

PECNA at the Customer's Site. In addition, it assures Evergy and its customers substantial recovery of Evergy's costs to serve PECNA and long-term commitments by PECNA for usage and payment of substantial revenues under the terms of the Agreement for the benefit of Evergy and its other customers.

4. The Agreement includes an all-energy rate with three-tiered pricing block rate structure. It includes a monthly minimum bill obligation for PECNA, and subjects PECNA to all riders and surcharges it would otherwise be obligated to pay. The Agreement further provides Evergy the right to update and revise rates when rates for other customers are changed to reflect the pro rata share of the change for the ILP class of customers.

5. As demonstrated in the Direct Testimony of Jason Klindt and the Direct Testimony of Allan Swan, filed herewith, in addition to being an integral part of persuading PECNA to locate its facilities in Kansas and promoting substantial economic development for the State, the rates in the Agreement meet the Commission's standards for approval applied to special contracts. The pricing structure under the Agreement will provide a net benefit to Evergy's other customers in that it ensures PECNA will pay rates greater than the incremental variable cost to serve PECNA, resulting in a contribution from PECNA towards Evergy's fixed costs that otherwise would be paid for by Evergy's other customers.

6. Evergy requests approval from the Commission to defer for recovery in its next general rate case the difference between the base rate revenue it will receive from PECNA under the Agreement and the base rate revenue it would have received from PECNA if PECNA continued to take service under the ILP tariff. Mr. Klindt describes the calculation of this regulatory asset in more detail in his Direct Testimony. The Commission should approve the requested regulatory asset because the Agreement meets the Commission's standard for approval of special contracts

and because the Agreement will result in benefits for Evergy's other customers. As a result, it is reasonable and appropriate for those other customers to be responsible for the lost revenue that results from implementation of the Agreement. Effectiveness of the Agreement is conditioned on Commission approval of Evergy's request for deferral as described in this paragraph and in Mr. Klindt's Direct Testimony. The Commission approved a similar request made by Evergy relating to Evergy's most recent special contract with CVR Refining CVL, LLC in Docket No. 24-EKSE-689-CON, by order dated October 31, 2024.

7. As part of this Agreement, the Joint Movants request expedited treatment for this Joint Application. Expedited approval of the ESA, which is intended to bring financial commitment for utilities in line with those initial expectations and to provide necessary long-term certainty, will allow PECNA to maximize potential economic and financial benefits for the community and the State during the operation of the PECNA facility. Therefore, the Joint Applicants request that the Commission issue its order in this docket so that the Agreement may become effective no later than February 1, 2026.

WHEREFORE, Joint Applicants respectfully request the Commission issue an order approving the Agreement on or before February 1, 2026.

Respectfully submitted,



Cathryn J. Dinges (#20848)

Senior Director and Regulatory Affairs Counsel

818 South Kansas Avenue

Topeka, Kansas 66612

(785) 575-8344

Cathy.Dinges@evergy.com

PUBLIC

/s/ Will B. Wohlford

Will B. Wohlford #21773

Glenda Cafer (#13342)

Trevor C. Wohlford (#19443)

Morris Laing Law Firm

800 SW Jackson, Ste 1310

Topeka, Kansas 66612

Phone: (785) 430-2003

wwohlford@morrislaing.com

gcafer@morrislaing.com

twohlford@morrislaing.com

ATTORNEYS FOR EVERGY

/s/ James G. Flaherty

James G. Flaherty, #11177

Anderson & Byrd

216 S. Hickory, PO Box 17

Ottawa KS 66067

ATTORNEYS FOR PECNA

PUBLIC

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Cathy Dinges, being duly sworn upon his oath deposes and states that she is the Sr Director and Regulatory Affairs Counsel for Evergy Inc., that she has read and is familiar with the foregoing Application and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Cathryn J. Dinges

Subscribed and sworn to before me this 1st day of October, 2025.



Notary Public

My Appointment Expires





PUBLIC

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

JASON KLINDT

ON BEHALF OF EVERGY KANSAS SOUTH, INC.

**IN THE MATTER OF THE JOINT APPLICATION OF
EVERGY KANSAS SOUTH, INC.
AND PANASONIC ENERGY CORPORATION OF NORTH AMERICA FOR
APPROVAL OF AN ENERGY SUPPLY AGREEMENT.**

Docket No. 26-EKSE-110-CON

October 1, 2025

1 **Q. Please state your name and business address.**

2 A. My name is Jason Klindt. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Evergy Metro, Inc. and serve as Senior Director, External Affairs for
6 Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“EKM”), Evergy Kansas Central, Inc. and
7 Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“EKC”), Evergy Metro,
8 Inc. d/b/a as Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a Evergy
9 Missouri West (“EMW”), the operating utilities of Evergy, Inc.

10 **Q. On whose behalf are you testifying?**

11 A. I am testifying on behalf of Evergy Kansas South, Inc. (“Evergy”).

12 **Q. What are your responsibilities?**

13 A. My responsibilities include leading our external affairs department. This includes helping
14 our key account customers with billing, outage, power quality and other questions related
15 to our service. I also manage our economic development team which helps attract new load
16 to the service territory and our government affairs group who work with policy makers at
17 the federal, state and local level.

18 **Q. Please describe your education, experience, and employment history.**

19 A. I graduated from Northwest Missouri State University in 1999 with a degree in public
20 relations and in 2002 with a Master of Business Administration. I worked for U.S.
21 Congressman Sam Graves (MO-6) for about 10 years mostly as his communications
22 director. I also worked for Axiom Strategies, a political consulting firm, for about five
23 years. I joined then-Kansas City Power and Light as the government affairs manager for

1 Missouri in late 2014. I've also worked at Evergy, or its predecessor, as a Director of
2 Customer Intelligence and the Director of Government Relations and Economic
3 Development.

4 **Q. Have you previously testified in a proceeding at the Kansas Corporation Commission**
5 **("Commission" or "KCC") or before any other utility regulatory agency?**

6 A. Yes. I have provided written testimony in support of other special contracts in Docket No.
7 24-EKSE-123-CON, Docket No. 24-EKSE-249-CON, and Docket No. 24-EKSE-689-
8 CON.

9 **I. INTRODUCTION**

10 **Q. What is the purpose of your testimony?**

11 A. Evergy is proposing to enter into a special contract with Panasonic Energy Corporation of
12 North America ("PECNA"). My testimony will describe the proposed Energy Supply
13 Agreement ("ESA") between Evergy and PECNA and demonstrate that it is consistent with
14 the Commission's policies concerning approval of special contracts. A true and correct
15 copy of the ESA is attached hereto as **Exhibit A**.

16 **Q. Describe PECNA.**

17 A. PECNA, is a global leader in cylindrical lithium-ion battery cells, with a 100-year history
18 of innovation spanning both battery cell technology and battery business operations.
19 Among PECNA's known lines of business, the company supplies advanced lithium-ion
20 battery cells to global automotive manufacturers and is one of the largest lithium-ion
21 battery cell suppliers in the global market for electric vehicles. Please see the testimony of
22 Allan Swan, President of PECNA, for more details about the company.

23 **Q. Describe PECNA's facility in DeSoto, Kansas.**

1 A. PECNA's facility in DeSoto, Kansas ("the Facility") is a new cylindrical lithium-ion
2 battery factory, which will be utilized to manufacture and supply lithium-ion batteries for
3 electric vehicles ("EVs"). PECNA held a grand opening ceremony and began production
4 at the Facility on July 14, 2025. The Facility spans approximately 300 acres in total at the
5 Astra Enterprise Park just south of DeSoto and is one of the largest automotive battery
6 factories in North American. It is also the largest known economic development project in
7 the history of the State of Kansas.¹ Panasonic provided substantial information regarding
8 the Facility in a recent press release "*Panasonic Energy Begins Mass Production at New*
9 *Automotive Lithium-ion Battery Factory in Kansas, Aiming for Annual Capacity of 32 GWh*
10 *to Accelerate U.S. Local Production.*"²

11 **Q. How many people are expected to be employed at this facility?**

12 A. Initial estimates showed that the Facility is expected to create 4,000 direct jobs. It is
13 expected that more jobs will be created in secondary and related companies providing
14 support to the Facility. Industry experts, including the Center for Economic Development
15 and Business Research at Wichita State University, estimate thousands of additional
16 indirect jobs, including those in supplier and other related industries, will be created related
17 to the Facility, placing estimates of total jobs created somewhere between 6,000 and 11,875
18 total jobs created in and around the community and state.³ Within the same report, the study
19 examines the overall benefit-cost over a ten-year period and determined a ratio of 2.09.

¹ <https://www.kansascommerce.gov/2022/07/kansas-lands-4b-4000-job-panasonic-energy-electric-vehicle-battery-plant/>

² <https://na.panasonic.com/news/panasonic-energy-begins-mass-production-at-new-automotive-lithium-ion-battery-factory-in-kansas-aiming-for-annual-capacity-of-32-gwh-to-accelerate-us-local-production>.

³ *Update: Economic Impact – Battery Equipment Manufacturing*. W. Frank Barton School of Business, Center for Economic Development and Business Research. March 2024.

1 This means the project is expected to return \$2.09 in public benefits for every dollar spent
2 on public costs. The present value of net benefits for this period stands at approximately
3 \$815.77 million, which when considered against the public investment of \$750.70 million,
4 results in a Rate of Return on Investment of 108.7%.⁴

5 **Q. What is the PECNA's expected load?**

6 A. The expected load for the Facility beginning in ** [REDACTED] **, ramping up
7 to ** [REDACTED] **, and finally to ** [REDACTED]
8 [REDACTED] **. In addition, PECNA is expected to have a consistently high load factor, likely at
9 least 85% during the substantial portion of this period. As of the Effective Date of the ESA
10 and based on the projected load and load ramp, PECNA would be the largest customer
11 served by Evergy across all of its service territories. PECNA's expected load and projected
12 load ramp are memorialized in Exhibit B to the ESA, which is provided with my testimony.

13 **Q. Please describe the efforts made by the State of Kansas to secure this investment by**
14 **PECNA?**

15 A. As stated above, the Facility constitutes the largest economic development project in
16 Kansas history, and therefore, as would be expected, substantial public and private efforts
17 have been made to secure PECNA's valuable investment in the State of Kansas. For
18 instance, the Kansas legislature passed the Attracting Powerful Economic Expansion
19 ("APEX") bill garnering bipartisan support in 2022, and it was signed into law by Governor
20 Laura Kelly on February 10, 2022. The APEX bill, valued at an estimated \$829 million,⁵

⁴ id, page 5.

