc. - President, CEO & Director

So it's a good question, Travis. Obviously, some of us on the management team have experience outside of the regulated business in our past. I think it's fair to say, though, that we're focused on the regulated opportunities before us. We're in all-electric utility, virtually 100% regulated business, we have small power marketing business. We like that profile. We like where we're located and the opportunities associated with it. We think it offers the best risk return for the capital allocation and the cash flow we generate. So we're focused on the regulated side. We do think a lot of the sort of explosion and investment that may happen with the transition to clean energy economy, we're well positioned to take advantage of -- in a regulated business. So we're focused on that part of our portfolio.

Travis Miller Morningstar Inc., Research Division - Director of Utilities Research and Strategist

Okay. If a partner came to you and wanted to go 50-50 or 60-40 or something like that, would you be interested in a joint venture type of structure, somebody approached you in that?

David A. Campbell Evergy, Inc. - President, CEO & Director

That's pretty hypothetical, it always would depend on what it would involve and what it would be. But I think our general mindset is around the opportunities in the regulated side of our business. So we have to always I suppose never say never, but it would really depend on the profile and specifics that would match with our overall strategy. And right now, our strategy is focused on our electric regulated franchise.

Operator

There are no further questions. I'd like to turn the call back over to David Campbell for any closing remarks.

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Great. I want to thank everyone for their time this morning. We are very excited about our plan as we've described and you've heard from us. We think it delivers benefits for our customers, our communities, employees and shareholders. And it advances the objectives of affordability, reliability and sustainability. And of course, this is our Investor Day. So focusing in with respect to impact for investors, please know that you've got an executive team and a company that's focused on execution. We're focused on delivering results. We think we've got a great position and franchise with our company as an all-electric utility positioned as we are next to one of the world-class wind corridors with ongoing portfolio transition ahead of us. And we think we've got a high-performing plan with 6% to 8% growth in adjusted earnings through 2025. So we appreciate your support, and wish you a great day

Operator

This concludes the conference. You may now disconnect. Everyone, have a great day.

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