



MPSC Integration Success Update

12/19/2018 – Public





Integration Success

Integration Success - Centralized department in Strategy dedicated to Integration

1

Monitor Implementation Efforts

- Ensure businesses execute implementation plans, which reflect results of the Design Phase and have executive sign-off
- Identify early warning signals if planned outcomes are at risk

2

Coordinate Interdependent Merger Activities

- Identify activities with significant interdependencies, ensure adequate plans are in place, and provide support to owners and stakeholders as needed
- Examples include: commitments tracking and monitoring, accounting for staffing transfers plan, technology related requirements, budgeting, supply chain

3

Provide Transparency (Reporting)

- Reinforce communication on “the why,” progress and ownership of integration plans
- Elevate issues, risks and recommended mitigation actions to the Executive Team
- Provide Executive Team and stakeholders with a holistic view of progress on integration plans

4

Pursue Additional Opportunities

- Partner with all departments to identify and develop additional savings opportunities, driving continuous improvement
- Aid the business and leadership in prioritizing new opportunities, in collaboration with company subject matter experts



Major Merger Commitments Update

- Merger Closed June 4, 2018
- Provided \$300k to community action agencies
- Distributed bill credits to Missouri customers in September and early October
 - ~\$14.9M – KCP&L-MO
 - ~\$14.2M – GMO
- Included ~\$3M-KCP&L-MO and ~\$6M-GMO merger savings in rate case settlements
- Compliance items
 - Submitted request for proposal for independent 3rd party audit of affiliate transactions and corporate cost allocations
 - Merger Integration: Conducted two update meetings with Staff/OPC
 - Filed two quarterly staffing and contingent labor reports
 - Filed two board presentations related to merger
 - Filed monthly customer service and operational level reports with staff



Major Merger Commitments Update

- Met with Staff and OPC to discuss expected impact of allocations of costs among Evergy's utility and non-utility subsidiaries
- Provided staff detailed journal entries to record the merger – Dec. 2018
- Generation Update
 - Plant Retirements – On plan
 - Employees have elected to retire, remain on site to dismantle, or fill open positions
- Wolf Creek related support services centralization not yet reflected in results but will be chartered as an efficiency by year-end

Merger Efficiencies Summary

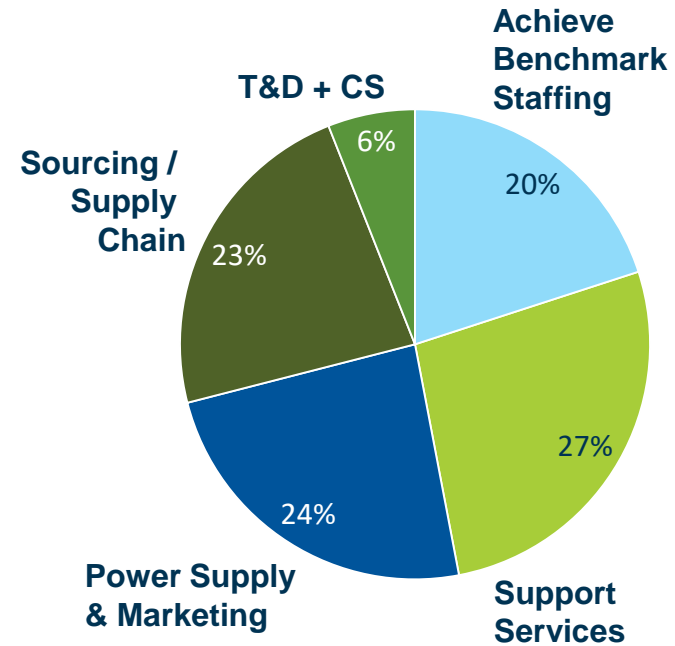
Savings Summary (\$M)