⁵ <https://kansasreflector.com/2025/07/14/panasonics-vision-for-massive-kansas-battery-plant-becomes-reality-with-grand-opening/#:~:text=The%20Japanese%20ambassador%20to%20the,Kansas%20and%20across%20the%20region.%E2%80%9D>

1 provided important economic development benefits, including tax credits and rebates,
2 qualifying reimbursements, and sales tax exemptions, among others, to help attract
3 valuable economic development to Kansas. The Facility is one of a limited number of
4 economic development projects approved under the APEX bill and was secured by
5 substantial public and private efforts and partnerships designed to work with and attract
6 PECNA to locate the Facility in Kansas. Johnson County contributed approximately \$15
7 million to support roadway improvements and expand public services.⁶ The City of
8 DeSoto provided local tax incentives, completed infrastructure improvements, and offered
9 discounts on City-supplied utility services.⁷

10 **Q. What part did Evergy play in this effort?**

11 A. Energy was one of the largest elements of the Panasonic site selection. Evergy worked
12 closely with representatives of the State, private businesses and industry, and PECNA itself
13 within PECNA's site selection process. This began with support of the initial site visits
14 and then the more detailed interactions occurring as the DeSoto location became one of the
15 leading locations. Specific discussions and negotiations occurred during this process to
16 explore the available energy infrastructure at the site, the level of effort to provide service
17 to the proposed plant, and the expected cost of energy. Concerning the cost of energy, it
18 was important that Evergy offer competitive pricing to complement the other aspects of
19 the package offered to secure the Panasonic investment.

⁶ <https://www.jocogov.org/departments/county-managers-office/county-managers-office-surveys-and-reports/2023-annual-report/creating-and-supporting-economic-development#:~:text=supporting%20the%20largest%20economic%20development,for%20the%20Northwest%20Fire%20District.>

⁷ <https://www.desotoks.us/417/Development-Agreement#:~:text=KDOT%20will%20fund%20an%20estimated,least%202%2C500%20full%2Dtime%20employees.>

1 **Q. Please describe the pricing that Evergy provided to PECNA.**

2 A. The Company offered an initial price in the range of ** [REDACTED] ** as part
3 of initial site assessment in December of 2021 and subsequently updated the pricing in
4 April 2023 to ** [REDACTED] **. These prices assumed a ** [REDACTED] ** peak
5 load with 85% load factor. This range was developed by examining the then current
6 Industrial Large Power Service tariff, Schedule ILP rate and applying the Economic Rider
7 Discount.

8 **Q. Was it Evergy's intent to serve the Facility under the Schedule ILP rate with the**
9 **EDR?**

10 A. It was an option at this early stage. The Company was also considering using a special
11 contract. We expected that much more would be known as the project progressed and we
12 would decide the final form of service later. The primary expectation was to deliver an
13 energy price within the range communicated during the site selection efforts.

14 **Q. Did the Company and PECNA establish any formal agreements at this time?**

15 A. Yes. On September 23, 2024, the Company and PECNA executed a Service Agreement to
16 capture terms establish to that point. The Service Agreement provided basic terms for
17 service and the following key elements,

- 18 • Set the expectation that service would be provided through Schedule ILP and would
19 include the Economic Development Rider.
- 20 • Referenced construction agreements and the expectation that PECNA would pay for
21 certain on-site and transmission improvement costs.
- 22 • Defined the then expected load schedule for the Facility.

23 The Service Agreement is attached to the proposed ESA.

24 **Q. When did the Company propose the Large Load tariff?**

1 A. The Large Load Rate Plan⁸ was filed on February 2025.

2 **Q. Did the Company expect Panasonic to receive service under the proposed Large Load**
3 **tariff?**

4 A. No. The Large Load Power Service tariff (“LLPS”) and its associated Rate Plan were
5 developed almost two years after the Panasonic site selection was completed and was
6 intended to address the surge of large load activity that was occurring at the time. Service
7 to the Facility was already incorporated within the Company resource planning and none
8 of the terms established within the proposed LLPS rate were considered at the time
9 Panasonic made their site selection.

10 **Q. If the Facility is not served under the Company’s Large Load Power Service schedule,**
11 **is the Company and current customers exposed to more risk?**

12 A. No. The Company and PECNA are mindful that the LLPS approach has been proposed,
13 and steps have been taken to incorporate similar provisions into the ESA terms. These
14 steps are detailed later in this testimony. It is also noteworthy that Panasonic has already
15 made considerable investment in the construction of the Facility and made commitments
16 to the City of DeSoto and the State of Kansas. The risks associated with PECNA are
17 significantly less than what is expected from other large loads.

18 **Q. Please describe how the ESA supports these efforts.**

19 A. The ESA reflects the expectations of PECNA and the Company regarding the cost and
20 investment needed for electrical service to the Facility. These costs are commensurate with
21 and enabled PECNA to move forward with the decision to locate the Facility at the DeSoto,
22 Kansas location. The ESA helps assure PECNA that this important expectation regarding

8 Docket 25-EKME-315-RTS

1 utility costs would be met over a substantial term of its investment in the Facility, and that
2 it had a stable and predictable relationship with Evergy as its electric provider. These
3 factors ultimately help the State and the local community deliver on the expectations that
4 helped attract PECNA's initial investment in the Facility in Kansas and will over time help
5 maintain those expectations to further unlock additional investment and enable PECNA to
6 deliver on further growth and economic development goals for the Facility.

7 II. ENERGY SUPPLY AGREEMENT

8 **Q. Please describe the major provisions of the ESA.**

9 A. As stated above, a full copy of the ESA is attached to my testimony as **Exhibit A**. A
10 summary of the principal provisions of the ESA are as follows:

- 11 • The Primary Term of the ESA is ten (10) years from the "Effective Date" of the
12 ESA, which is defined as the first day of the month immediately following
13 approval of the ESA by the Commission;
- 14 • Rates are based on agreed base energy rates, divided into three tiered blocks as
15 set forth in Article 5.1 A.;
- 16 • PECNA will be charged all applicable surcharges and riders, as specified in the
17 ESA;
- 18 • Agreed base rates under the ESA may change as a result of a general base rate
19 change approved by the Commission, consistent with the overall percentage
20 increase or decrease allocated to the ILP customer class;
- 21 • PECNA is obligated to pay a minimum monthly bill of ** [REDACTED] ** per
22 month from the Effective Date through the end of 2026, and ** [REDACTED] **
23 per month from January 1, 2027 through the term of the agreement as set forth
24 in Article 5.5 of the ESA;
- 25 • The ESA also provides PECNA the option at its sole discretion to obtain energy
26 credits through the Company Renewable Energy Program Rider and RENEW
27 program;
- 28 • PECNA is subject to Collateral Requirements to ensure creditworthiness as
29 provided in Article 5.11 of the ESA;
- 30 • The ESA includes substantial expanded termination provisions in Article 9;

- PECNA is also obligated to maintain minimum employment requirements under Article 9.5 of the ESA to assure that the Facility is meeting economic development benchmarks.

Q. Are these provisions the same as previous special contracts approved by the Commission?

A. The structure of the ESA is very similar to other special contracts the Commission has approved between Evergy and certain customers, but it does feature some modifications that are intended to offer increased alignment with the terms and expectations of the proposed LLPS tariff. The provisions which are similar to previously approved special contracts include the general form of the agreement and a rate structure based on tiered block rates.

Q. What are the modifications proposed to increase alignment with the LLPS tariff?

A. First, the primary term under the ESA is ten (10) years as opposed to five (5) years in other approved special contracts (*see, e.g.* Docket No. 24-EKSE-689-CON hereinafter “the 24-689 Docket”). This longer commitment aligns more closely with the 12-year term of the LLPS tariff.⁹

Next, the minimum monthly bill requirement has been increased and aligned with the expected load of the Facility. In other special contracts, the minimum bill is a single amount applicable for the term of the special contract. It should be noted that PENCA will be subject to a minimum bill aligned with their maximum expected load starting on January 1, 2027, even though they will not consume energy at that level until later in the term.

In addition, in Article 5.11, the ESA requires PECNA to provide and maintain adequate collateral equal in value to twenty-four (24) times the expected Minimum

⁹ The 12-year term for the LLPS starts after up to five years of ramp, or transitional load.

1 Monthly bill. This collateral amount is subject to discount if adequate proof of
2 creditworthiness is provided. This is a positive change from previously approved special
3 contracts. Collateral provides substantial protection to secure payment of monthly bills for
4 service.

5 Article 9.5 of the ESA, represents another change from other approved special
6 contracts. It obligates PECNA to maintain employment of at least 2,500 persons at the
7 Facility during the term of the ESA. This provision is necessary because it is important to
8 continue to reinforce economic development and employment expectations related to the
9 Facility. This provision operates to serve this purpose, and provides substantial benefit,
10 not only to Evergy, but to its customers, the local community, and the State as a whole.

11 Finally, the ESA also provides PECNA the option to obtain energy credits through
12 the Company Renewable Energy Program Rider and RENEW program. This is one
13 example of the type of options and features Evergy has promoted in its recent LLPS rate
14 plan and is the type of additional option Evergy believes is important to satisfy the needs
15 of customers like PECNA.

16 **Q. Why did the Company and PECNA take these steps to incorporate elements of the**
17 **Large Load Power Service rate into this Agreement?**

18 A. While there was no expectation that these new terms and increased protections be included,
19 it was clear that service to the Facility should be reasonably aligned with the current large
20 load strategies and PECNA felt it was important to continue its efforts to be a good
21 corporate citizen.

22 **Q. Has the Company built or plan to build additional generation assets to enable service**
23 **to the Facility?**

1 A. No. As mentioned previously the Company has already incorporated serving the PECNA
2 load into its planning and modeling process, and no additional generation assets will be
3 required to provide service to the Facility beyond what is already within the Company's
4 current and planned generation portfolio.

5 **Q. Are there other notable aspects to the features of the ESA with PECNA?**

6 A. Yes. Specific provisions allowing PECNA to obtain energy credits through the Company
7 Renewable Energy Program Rider were added. This provides an option to help PENCA
8 be able to address its sustainability goals for the Facility.

