

Lawmakers consider bill linking electric rates to return on utility investment

By **Brad Cooper** - February 4, 2025



Two groups that advocate for lower electric rates are asking lawmakers to allow state regulators to adjust how much Evergy can recapture from its investments depending on how electric rates fluctuate over the course of a year.

The Kansas Industrial Consumers Group and Kansans for Lower Electric Rates, which are made up of large volume users including manufacturers, midsized businesses and some school districts, are backing the bill.

The [bill](#) would authorize the Kansas Corporation Commission to order an increase – or decrease – to an electric public utility’s return on equity depending on whether electric rates increase or decrease in the preceding calendar year.

“We are looking for lower rates or more competitive rates for Kansas,” said Paul Snider, the lobbyist who represents the two groups.

“Since we started this initiative in 2018, we’ve been sounding the alarm about our uncompetitive rates in Kansas and we’ve tried a few things here and there to address that,” Snider told the House utilities committee Tuesday.

“Several of them have been successful, others not,” he said. “Every time we are successful though, it seems like there’s another avenue for Evergy to increase rates. We describe it on my side as whack-a-mole. You hit one down, something else pops up.”

He alluded to Evergy’s [latest request](#) to raise rates in its central service area by \$196 million, less than two years after a [rate increase was approved](#) by the KCC.

The company is now planning to build two natural gas plants in a separate case that could lead to rate increases in the central service area as early as 2029 and 2030.



Under the bill, if an electric public utility keeps its electric rates from increasing by more than 1% during the preceding calendar year, regulators could order an increase in the utility's return on equity by up to 0.5% above the utility's current return on equity for the next 12 months.

If the KCC finds that an electric public utility's all-in average retail rate has increased more than 1% during the preceding calendar year, the bill would authorize the KCC to order a decrease in the utility's return on equity by an amount up to 0.5% below the utility's current return on equity for the next 12 months.

Snider said the bill proposes an incentive – or a disincentive – to keep electric rates under control.

He said granting an increase in the return on equity will cause rates to increase, but he added that the increase will be less than “uncontrolled capital spending that puts new costs into rates for 40-60 years.”

He said the threat of a reduced return on equity is a “powerful tool” for the KCC to use to combat high rates.

Evergy opposed the bill, saying it's a “solution in search of a problem.”

Chuck Caisley, chief customer officer for Evergy, opened his testimony by taking a shot at Snider for depicting the utility as a villain.

“I am always astounded at how nefarious Paul can make investing in infrastructure and electricity to power the economy of the state and how it seems like when I listen to him all we do it for is so our shareholders can get rich,” Caisley said.

Over the last seven years, Caisley said that residential electric rates for Evergy Central, the old Westar service area, have increased 5.6%. He questioned whether the company should get a higher return on equity retroactively because it held rates down.

“We have more customers today than we did in 2018. We are selling and making more electricity. But our absolute costs to operate the company are down more than \$300 million,” Caisley told lawmakers.

Caisley said the rate increases for Evergy Metro, which covers the Johnson County area, have risen under 2%, which he added was the “lowest increase over that period of time in the United States.”

“We're doing a good job on being competitive,” he said.

During the last seven years, Caisley said electric rates have increased 15.8% in Oklahoma, 23% in Colorado, 11% in Missouri and 19% in Arkansas.



By comparison, he said inflation was up 26% over that same time.

Snider countered with his own data, saying that residential electric rates in Kansas are 20% higher in Kansas than Iowa and 15% higher than in St. Louis.

On the commercial side, Snider said electric rates are 38% higher in Kansas than Oklahoma and 32% higher than in Iowa.

Caisley said the KCC already has the ability set the return on equity when the utility comes in for a rate case.

He said the bill creates a “severe disincentive” to invest in the electrical grid at a time when grid investment is the highest in U.S. history.

Caisley said utilities across the country are investing in the electrical grid to combat significant aging infrastructure and to deploy technology to improve reliability and resiliency and decrease outage durations.

He said the bill “would severely limit investment in these areas, putting Kansas at a severe disadvantage to other states in reliability and economic development.

“For Evergy, this bill would put into severe jeopardy the planned construction of the two natural gas power plants in Kansas announced last year as well as cause a significant overall reduction of investment in the electrical grid.”