Gross Efficiencies	Net Savings
\$627.0	\$555.2

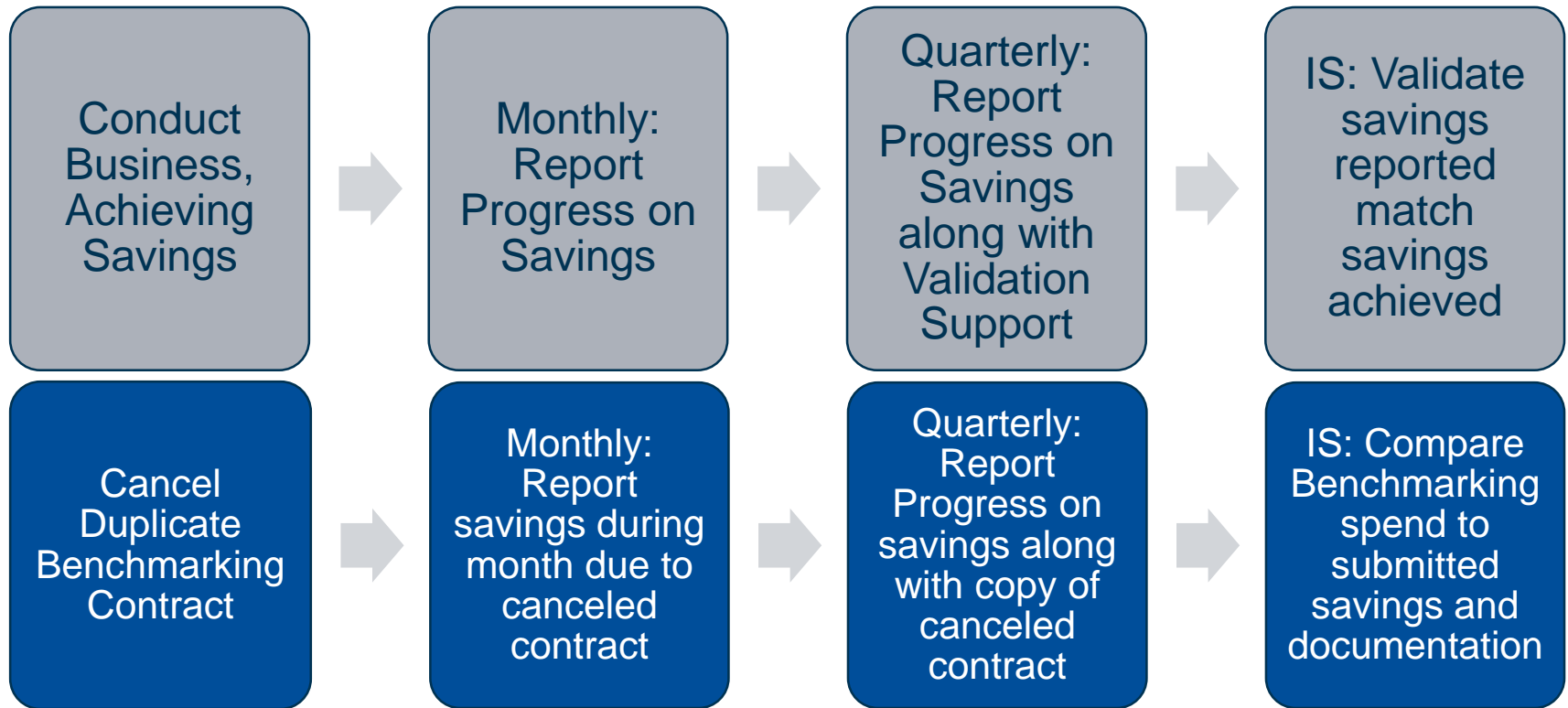
Savings Summary by type and year (\$M)

Efficiencies	2018	2019	2020	2021	2022	Total
NFOM	\$46.8	\$108.0	\$133.1	\$137.3	\$146.3	\$571.6
Fuel	\$0.7	\$1.0	\$1.1	\$1.3	\$2.3	\$6.4
Inventory Carrying Costs	\$2.2	\$7.9	\$12.3	\$13.3	\$13.4	\$49.0
Gross Efficiencies	\$49.7	\$116.9	\$146.5	\$151.9	\$162.0	\$627.0

Gross Efficiencies Summary by Source



Monthly Tracking Mechanics





Merger Savings Highlights

- Tracking slightly ahead of 2018 planned gross savings
- Savings highlights:
 - Administering voluntary employee exit programs consistent with plans
 - Internal headcount slightly ahead of plan
 - Completed Wave 1 sourcing with strong results better than plan
 - Retired Westar power plants as planned
 - Executing efficiency plans at power plants continuing operation
 - Finalized insurance procurements yielded favorable results
 - Aligned rural vegetation management practices
 - Chartered additional efficiencies in environmental compliance
 - Reducing redundant support services contracts in line with plan