9 It is also notable that PECNA will be obligated to pay for all of the interconnection
10 costs incurred in providing facilities to serve PECNA's load. Terms and estimated amounts
11 established in the September 2024 Service Agreement are carried forward into the ESA.
12 These interconnection costs are substantial, and these terms for payment are yet another
13 important protection for the Company and its customers.

14 On the whole, the ESA provides a framework that is favorable both to PECNA and
15 to Evergy, and provides both parties needed protections and assurances to unlock continued
16 investment and allow the Facility to continue to grow.

17 **III. THE ESA MEETS THE COMMISSION'S STANDARD FOR APPROVAL OF**
18 **SPECIAL CONTRACTS**

19 **Q. What is the Commission's policy concerning special contracts between utilities and**
20 **their customers?**

21 A. In 2000 and 2001, the Commission investigated issues related to special contracts in
22 Docket No. 01-GIME-813-GIE ("813 Docket"). In its Order issued in that docket on
23 October 3, 2001, the Commission found substantial support "to demonstrate that these

1 contracts may benefit both ratepayers and shareholders, and that they should not be
2 prohibited.” Docket No. 813-GIE Order, at 2.

3 Specifically, the Commission stated that “[i]n order to be approved, the
4 utility must show that the special contract provides a cost benefit to the remaining core
5 customers.” 813 Order, at ¶ 6. The Commission then provided a list of non-exclusive
6 factors that may be considered when evaluating the cost impact on core customers. Those
7 factors are:

- 8 a. The load characteristics of the customer,
- 9 b. The presence of an ECA or other risk management tool(s),
- 10 c. The nature of the discount,
- 11 d. Benefits such as curtailment provisions or use of system non-peak times,
- 12 e. The length of the contract,
- 13 f. Information regarding the terms of the contract, and
- 14 g. The existing capacity of the utility.

15 In recent dockets, the Commission has stated that the above framework can be synthesized
16 int three central questions:

- 17 (1) Is the special contract necessary?
- 18 (2) Does the special contract result in operational and/or economic benefits for
19 Evergy and its customers?
- 20 (3) Will the special contract result in just and reasonable rates?¹⁰

21 As discussed in detail below, the ESA is necessary as it is part of the overall effort to deliver
22 the economic development promise offered by locating the Facility in Kansas, the ESA

¹⁰ See e.g. Order Approving Special Contract, ¶ 11, Docket No. 24-EKSE-689-CON.

1 will result in substantial benefits to Evergy and its customers, and the ESA will result in
2 just and reasonable rates. Therefore, the ESA meets the requirements for approval by the
3 Commission, and Evergy and PECNA request that it be approved.

4 **Q. Is the ESA necessary?**

5 A. Yes. Due to changes introduced with the proposal of the LLPS Rate Plan, it is necessary
6 to rely on the special contract structure to provide service to PECNA consistent with
7 expectations and commitments made years before the LLPS Rate Plan proposal. Specific
8 need for this treatment was discussed and specific language included in the proposed LLPS
9 tariff within Docket 25-EKME-315-TAR. That language states,

10 *“Customers locating in the state as a result of a state program established for*
11 *attracting large capital investments in new facilities and operations by businesses*
12 *engaged in advanced manufacturing, aerospace, distribution, logistics, and*
13 *transportation, food and agriculture; or professional and technical services have*
14 *the option to choose to receive service under this schedule or, upon reaching an*
15 *agreement with Evergy, to enter into a special contract with Evergy for the*
16 *provision of electric service that is approved by the Commission under its*
17 *applicable standards.”*
18

19 This ESA filing fulfills that expectation and concludes the long process of securing
20 the PENCA Facility for the state of Kansas.

21 **Q. Does the ESA result in operational and/or economic benefits for Evergy and its**
22 **customers?**

23 A. Yes. The ESA is part of the overall effort, not only to bring PECNA to Kansas and to
24 Evergy’s service territory, but to encourage PECNA to provide enhanced investment and
25 to be able to grow at the Facility and within Kansas as a whole. As mentioned briefly in
26 this testimony and covered more fully in the testimony of Allan Swan, the PECNA
27 investment in Kansas is significant and will be beneficial to the Company, the local
28 community, and to Kansas as a whole.

1 **Q. Does the ESA elements to reduce the risk for the Company and other customers?**

2 A. Yes. There are a number or risk management tools included in the provisions of the ESA,
3 many aligned with protections included in the proposed Company LLPS tariff. First, the
4 ESA's primary term is ten years, which demonstrates a substantial commitment by
5 PECNA, and also offers meaningful security and protection to Evergy and its customers.
6 In addition, the minimum bill requirement is an important risk management provision,
7 because it assures that Evergy will receive payment from PECNA of at least
8 **[REDACTED]** per month from the Effective Date through the end of 2026, and
9 **[REDACTED]** per month beginning January 1, 2027, through the term of the
10 agreement. These amounts are based on the expected full load of the facility and will be
11 applicable in 2027, prior to when this load level is expected to be reached. This
12 provision assures minimum but meaningful payments by PECNA during the term of the
13 contract to ensure covering costs of providing service to the Facility. The ESA also
14 allows the Company to update the rates charged to PECNA when rates for other
15 customers are changed in order to reflect a pro rata share of the change in rates applicable
16 to other customers. Additionally, all Riders and Surcharges applicable to other customers
17 will remain applicable to PECNA. This ensures PECNA's rates will be adjusted over
18 time in order to reflect costs of service, allocation of costs, and rate design changes that
19 may be necessarily implemented over the term of the Agreement. Finally, in Article 9,
20 the ESA includes provisions which limit PECNA's ability to terminate the ESA and
21 provide necessary protections to the Company in the case of early termination. All of
22 these terms help limit risk associated with serving the Facility, and provide not only
23 long-term commitments by PECNA, but important protections to the Company and its
 customers.

1 **Q. What is the nature of the ESA discount?**

2 A. As discussed previously, expectations on pricing were established early in the site selection
3 process and were predicated on pricing equivalent to what would occur under Schedule
4 ILP and the economic development rider. The Limited Large Customer Economic
5 Development Rider, Schedule LEDR, provides for a discount of 40% on otherwise
6 applicable charges associated with the rate schedule that applies to the new or expanded
7 existing facility. To determine the pricing to include in the ESA, the Company calculated
8 the expected average rate under Schedule ILP and the applicable discount and calculated an
9 equivalent blocked energy rate. The three blocks were established such that the expected
10 energy consumption for the Facility is satisfied within the first two blocks and the third
11 block is priced at the full Schedule ILP average price. With this approach the discount is
12 aligned with the load declared in the ESA and Service Agreement but would not apply
13 indefinitely to the Facility load.

14 **Q. What is the resulting average price expected under this rate design?**

15 A. The Company estimated the average price at ** [REDACTED] ** cents per kWh.

16 **Q. Is this level of pricing unique to PECNA?**

17 A. No. Should another new customer of identical load factor as PECNA seek service under
18 Schedule ILP and Schedule LEDR at that time, the resulting price would be similar.

19 **Q. Was the proposed price calculate to reflect the increase approved in the latest EKC**
20 **rate case, Docket No. 25-EKCE-294-RTS?**

21 A. Yes, but not precisely. Due to additional time needed for PECNA review and approval of
22 the ESA, the Company and PECNA agreed to include a negotiated estimate of the expected
23 rate increase into the price calculation. The estimated increase of 3.17% applied to the

1 ESA rates did not align perfectly with the actual outcome of the Docket but did serve to
2 adjust the pricing closer to current levels.

3 **Q. Does the ESA result in just and reasonable rates?**

4 A. Yes, it does. As the Commission has stated in prior dockets related to special contracts,
5 the “just and reasonable rates” analysis for special contracts depends substantially on
6 whether first two factors of necessity and economic benefits are met. As discussed above,
7 those factors are clearly satisfied by the terms of the ESA. PECNA receiving a preferable
8 rate, but Evergy, its customers, and Kansans as a whole receive substantial benefits as a
9 result. The ESA is necessary to meet financial expectations of PECNA inherent in site
10 selection process, and to provide certainty and clarity to encourage further investment in
11 the location by PECNA, resulting in broad economic growth and development.
12 Furthermore, the financial benefits to Evergy and its customers are largely guaranteed
13 because of long-term commitments and minimum monthly billing obligations over a ten-
14 year primary term. Consequently, the ESA not only meets the first two prongs of the
15 Commissions’ three factor test, it will result in just and reasonable rates as well.

16 **IV. REQUEST FOR DEFERRAL OF REGULATORY ASSET**

17 **Q. What is Evergy requesting with respect to a regulatory asset for the lost revenue**
18 **that will result from the proposed ESA?**

19 A. Evergy is requesting approval from the Commission to defer for recovery in its next general
20 rate case the difference between the base rate revenue it will receive from PECNA under
21 the proposed ESA and the base rate revenue it would have received from PECNA if
22 PECNA continued to take service under the ILP tariff. Evergy would expect in its next

1 general rate case to request recovery of the deferred amount over a period of time consistent
2 with the period of time during which the deferral balance is accrued.

3 **Q. How will Evergy calculate the regulatory asset?**

4 A. For the customer accounts that will be billed at the ESA rate, Evergy will calculate monthly
5 the base rate revenue under the applicable tariff assigned to each account prior to the
6 effective date of the ESA. This will be compared to actual base rate revenue billed using
7 the ESA rates. The difference will be booked to a regulatory asset account.

8 **Q. Why is approval of the requesting regulatory asset appropriate?**

9 A. The Commission should approve the requested regulatory asset because, as I discussed
10 above, the proposed ESA meets the Commission's standard for approval and will result in
11 benefits for Evergy's remaining core customers. As a result, it is reasonable and appropriate
12 for those remaining core customers to be responsible for the lost revenue that results from
13 implementation of the ESA. Similar regulatory asset recovery has been approved by the
14 Commission in prior dockets¹¹ concerning special contracts, and Evergy believes it would
15 be appropriate to approve a similar mechanism in this docket as well.

16 **V. CONCLUSION**

17 **Q. Does this complete your Direct Testimony?**

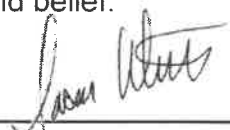
18 A. Yes, it does.

¹¹ See, e.g. 24-689 Docket.

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)


VERIFICATION

Jason Klindt, being duly sworn upon his oath deposes and states that he is the Sr. Director, External Affairs, for Evergy, Inc., that he has read and is familiar with the foregoing Direct Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Jason Klindt

Subscribed and sworn to before me this 1st day of October, 2025.



Notary Public

My Appointment Expires:

May 30, 2026



**ENERGY SUPPLY AGREEMENT
BETWEEN
EVERGY KANSAS CENTRAL, INC.
And
PANASONIC ENERGY CORPORATION
OF NORTH AMERICA**

THIS ENERGY SUPPLY AGREEMENT ("Agreement") made and entered into this 15th day of September, 2025, by and between Panasonic Energy Corporation of North America ("Panasonic" or "Customer"), and Evergy Kansas Central, Inc., a Kansas corporation, d/b/a Evergy ("Company" or "Evergy"). Customer and Company may also be referred to individually as "Party" or collectively as "Parties."

WITNESSETH:

WHEREAS, Panasonic and Evergy recognize that Panasonic's manufacturing operations are of vital importance to the economy of the State of Kansas and the economy of areas served by Evergy and chose to locate in the state as a result of a state program established for attracting large capital investments in new facilities and operations by businesses engaged in advanced manufacturing, aerospace, distribution, logistics, and transportation, food and agriculture; or professional and technical services;

WHEREAS, Panasonic is a current customer in Evergy's service territory and takes service pursuant to Evergy's tariffs and a Service Agreement ("Service Agreement") dated September 23, 2024 and attached to this Agreement as Exhibit A, which governs the relationship of the Parties to the extent it does not conflict with this Agreement;

WHEREAS, Panasonic and Evergy recognize that the retail price of electricity is a material consideration in Panasonic's ability to maintain and expand its manufacturing operations in Kansas;

WHEREAS, Panasonic and Evergy desire to enter into this Agreement to maintain the ongoing operations and future expansion of Panasonic under the rates, terms and conditions anticipated and relied upon by the Parties in the Service Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual obligations and agreements herein contained, the Parties hereby agree as follows:

ARTICLE 1 - GENERAL DEFINITIONS

"Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

“Bankrupt” means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is broadly unable to pay its material debts as they fall due.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m., central prevailing time (either Central Standard Time or central day-light time). The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“Code” means the United States Bankruptcy Code.

“Contract Quantity” has the meaning set forth in Section 4.1 of this Agreement.

“Contract Year” means, except for the first Contract Year, a 12-month period beginning 12:01 a.m. on the anniversary of the Effective Date in each new year and ending at midnight on last day prior to the anniversary of the Effective Date in the same year. The first Contract Year shall begin at 12:01 a.m. of the Effective Date and end at midnight on the date occurring twelve months after the Effective Date.

“Day” means a time period of 24 hours, beginning at 12:01 a.m.

“Defaulting Party” has the meaning set forth in Section 11.1 of this Agreement.

“Delivery Points” means the point at which the Energy will be delivered and received under this Agreement, as specified in Section 4.3 of this Agreement.

“Effective Date” means the first day of the month immediately following the date of approval of this Agreement by the KCC.

“Energy” means electric energy of the character commonly known as three-phase, four wire, alternating current at approximately sixty-hertz expressed in MWhs or kWhs that is delivered at the nominal voltage at the Delivery Points at approximately 12,470 volts and 69,000 volts.

“Energy Efficiency Rider” means Evergy Schedule EER, a tariff designed to recover costs associated with Commission approved Energy Efficiency and Demand Response Programs deferred but not recovered.

“Event of Default” has the meaning set forth in Section 11.1 of this Agreement.

“Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before

which proceedings to obtain same may be pending.

“Force Majeure” means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party (or in the case of third party obligations or facilities, the third party) claiming suspension (the “Claiming Party”), and which by the exercise of due diligence, the Claiming Party, or third party, is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute therefore. Force Majeure may include, but is not restricted to: fire, flood, storm, extreme weather, or other acts of God; fire; civil disturbance; labor dispute; labor or material shortage; sabotage; action or restraint by court order or public or governmental authority (so long as the Claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action). Force Majeure shall not be based on (i) the loss of Customer’s markets, (ii) Customer’s inability to economically use the Energy, (iii) Company’s ability to sell the Energy at a price greater than the price established by this Agreement, (iv) Company’s inability to deliver the Energy economically at the agreed-upon applicable rates in Article 5 of this Agreement, or (v) Customer’s inability to pay for the Energy. Interruption by a Transmission Provider shall be deemed to be Force Majeure.

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a number of possible practices, methods or acts generally accepted in the region.

“Interest Rate” shall mean for any date, the lesser of (1) the per annum rate of interest equal to the prime lending rate as may from time to time be published in the Wall Street Journal under “Money Rates” on such day (or if not published on such day, the most recent preceding day on which published), plus 2% and (2) the maximum rate permitted by Kansas law.

“kW” means kilowatt.

“kWh” means kilowatt-hour.

“KCC” means the Kansas Corporation Commission.

“Letters of Credit” means one or more irrevocable standby letters of credit from a major U.S. commercial bank with such bank having a credit rating of at least “A-” from S&P or “A3” from Moody’s, in such form as is consistent with standard commercial banking practices and reasonably acceptable to the party in whose favor the Letter of Credit is issued.

“MW” means megawatt.

“MWH” means megawatt-hour.

“Material Adverse Change” means with respect to a Party, a material change has occurred in the creditworthiness, financial condition or ongoing business of that Party and such change is or is

reasonably likely to materially and adversely affect that Party's ability to perform hereunder.

"Moody's" means Moody's Investor Services, Inc. or its successor.

"New Tax" means a franchise, license, or excise fee or an occupation, gross receipts, business, sales, excise, privilege or similar tax imposed upon the electrical operations of Company or Every Energy after the Effective Date by a federal, state, county, local governmental authority, and which the KCC or other applicable regulatory body authorizes Company to pass through to all of Company's retail customers as a charge in addition to or as part of tariff rates.

"PTS" means Property Tax Surcharge, Every Schedule PTS, a tariff designed in accordance with K.S.A. 66-117(f) which allows a utility to reflect an adjustment on its customers' bills for any increases/decreases in its annual Ad Valorem Taxes above/below amounts included in the utility's revenue requirement authorized by the KCC

"Performance Assurance" means collateral in the form of either cash, obligations of the U.S. government with a maturity date of less than one year, or Letters of Credit.

"Potential Event of Default" means an event which, to the knowledge of the subject Party, with notice or passage of time or both, would constitute an Event of Default, and for purposes of this Agreement, any Material Adverse Change shall be deemed to be a Potential Event of Default.

"Power Factor" means the ratio of a customer's real electric power requirements expressed in kilowatts to a customer's apparent electric power requirements expressed in kilovolt amperes divided by 1000.

"Regulatory Event" has the meaning set forth in Section 14.4 of this Agreement.

"S&P" means the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

"Term" has the meaning set forth in Section 9.1 of this Agreement.

"Transmission Delivery Charge" means Every Schedule TDC, a tariff designed to recover its annual transmission revenue requirement for costs to be recovered under the Open Access Transmission Tariff for Service Offered by the Southwest Power Pool for service to Company's retail customers and pursuant to K.S.A. 66-1237.

"Transmission Provider" means any third-party provider of electric transmission services that are relevant to a Party's performance of its obligations under this Agreement, and in particular regard to this definition, the claiming Party's performance obligations.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

2.1 On the Effective Date, each Party represents and warrants to the other Party that:

- A. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

- B. it has, or will have as of the Effective Date, all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- C. the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- D. this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
- E. it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;
- F. there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially and adversely affect its ability to perform its obligations under this Agreement;
- G. no Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- H. it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- I. it is a "forward contract merchant" and that this Agreement is a "forward contract" as that term is defined in the Code;
- J. it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of the Energy referred to in this Agreement to which it is a Party; and
- K. the electricity delivered by Company to Customer pursuant to this Agreement at all times shall meet the requirements of Energy as defined herein.

ARTICLE 3 - FACILITIES TO BE PROVIDED

- 3.1 As described more fully in the Service Agreement, Company agrees to maintain the facilities necessary to supply Customer with energy at Customer's advanced manufacturing facilities located at 1031 Astra Parkway, De Soto, Kansas, 60618 (the "Customer's Site")
- 3.2 Terms concerning Construction Cost Recovery are found in Section 4 of the Service Agreement included as Exhibit A to this Agreement.

ARTICLE 4 – COMPANY’S SUPPLY OF ENERGY

- 4.1 Company shall provide and sell to Customer and Customer shall purchase from Company Energy sufficient to supply the total requirement of Customer’s Site at such operating levels as Customer shall determine from time to time in its sole discretion. In the event that Company cannot supply Customer’s full demand pursuant to this agreement, the Customer shall have the right to employ temporary generation onsite, until such time that the Company can resume full demand delivery. Unless the Parties otherwise mutually agree in writing, Company shall not be required to supply to Customer Capacity, as measured over a 15-minute interval, in excess of the amounts described on the dates set forth in Exhibit B of the Service Contract (“Contract Quantity”).
- 4.2 Energy sold by Company to Customer shall be used solely for the purpose of operating Customer’s facilities at Customer’s Site.
- 4.3 The Delivery Points for the Energy to be supplied to Customer under this Agreement shall be at Customer’s side of the point of interconnection at Customer’s Site. Any of Customer’s other points of delivery for service from Evergy will not be supplied pursuant to this Agreement but instead will be subject to the provisions of Evergy’s standard rate schedules.
- 4.4 Subject to the terms of this Agreement and the Service Agreement, the Energy requirements of Customer’s Site shall be served by Company.

ARTICLE 5 - RATES

- 5.1 The Parties agree that following terms shall replace paragraphs 3.3 and 3.4 with sub paragraphs in the Service Agreement, Exhibit A to this Agreement. Beginning on the Effective Date of this Agreement, Customer shall pay Company monthly for all Energy provided hereunder. Pricing of such purchased Energy shall be established pursuant to the applicable rates (cents per kWh) specified in the following monthly rate schedule:

A. For all months:

1. First Block – 0 to 106,400,000 kWh per month
2. Second Block – 106,400,001 to 133,000,001 kWh per month
3. Third Block - above 133,000,001 kWh per month

- B. Applicable taxes and/or fees, as identified in Sections 5.5 and 5.7 of this Agreement shall be added to Customer’s monthly bill.

- C. Rates in Article 5.1 may be adjusted by the Customer’s Power Factor provided the Power Factor is less than 0.90 at the point of delivery and the Company provides to Customer reasonable substantiating documentation of such Power Factor. Rates may be increased by the following equation:

Article 5.1 rates multiplied by 0.90 and dividing by the monthly Power Factor.

D. The foregoing rates are subject to adjustment as provided in the following Schedules as filed with KCC:

1. PTS;
2. Transmission Delivery Charge; and
3. Energy Efficiency Rider.

E. The foregoing rates are also subject to adjustment as provided in Company's Retail Energy Cost Adjustment rate schedule.

5.2 [Intentionally omitted.]

5.3 Customer has the option, at its sole discretion, to obtain renewable energy credits through the Company Renewable Energy Program Rider, Schedule RENEW or similar terms for any amount of the Customer annual energy consumption including, but not limited to, that portion not supplied by the Sunflower Solar Facility. Pricing will be set by the Schedule RENEW Renewable Energy Charge, currently \$0.00265 per kWh. This pricing shall be in addition to the Levelized Rate and any applicable charges from the Special Contract rate or other rate used to provide service to Customer.

5.4 Each Party shall act in good faith and shall use commercially reasonable efforts necessary to obtain the KCC's approval of this Agreement. This Agreement shall be filed with the KCC for approval within 45 days of the Execution Date.

5.5 Billing under this Agreement shall be subject to a minimum monthly bill. Starting on the Effective Date, Customer's minimum monthly bill, before taxes, shall be [REDACTED]. Starting with billing for service received on and after January 1, 2027 the Customer's minimum monthly bill, before taxes, shall be [REDACTED] for the remaining Term of this Agreement. The monthly minimum bill shall be prorated in any month during the Term of this Agreement to the extent that in such month Customer's usage is reduced by the occurrence of an event of Force Majeure (a "Reduction Event"). In those months when the monthly minimum bill is prorated, the minimum amount payable shall be determined by multiplying Minimum Bill amount by a fraction, the numerator of which shall be the total hours in that billing month less the number of hours in that billing month that Customer's usage is reduced by a Reduction Event and the denominator of which shall be the number of hours in that billing month.

A. The monthly bill shall be due and payable when received by Customer. If Customer fails to pay Company within 15 days from such date, Customer shall pay a late payment charge pursuant to Company's Service Regulations.

B. All claims as to error in the preparation and computation of monthly bills, must, in each instance, be submitted by the claiming Party to the other Party in writing within 2 years from the date when such bill was rendered, otherwise each such claim shall for all purposes be considered and held to be waived. Any claim made pursuant to

this Section 5.4, if not resolved by informal negotiations between the Parties, shall be submitted for resolution in accordance with Section 13.1 of this Agreement.

- 5.6 Any New Tax shall be added as a separate charge(s) and charged to Customer's bill for the Energy in the same form and at the same rate in which it is imposed on Company if the Energy to Customer is not exempted from the New Tax.
- 5.7 Customer shall be entitled its proportionate share of any refund required to be paid by Company to Company's other customers, as directed by KCC.
- 5.8 It is agreed:
- A. After the Effective Date, (i) Customer agrees that the PTS rate schedule and the resulting rate as filed with and approved by the KCC shall be applied to the rates included in Section 5.1 of this Agreement as such rate schedule is modified from time to time; or (ii) if any federal, state, county or local governmental authority imposes, increases, decreases, or removes any applicable exemption on any sales, use, energy, value added, severance, production or similar tax or fee upon the fuels used by Company to generate electricity; or if any federal, state, county or local governmental authority imposes, increases, decreases or removes any applicable exemption on any tax, fee or charge upon Company for emissions or discharges associated with the electricity generated, sold or purchased by Company, then Company hereby reserves the right to make an application to the KCC to recover such increase in taxes or fees from, or pass such decrease in taxes or fees through to, Customer as a billing surcharge or credit, as the case may be, provided such increase or decrease applies against or is in favor of other customers of Company. The modification to costs described immediately above in consequence of increases or decreases in taxes or fees shall be allocated to Customer based on the ratio of sales to Customer in the prior 12 months divided by sales to all of Company's customers in the prior 12 months or pursuant to such alternative allocation methodology as may be ordered by the KCC. Customer reserves the right to oppose any such application by Company to the KCC hereunder.
- B. If any federal, state, county or local governmental authority enacts any rule, order, law, regulation or assessment which results in an increase or decrease in the sales or use tax on the fuel purchased by Company for use in its generating facilities in the production of electricity, the rates set forth in this Agreement will be automatically adjusted to reflect the actual cost of such sales or use tax; provided, however, such increase or decrease applies against all of Company's other retail customers.
- C. If any federal, state, county, or local governmental authority adjusts a fee or imposes a new fee and such fee is applicable to Company and such fee is not reflected in Company's retail rates, then Company may file with the KCC to reflect such fee. Customer's rates as described in Section 5.1 of this Agreement and Customer's rate shall be modified to reflect any such applicable fee by adjusting the amount to incorporate the rate approved by the KCC or the rate, surcharge or adjustment amount approved by the KCC.

- D. If either through existing or future legislation, the Kansas legislature authorizes or otherwise permits Company to seek recovery of costs not covered in existing rates, or modify existing rates to effect an unbundling of costs and Company files an application with the KCC to seek recovery of such costs or effect an unbundling of costs with respect to all of Company's retail customers, then Customer's rates as described in Section 5.1 of this Agreement shall be modified accordingly as authorized by the KCC.
 - E. If the regulatory compact changes in a material way as a result of legislation, regulation, or otherwise, either Company or Customer shall have the option to terminate this Agreement on six months written notice.
 - F. If Company terminates the Agreement pursuant to Paragraph 5.8.E, Customer will begin taking service under a generally available rate for which it qualifies, including the RECA and all other applicable riders and surcharges, upon the effective date of the termination of the Agreement.
 - G. If the KCC authorizes or otherwise permits Company to modify existing rates to effect an unbundling of costs and Company files an application with the KCC to seek recovery of such costs with respect to all of Company's retail customers, then Customer's rates as described in Section 5.1 of this Agreement shall be modified accordingly as authorized by the KCC.
 - H. Company may petition the KCC to reflect cost changes in rates. Company may in that petition seek recovery of a prorata share of said costs changes through the rates described in Section 5.1. In that petition, Company will request the KCC apply the same overall percentage increase or decrease that is allocated to the Industrial and Large Power Service (ILP) class of customers; however, the final allocation of any increase or decrease is under the full purview of the KCC. The rates in Section 5.1 shall be modified accordingly as authorized by the KCC order. In the event Company does petition the KCC to reflect cost changes in rates, then Customer shall be notified at least 60 days in advance of proposed changes.
 - I. Customer agrees to pay in full all applicable taxes, fees and charges that are in effect as of the Effective Date of this Agreement and authorized by the KCC to be charged to Company's retail customers. Currently represented by franchise fees, state, county and local taxes.
- 5.9 If Company receives notice from any federal, state or local governmental authority that a change(s) to any tax, fee, cost or charge upon Company is being proposed, and if the same may be passed through as a charge(s) to Customer under applicable law, then Company shall notify Customer of such proposed change(s) within a reasonable time of Company's receiving notice from that governmental authority. Company's failure to notify Customer hereunder shall not relieve Customer of any charges due and payable pursuant to the terms of this Article 5.
- 5.10 Notwithstanding Customer's compliance with Section 5.2, thereafter Customer is not prohibited by this Agreement from protesting and opposing any application to the KCC by

Company seeking an increase in taxes, fees, costs or charges of the types contemplated by foregoing provisions of Article 5, or from instituting a proceeding before the KCC seeking a decrease in any taxes, fees, costs or charges of the types described in the foregoing provisions of Article 5 that are imposed on Customer.

- 5.11 The Collateral Requirement shall be equal to twenty-four (24) multiplied by the expected Minimum Monthly bill, as calculated by the Company. The Collateral Requirement shall be recomputed annually. To enroll in this schedule, a Customer with a credit rating of at least A- from S&P and A3 from Moody's, and liquidity greater than ten times the Collateral Requirement shall be required to post fifty percent (50%) of the Collateral Requirement, with the fifty percent (50%) amount not to exceed an exemption of more than \$150 million. A Customer that does not have an A- credit rating from S&P and A3 rating from Moody's, but maintains liquidity greater than ten times the Collateral Requirement (as evidenced by providing quarterly financial statements and a third-party certification that the Customer's liquidity meets the ten times threshold) shall be exempt from forty percent (40%) of the Collateral Requirements, with the forty percent (40%) amount not to exceed \$125 million. The Collateral Requirement must be provided in one or more of the following forms:
- A. For the purpose of this Agreement and because the Customer located in the state as a result of a state program established to attract large capital investments, as long as the Customer provides quarterly evidence of assets or other financial support reasonably suitable to the Company and meeting the Company's credit assessment criteria, then the Company agrees to extend unsecured credit to the Customer in lieu of the Collateral Requirements specified in Articles 5.11(B), (C), and (D); or
 - B. A guarantee from the ultimate parent or a corporate affiliate of the Customer for the full Collateral Requirement, so long as the guarantor has both (a) a credit rating of at least A- from S&P and A3 from Moody's and (b) liquidity greater than ten times the Collateral Requirement; or
 - C. A standby irrevocable Letter of Credit ("Letter of Credit") for the full Collateral Requirement. The Letter of Credit must be issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the Large Load Customer or its guarantor, with a credit rating of at least A- from S&P and A3 from Moody's. Such security must be issued for a minimum term of 360 days. The Customer must cause the renewal or extension of the security for additional consecutive terms of 360 days or more no later than 30 days prior to each expiration date of the security. If the security is not renewed or extended as required herein, the Company will have the right to draw immediately upon the Letter of Credit and be entitled to hold the amounts so drawn as security. The Letter of Credit must be in a format acceptable to and approved by the Company; or
 - D. Cash for the full Collateral Requirement. Collateral held shall not accrue interest while held by the Company.

ARTICLE 6 - METERING

- 6.1 Metering facilities for Delivery Points as described in Section 3.1 of this Agreement shall be owned and installed by Company.
- 6.2 The amounts of Energy supplied and received hereunder shall be determined from measurements taken by the metering facilities provided by Company. All meters located at the Delivery Points served under this Agreement will be totaled each billing month in order to calculate Customer's bill.
- 6.3 At Company's option, energy may be metered at other than the delivery voltage, in which event; Company shall adjust such metered measurements to compensate for losses between the point of measurement and the point of interconnection.
- 6.4 At Company's option, energy may be metered at multiple points and the usage totaled for billing purposes. Only service for the main facility and of a similar purpose will be totaled for service under this Agreement.

ARTICLE 7 - INDEMNIFICATION

- 7.1 Each Party hereto shall defend, indemnify, and save harmless the other Party against liability, loss, costs and expense on account of any injury to persons (except employees of the Parties), including death, or damage to property occasioned on or adjacent to facilities of the indemnifying Party on its own respective side of the Delivery Points; provided, however, that no such indemnity obligation shall arise hereunder with respect to any injury or damage to the extent caused by the intentional and/or negligent act or omission of the other Party. For purposes of this Article 7, since the Delivery Points are located inside substations controlled and maintained by Company, Customer's "respective side of the Delivery Point" shall be deemed to begin at the fence of each respective substation and Customer will not be responsible for defending, indemnifying and saving harmless Company for portions of Customer respective side of the Delivery Point within Company's area of control.
- 7.2 With respect to its own employees, each Party shall be deemed an "Employer" for purposes of this Agreement. Notwithstanding any provision to the contrary contained herein, an Employer shall have no obligation to defend, indemnify or save harmless the other Party against any liability, loss, costs or expenses resulting from injury to, or death of, the Employer's employees occurring while acting within the scope of their employment.

ARTICLE 8 - KCC APPROVAL

- 8.1 This Agreement and all of the terms and conditions provided herein are contingent upon approval by the KCC and will become effective on the first day of the month following the month in which this Agreement is approved by the KCC (such date is referred to as the "Effective Date"). If the KCC does not approve this Agreement, as written, it shall be deemed null and void unless otherwise agreed upon by both Parties.
- 8.2 This Agreement will not become effective unless the KCC approves the Company's

deferral as a regulatory asset of the difference in the amount recovered from Customer as a result of this Agreement and what would have been recovered under the existing tariffs until the time rates are changed in conjunction with Company's next general rate case, giving the Company the right to request recovery of that regulatory asset in the next general rate case and approves any necessary adjustments to the calculation of Company's TDC rates and/or allocation of the TDC revenue requirement to the customer classes to ensure other customers are not impacted by Customer's move from the ILP rate class to the special contract rate class.

- 8.3 Delivery of Energy under this Agreement is subject to the General Terms and Conditions of Company's Tariff at present on file with the KCC and any subsequent modifications or substitutions thereof lawfully made.

ARTICLE 9 - TERM AND TERMINATION

- 9.1 The primary term ("Term") of this Agreement shall be from the Effective Date through the date occurring ten (10) calendar years after the Effective Date, and this Agreement shall thereafter expire as to Term, unless terminated earlier pursuant to the terms of this Agreement.
- 9.2 If at any time during the Term of this Agreement the KCC issues an order or imposes an agency action which will increase Customer's average monthly bill, expressed in cents per kWh, by greater than 5% in any rolling 24 month period or by greater than 15% over the Term of this Agreement over and above those monthly bill increases otherwise provided for in this Agreement, Customer may terminate this Agreement on one year prior written notice.
- 9.3 Customer may elect to terminate this Agreement at any time by providing written notice pursuant to Article 12 of Customer's election to purchase Energy from Company pursuant to the terms of an applicable published tariff of Company. The notice period must be at least the shorter of (i) twelve months or (ii) the remaining term of the Contract.
- 9.4 If Customer terminates this Agreement in accordance with Section 9.2 or 9.3, then Customer shall pay Company an amount equal to the accumulated difference between what Customer would have paid under the applicable tariffs, as compared to what Customer actually paid Company under the Agreement for the 36-month period immediately prior to any early termination of the Agreement.
- 9.5 Customer agrees that this Agreement is based on the good faith efforts to maintain employment of at least 2,500 persons at Company's Site on and after July 1, 2027. Customer will provide annually to Company, its EEO Form 1 as submitted to the Department of Labor that reflects Customer employment at the Customer's Site. The Company acknowledges that Customer operates in a highly competitive market, and that a change in the number of employees at Customer's Site and / or a change in the level of operations at the Customer's Site during the term of the Agreement may be necessary and appropriate to reflect changing market conditions in the future.

ARTICLE 10 - CONFIDENTIALITY

- 10.1 Customer and Company consider the price terms of this Agreement confidential subject to any legally required review by a jurisdictional regulatory agency or disclosure required by any law (including SEC rules) applicable to either Party. In the event that either of the Parties is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or any similar process) to disclose any information relating to the price terms of this Agreement, the compelled Party will provide the other Party with prompt written notice so that the noncompelled Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 12.1. In the event that such protective order or other remedy is not obtained or that the noncompelled Party waives compliance with the provisions of this Section 12.1, the compelled Party will furnish only that portion of the requested information which is legally required. Notwithstanding the foregoing, confidential terms and conditions shall not include any information or data that (a) is or becomes publicly known through no act or omission of the receiving Party in violation of this Agreement; (b) was known by the receiving Party without confidential or proprietary restriction before receipt from the disclosing Party, as evidenced by the receiving Party's contemporaneous written records; (c) becomes known to the receiving Party without confidential or proprietary restriction from a source other than the disclosing Party that is not known by the receiving Party to owe a duty of confidentiality to the disclosing Party with respect to such information and data; or (d) is independently developed by the receiving Party without reference to such information and data. In addition, the receiving Party may use or disclose such information and data to the extent (i) approved in writing in advance by the disclosing Party or (ii) the receiving Party is legally compelled to disclose such information and data, provided, however, that prior to any such compelled disclosure, the receiving Party shall, to the extent practicable, give the disclosing Party prompt advance notice of any such disclosure and shall cooperate with the disclosing Party, at the disclosing Party's cost, in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of such disclosure and/or use of such information and data. If the disclosing Party is unable to obtain or does not seek such a protective order or the disclosing Party waives compliance with the provisions hereof and the receiving Party is, in the opinion of its counsel, legally obligated to disclose the such information and data, disclosure of such information may be made without liability and is considered in accordance with this Agreement.

ARTICLE 11- EVENTS OF DEFAULT

- 11.1 Events of Default. An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:
- A. the failure to make, when due, any payment required pursuant to this Agreement if such failure is not cured within ten (10) Business Days after written notice;
 - B. any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;
 - C. the failure to perform any material covenant or obligation set forth in this Agreement if such failure is not cured within ten (10) days after written notice;

- D. such Party is Bankrupt;
 - E. such Party is affected by the occurrence of a Material Adverse Change; provided, however, that such Material Adverse Change shall not be considered an Event of Default if, pursuant to the pertinent provisions of Section 11.4 hereof, such affected Party establishes and maintains for so long as the Material Adverse Change is continuing, Performance Assurance to the benefit of the other Party which is in form and amount acceptable to the other Party; or,
 - F. such Party fails to establish, maintain, extend or increase Performance Assurance when required pursuant to Section 11.4 of this Agreement.
- 11.2 Remedies. Upon the occurrence of an Event of Default (including the expiration of applicable cure periods), the non-defaulting Party (the "Non-Defaulting Party") may terminate this Agreement upon three (3) days prior written notice. Except with respect to Customer's obligations in Article 7, the Parties expressly agree that Customer's aggregate liability for direct actual damages arising from one or more Events of Default by Customer shall not exceed the amount of liquidated damages that would be payable by Customer pursuant to Section 9.4.
- 11.3 Bankruptcy. Upon the filing of a petition by or against the Defaulting Party under the Code, the Defaulting Party, as debtor and as debtor-in-possession, agrees to adequately protect the Non-Defaulting Party as follows:
- A. to cure or to provide adequate assurance to cure each and every obligation of the Defaulting Party under this Agreement until such time as this Agreement is either rejected or assumed by order of the Bankruptcy Court;
 - B. to pay all monetary obligations required under this Agreement, including, without limitation, the payment of all sums required to be paid by the Defaulting Party under the terms and conditions of this Agreement as reasonable compensation for the Energy provided under this Agreement;
 - C. to provide the Non-Defaulting Party a minimum 30 days' prior written notice, unless a shorter period is permitted by the Code of any proceedings relating to any assumption of this Agreement or any intent to vacate or abandon this Agreement, which vacating or abandonment shall be deemed a rejection of this Agreement; and
 - D. to perform to the benefit of the Non-Defaulting Party as otherwise required under the Code.
- 11.4 Performance Assurance. Upon the occurrence of a Material Adverse Change that may adversely affect performance of a Party, the affected Party will promptly provide the unaffected Party with written notice of a Potential Event of Default, identifying with reasonable specificity in such notice the nature and extent of the Material Adverse Change. Within a reasonable time after receiving such notice of Potential Event of Default, the unaffected Party may give written notice requesting Performance Assurance in an amount determined in a commercially reasonable manner. Upon receipt of such notice requesting

Performance Assurance, the Party affected by the Material Adverse Change shall have 3 Business Days to cure the Potential Event of Default by providing such Performance Assurance. In the event the affected Party fails to provide such Performance Assurance acceptable to the unaffected Party within 3 Business Days of receipt of notice, then an Event of Default under this Article 11 shall be deemed to have occurred, and the Non-Defaulting Party will be entitled to the remedies set forth in this Agreement.

ARTICLE 12 - NOTIFICATION

- 12.1 All notices required or contemplated under this Agreement shall be first attempted via telephone to the appropriate personnel as contained herein. All notices via telephone communication(s) shall be followed, within a 24 hour period, with written communication(s) taking the form of personal delivery, registered mail, courier delivery service or email. All communication(s) shall be deemed to have been given when received by the other Party, in all instances all charges prepaid, addressed as follows:

If to Customer:

Panasonic Energy Corporation of North America
1031 Astra Parkway, De Soto, Kansas, 60618
Attention: Carli Kinne, General Counsel
Phone: (775) 315-6812
Email: carli.kinne@us.panasonic.com

If to Evergy Kansas Central, Inc.:

Evergy Energy, Inc.
818 S. Kansas Ave. Topeka, KS 66612
Attention: Mark Gettys
Phone: (785) 865-4853
Email: mark.gettys@evergy.com

Notice by email or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day unless the sender of a notice via email receives a return message that the notice recipient is "out of office" or otherwise unavailable for a specified period of time, in which case, such notice via email will not be effective until the return date specified by such recipient in the automated reply to sender. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

ARTICLE 13 - DISPUTE RESOLUTION

13. In the event any dispute, controversy or claim between or among the Parties arises under this Agreement or is connected with or related in any way to this Agreement or any right, duty or obligation arising hereunder or the relationship of the Parties hereunder (a "Dispute"), then the Parties shall refer such Dispute to their respective representatives, who shall convene as promptly as practical to negotiate a solution to such Dispute that is

mutually satisfactory to each of the disputing Parties. If a mutually satisfactory solution cannot be obtained within fifteen (15) business days after the matter was referred to such representatives or if no such meeting takes place within such fifteen (15)-business day period (or such longer time to which the Parties mutually agree in writing), then either Party may seek relief from the KCC and a reviewing court. If the Parties agree or the KCC rules that the KCC lacks jurisdiction over the dispute, either Party may seek relief in a court of competent jurisdiction. Nothing in this Section 11 shall limit or restrict either Party from taking any action to preserve the status quo, including any rights that might be lost as a result of the running of a statute of limitations.

ARTICLE 14 - MISCELLANEOUS PROVISIONS

- 14.1 Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an Affiliate of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Customer or to all or substantially all of the electric business assets of Company; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof. In the event of any such assignment, if the non-assigning Party reasonably determines that the assignee does not meet the non-assigning Party's credit worthiness criteria for similarly sized companies as the assignee, the non-assigning Party may require the assignee to provide a suitable guaranty, Performance Assurance, or other credit or performance support in order to meet the credit and performance requirements of the non-assigning Party.
- 14.2 Any and all suits for any breach of this Agreement or for rescission or specific performance of this Agreement shall be filed and maintained in any court of competent jurisdiction in Kansas. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Kansas, without reference to principles of conflicts of laws. Each Party waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.
- 14.3 No waiver by either Company or Customer of any default of the other under this Agreement shall operate as a waiver of future default, whether of like or different character or nature.
- 14.4 Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively, such events referred to as "Regulatory Event") will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use commercially reasonable efforts to reform this Agreement in order to give effect to the original intention of the Parties.
- 14.5 This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution

hereof. The Parties agree that this Agreement shall not be interpreted or construed to favor either Party more than the other.

- 14.6 Each Party (and its representative(s)) has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the quantities of the Energy delivered at the Delivery Points. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid. No adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of 2 years from the rendition thereof. This provision will survive any termination or expiration of this Agreement for a period of 2 years from the date of such termination or expiration for the purpose of such statement and payment objections.
- 14.7 This Agreement constitutes the final, complete and entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any previous agreements, representations, or discussions, whether oral or written, between the Parties relating to the subject matter contemplated by this Agreement. For the sake of clarity, the Parties agree that the Services Agreement remains in effect but in the event of any conflict between the terms of the Services Agreement and this Agreement, this Agreement shall control.
- 14.8. Notwithstanding any provisions herein to the contrary, the obligations set forth in Articles 7, 9, 10, 11 and 14 shall survive the expiration or termination of this Agreement for a period of twenty-four (24) months there from.

ARTICLE 15 - LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

- 15.1 EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, A PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT. IT IS THE INTENT OF THE PARTIES


THAT, EXCEPT AS TO ACTS OF GROSS NEGLIGENCE OR WILFULL, WANTON OR INTENTIONAL MISCONDUCT, THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date above set forth.

PANASONIC ENERGY CORPORATION
OF NORTH AMERICA

By: Yasuaki Takamoto
Name: Yasuaki (Kris) Takamoto
Its: CEO

EVERGY KANSAS CENTRAL

By: 
Name: Jason Klindt
Its: Sr. Director External Affairs

PUBLIC

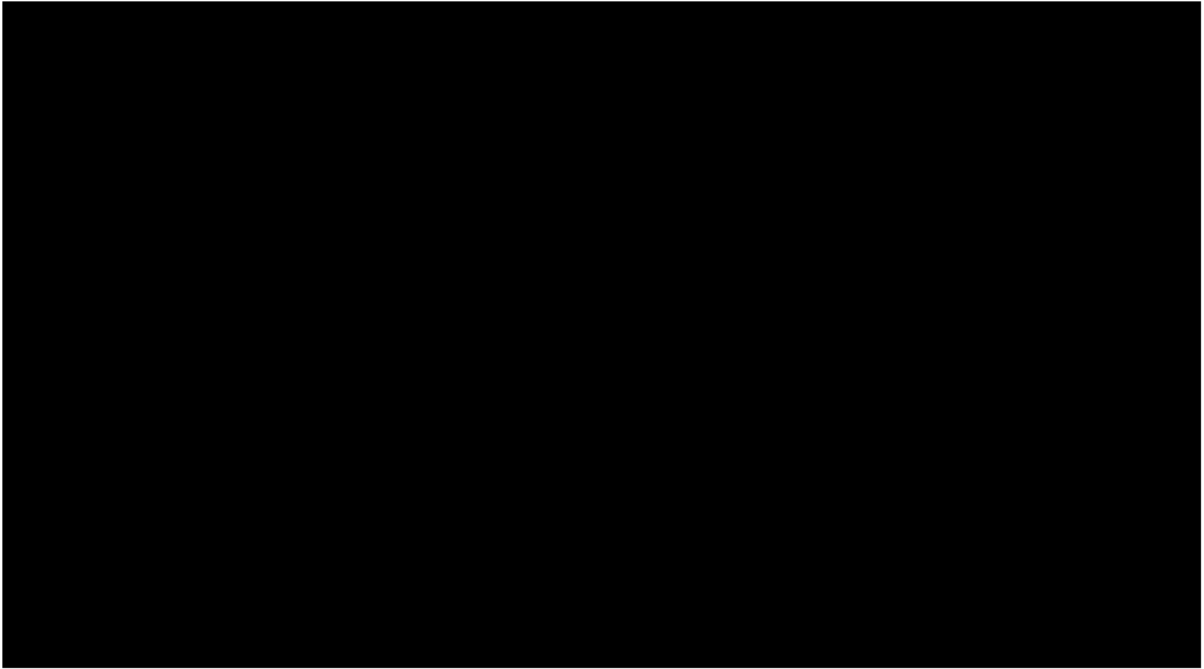
EXHIBIT A

SERVICES AGREEMENT

dated September 23, 2024

j1

EXHIBIT B
CONTRACT QUANTITY



PUBLIC

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Evergy)
Kansas South, Inc. for Approval of the Energy)
Supply Agreement between Evergy Kansas) Docket No. 26-EKSE-110-CON
South and Panasonic Energy Corporation of)
North America.)

DIRECT TESTIMONY OF

ALLEN SWAN

PRESIDENT OF PANASONIC ENERGY CORPORATION OF NORTH AMERICA.

ON BEHALF OF

PANASONIC ENERGY CORPORATION OF NORTH AMERICA

OCTOBER 1, 2025

1 **I. BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Allan Swan. My business address is 10900 S. Clay Blvd., Olathe, KS 66061.

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of Panasonic Energy Corporation of North America (“PECNA”),
6 a subsidiary of Panasonic Energy Co., Ltd. PECNA is organized under the laws of the State
7 of Delaware and is primarily engaged in the production and supply of advanced lithium-
8 ion battery cells to global automotive manufacturers. PECNA is one of the largest lithium-
9 ion battery cell suppliers in the global market for electric vehicles (“EVs”).

10 **Q. By whom and in what capacity are you employed?**

11 A. I am the President of PECNA.

12 **Q. Please describe your educational and professional background.**

13 A. I hold a master’s degree in Global Supply Chain Management from Southampton
14 University and have obtained other additional post-graduate management credentials.
15 Prior to being the President of PECNA, I have held senior executive leadership positions
16 in corporate strategy, manufacturing, operations and supply chain at global organizations
17 across the automotive, engineering and aerospace industries.

18 **Q. Have you previously testified before the Kansas Corporation Commission (“KCC” or**
19 **“Commission”)?**

20 A. No.

21 **II. INTRODUCTION**

22 **Q. What is the purpose of your testimony?**

23 A. My testimony will provide support for the Joint Application of Evergy Kansas South, Inc.
24 d/b/a Evergy Kansas Central (“Evergy”) and PECNA, which requests the Commission

1 approve an Energy Supply Agreement between those entities (“Agreement” or “ESA”).
2 More specifically, I will describe PECNA’s decision to locate in Kansas and the nature of
3 our business. I will also explain why the Agreement is necessary and in the public interest.

4 **III. ANALYSIS**

5 **Q. Please provide a brief overview of PECNA’s operations?**

6 A. PECNA is a global leader in manufacturing of cylindrical lithium-ion battery cells, with a
7 100-year history of experience and innovation in the industry, spanning both battery cell
8 technology and battery sales, distribution and business operations. PECNA supplies
9 advanced lithium-ion battery cells to global automotive manufacturers and is one of the
10 leaders in lithium-ion battery cell manufacturing and supply for EVs in the global market.
11 Since 2017, PECNA has operated a factory located in Nevada for manufacturing of EV
12 batteries, and just this year it opened a North American factory in DeSoto, Kansas (the
13 “Facility”).

14 **Q. Please describe the De Soto facility’s operations.**

15 A. The Facility is a new cylindrical lithium-ion battery factory located at 10301 Astra Parkway
16 in DeSoto, Kansas, which will be utilized to manufacture and supply lithium-ion batteries
17 for EVs. PECNA held a grand opening ceremony and began production at the Facility on
18 July 14, 2025. The Facility covers approximately 300 acres in total with a building area
19 covering approximately 4.7 million square feet, making it one of the largest automotive
20 battery factories in North American. The Facility is also the largest economic development
21 project in the history of the State of Kansas. The Facility is planned to provide annual
22 production capacity of approximately 32 GWh of battery capacity, complimenting the
23 current Nevada Factory’s output of approximately 41GWh. The Facility will introduce

1 and employ important labor-saving production lines and is expected to achieve
2 approximately 20% higher productivity compared to the Nevada Factory. On the date of
3 the grand opening of the Facility on July 14, 2025, PECNA issued a press release with
4 notable information regarding the Facility: “*Panasonic Energy Begins Mass Production at*
5 *New Automotive Lithium-ion Battery Factory in Kansas, Aiming for Annual Capacity of*
6 *32 GWh to Accelerate U.S. Local Production,*” July 14, 2025.¹.

7 **Q. Please describe the process that led to Panasonic choosing to locate in Kansas.**

8 A. Considerable effort was made to select the best location for this facility. With the goal to
9 identify a potential site for our first stand-alone manufacturing facility in the United States,
10 we sent Requests for Information to 14 states, including Missouri and Kansas. Within
11 those 14 states PECNA received proposals for 71 sites.

12 **Q. What were the criteria used to evaluate these sites?**

13 A. PECNA established four key decision drivers, size of workforce, quality of workforce,
14 incentives to offset cost, and project timeline. Additionally, PECNA considered general
15 location, size of site, transportation infrastructure, required utilities, and zoning
16 requirements.

17 **Q. How did you then select your preferred site?**

18 A. Selection occurred after comprehensive site visits. PECNA representatives initially visited
19 18 sites. PECNA then eliminated 10 sites and conducted a more extensive review of the 8
20 remaining sites across 6 states. After further analysis, 4 sites in 4 different states were
21 selected as finalists for the project. The DeSoto, Kansas site was then selected from those

¹ <https://na.panasonic.com/news/panasonic-energy-begins-mass-production-at-new-automotive-lithium-ion-battery-factory-in-kansas-aiming-for-annual-capacity-of-32-gwh-to-accelerate-us-local-production>

1 4 to complete the site selection process. Details concerning expected energy costs at each
2 of the 4 finalists sites were explored at this time.

3 **Q. Were there any notable aspects of the Kansas site that you can disclose?**

4 A. Yes. We recognized the extensive efforts and contributions by public and private actors to
5 explore and ultimately execute on a feasible and workable plan to locate the Facility in
6 Kansas. For example, the Kansas legislature passed the Attracting Powerful Economic
7 Expansion (“APEX”) bill with broad bipartisan support in 2022, which was signed into
8 law by Governor Laura Kelly on February 10, 2022. The APEX bill provided important
9 economic development benefits, including tax credits and rebates, qualifying
10 reimbursements, and sales tax exemptions, among others, to help attract valuable economic
11 development to Kansas. The APEX bill provided a meaningful structure for negotiations
12 among PECNA, State and Federal government leaders representing the State of Kansas,
13 local government, community and industry leaders all worked to reach an understanding
14 of the financial and economic expectations pursuant which location of the Facility in
15 Kansas was beneficial to all interested stakeholders. Evergy worked closely with the
16 various representatives and stakeholders to assure that PECNA and other interested parties
17 would have an understanding and expectation regarding expected costs for electric services
18 to the Facility, which is a vital part of the overall financial expectations that enable PECNA
19 to locate the Facility in Kansas. Ultimately, the Facility became one of the economic
20 development projects approved under the APEX bill, and because of the public and private
21 efforts and partnerships described above, PECNA made the decision to locate the Facility
22 in, and direct considerable financial resources to, Kansas.

1 **Q. Was your interaction with Evergy concerning energy pricing impactful to your site**
2 **selection?**

3 A. Yes. The Evergy team was helpful to detail the expected energy costs and commit to an
4 energy rate that was competitive. This reinforced our developing view that the DeSoto site
5 was the right place to locate the Facility.

6 **Q. What is the current status of the De Soto Facility?**

7 A. Major initial construction on the Facility is complete, and the Facility held its grand
8 opening on July 14, 2025. The plant has begun initial battery production, but full
9 production is still being phased in over the next 18 months to two years, with a gradual
10 ramp-up from the initial production line to a full production by 2027.

11 **Q. Please describe the De Soto Facility's importance to the Kansas economy, and to the**
12 **local economy in the community surrounding the facility.**

13 A. The Facility is the center of an important economic development project for the region
14 surrounding DeSoto, and for the State of Kansas as a whole. Initial estimates reflect that
15 the Facility is expected to create at least 4,000 direct jobs, just at the Facility itself. Recent
16 reports from the Center for Economic Development and Business Research at Wichita
17 State University,² estimate thousands of additional indirect jobs will be created in the area
18 surrounding the Facility, including those in supplier and other related industries, placing
19 estimates of total jobs created somewhere between 8,000 and 11,500 total jobs created in
20 and around the community and state. In addition to job creation, the Facility is projected
21 to bring substantial investment and growth into the economy in the area. The Facility is

² "Update: Economic Impact – Batter Equipment Manufacturing," W. Frank Barton School of Business, Center for Economic Development and Business Research at Wichita State University, available at <https://www.kansascommerce.gov/wp-content/uploads/2022/04/WSU-Economic-Impact-Study.pdf>.

1 expected to produce annual labor income of approximately \$541 million and produce a
2 direct output of \$2.7 billion into the local economy. The Facility is expected to support
3 over \$13 billion in total construction, equipment and infrastructure impact among various
4 industries and sectors. Over a ten-year period and covering the scope of the regional
5 economy, the Facility is expected to provide economic impact of over \$53 billion dollars
6 in total, which equates to more than \$65 of economic impact for each dollar of public funds
7 invested in the Facility. As a result, the Facility is projected to produce fiscal benefits for
8 the State of Kansas which will likely double the public costs invested in the facility. The
9 importance of the Facility to the State of Kansas and the local economy cannot be
10 overstated. PECNA is proud to be able to help realize those benefits for the citizens of
11 Kansas.

12 **Q. What are the expected load characteristics of the Facility?**

13 A. The Facility's expected load and projected load ramp are set forth in Exhibit B to the ESA,
14 which is being filed with the Joint Application.

15 **Q. Will you please provide an overview of the new ESA under which PECNA has agreed**
16 **to take future service from Evergy?**

17 A. A summary of the principal terms of the ESA are as follows:

- 18 • The Primary Term of the ESA is ten (10) years from the "Effective Date" of the
19 ESA, which is defined as the first day of the month immediately following
20 approval of the ESA by the Commission;
- 21 • Rates are based on agreed base energy rates, divided into three tiered blocks as
22 set forth in Article 5.1 A.;
- 23 • PECNA will also be charged all applicable surcharges and riders, as specified
24 in the ESA;
- 25 • Agreed base rates under the ESA may change as a result of a general base rate
26 change approved by the Commission, consistent with the overall percentage
27 increase or decrease allocated to the ILP customer class;

- PECNA is obligated to pay a minimum monthly bill of ** [REDACTED] ** per month from the Effective Date through the end of 2026, and ** [REDACTED] ** per month from January 1, 2027, through the term of the agreement as set forth in Article 5.5 of the ESA;
- The ESA also provides PECNA the option at its sole discretion to obtain energy credits through the Company Renewable Energy Program Rider and RENEW program;
- PECNA is subject to Collateral Requirements to ensure creditworthiness as provided in Article 5.11 of the ESA;
- The ESA includes substantial expanded termination provisions in Article 9;
- PECNA is also obligated to maintain minimum employment requirements under Article 9.5 of the ESA to assure that the Facility is meeting economic development benchmarks.

Q. Why are PECNA and Evergy requesting approval of the ESA?

A. PECNA and Evergy are requesting approval of this Agreement to help fulfill the financial and overall expectations discussed and established among the various stakeholders during the site selection process. The ESA sets forth the terms of electric service for the Facility, which help establish a reasonable and predictable financial outlook for the Facility. This level of certainty helps deliver on the economic expectations offered to attract PECNA to Kansas. The ESA is necessary because it provides an important part of the structure to enable PECNA to deliver on its growth contributions to the Kansas economy, and its commitments to the State of Kansas and to the community surrounding the Facility.

Q. Is the ESA necessary?

A. The ESA represents a reasonable business outcome providing much-needed cost predictability to PECNA, which is critical to unlocking all of the economic development benefits that can be realized associated with the Facility. Existing standard rates offered by Evergy do not provide the type of flexibility and long-term certainty and predictability to meet PECNA's economic expectations that were central to its decision to locate the

1 Facility in Kansas. Therefore, the ESA is a critical part of meeting those economic
2 expectations, and it establishes reasonable terms for electric service that reflect PECNA's
3 expectations when it made the decision to locate the Facility in Kansas. The ESA allows
4 Evergy and the State of Kansas to deliver on those expectations and advance a positive
5 relationship with PECNA. Importantly, the ESA provides predictability as to the level of
6 PECNA's financial commitment in the project, which is projected to provide substantial
7 economic impacts on the order of tens of billions of dollars and thousands of jobs created
8 in the regional economy and community.

9 **Q. Please explain why the ESA has a 10-year term.**

10 A. The ten-year primary term reflects a long-term commitment by both parties, not only to the
11 structure of the ESA, but to the underlying investments in the Facility itself. Given the size
12 of the project, the level of investment, a longer-term agreement is appropriate.

13 **Q. Is the ESA in the interest of the State of Kansas and other Evergy customers?**

14 A. As discussed above, the Facility is expected to create 4,000 direct jobs, and approximately
15 8,000 - 11,500 total jobs including indirect jobs in related industries and sectors. It is
16 expected to create over \$500 million in annual labor income, direct output of \$2.7 billion
17 from the Facility alone, and more than \$53 billion in total economic impact over a ten-year
18 period. The economic development benefits, along with the fiscal and infrastructure
19 contributions made by the Facility, demonstrate that the Facility is very important to the
20 State of Kansas, and that the ESA in further enhancing the relationship with PECNA is
21 very much in the best interest of the State of Kansas.

1 **Q. Why is PECNA requesting expedited approval of this Application?**

2 A. PECNA is currently paying standard rates, which are not consistent with economic
3 expectations at the time the site selection decision was made. Expedited approval of the
4 ESA, which is intended to bring financial commitment for utilities in line with those initial
5 expectations and to provide necessary long-term certainty, will allow the Facility to
6 maximize potential economic and financial benefits for the community and the State during
7 the operation of the Facility.

8 **IV. CONCLUSION**

9 **Q. Does this conclude your testimony?**

10 A. Yes.

VERIFICATION

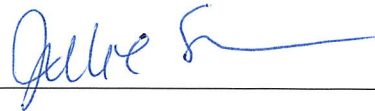
STATE OF KANSAS
COUNTY OF JOHNSON, ss:

I, Allan Swan, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.



Allan Swan

SUBSCRIBED AND SWORN to before me this 3 day of October, 2025.



Notary Public

Appointment/Commission Expires:

