

Regulators approve settlement in Evergy rate case

By **Brad Cooper** - November 21, 2023



Photo credit: Tony Boon

State regulators on Tuesday morning approved a settlement agreement that will allow Evergy to increase electric rates in central Kansas but cut rates in the Kansas City area.

The Kansas Corporation Commission approved the unanimous agreement that was reached after nine days of intense negotiations in September.

The agreement calls for a rate increase in central Kansas by a net \$74 million, down from the \$204 million that the utility originally sought from the KCC.

It will be about a 4% increase for residential customers, or an estimated \$4.64 a month for typical residential customers who live in Evergy's central territory.

Meanwhile in the Kansas City area, Evergy will cut rates by \$32.9 million compared to the \$14 million *increase* that the utility originally sought from state regulators.

A typical residential customer in Kansas City will see a \$6.07 a month decrease in their bill, the company said.

Evergy would not raise its monthly customer service charge as part of a new global settlement of its rate case before state regulators.

Under the [agreement](#) approved Tuesday, Evergy would not increase its fixed monthly customer charge to \$16.71, which was part of the utility's original request for an overall rate increase for roughly 1 million Kansas customers.

The charge is intended to recover the costs of metering, billing, collection and customer relations incurred in servicing accounts regardless of how much energy is used.

Ultimately, the parties agreed that the residential customer charge would be \$14.25, which would stay the same for Kansas City area customers and be a 25 cent reduction for customers in Evergy's central service area.

Commissioners said the agreement represented a balance between ratepayers and the financial interest of Evergy.

"In my opinion, the order achieves this balance and goal and is quite meritorious in that regard," Commissioner Dwight Keen said.

KCC Commission Chair Andrew French agreed with Keen, saying that he believes the case was thoroughly evaluated given that so many groups intervened in the case.

Officials said nearly 60 witnesses filed testimony in the case.

"We had a diverse set of stakeholders intervene in this, making sure that their interests were protected," French said.

"They have all looked at these details. They've made sure the end result is workable for each of them and the entities they represent.

"That's a pretty good indication to the commission that the public interest is protected and and promoted by the results of a negotiated settlement," French said.

While the KCC had the power to modify or reject the settlement agreement, French said he thought the level of scrutiny that it received "indicates a final product that should not be disturbed."

"In this case, we should give some deference to the parties that they have protected all the interests that are represented," he said.

However, French cautioned about the future.

"Customers are getting very good value for the product given how much we rely on that service and how much of it is needed," he said.

"But that's not to say there's not work to be done," he said.

"There are a lot of pressures coming in the future. Infrastructure continues to age. People want new things out of their energy. They want new energy sources. People are buying more and more gadgets and machinery that rely on electricity.

"It's going to be very important that we continue to make energy affordable. We have a lot of work to do to make sure we keep energy reliable," he said.

The Kansas Industrial Consumers Group, which represents large heavy power users, called the agreement a "reasonable resolution" to the rate case.

"There is more work to be done in the future, to lower Kansas' retail electric rates to more closely align with the electric rates in neighboring states," the group said in a statement.

"All forms of electric energy have value, and we believe that the future reliability of electric generation in Kansas should be based on a broad diversity of electric generation resources, just as it is today," the group said.

Eversource said the agreement means that its Kansas electric rates have only increased 1% since 2017, well below the cost of inflation.

"This now-approved settlement is a strong result for our Kansas customers," said David Campbell, president and chief executive officer of Eversource.

"This decision," he said, "allows Eversource to recover investments made to strengthen the electric grid and provide reliable, affordable, and sustainable service to our customers across the region."

The company in recent years has come under scrutiny in the Kansas Legislature over rates, which at one point were some of the highest in the region.

In August, [Kansas ranked fourth](#) in rates per kilowatt hour at 13.57 cents for residential customers in seven states across the Midwest and the north-central United States.

The leader was Minnesota at 15.46 cents followed by Iowa (15.06 cents) and Missouri (14.43 cents).

Also in August, Kansas ranked fourth in rates per kilowatt hour at 11.1 cents per hour for commercial users. The leader was Minnesota at 13.24 cents per hour, followed by Iowa at 12.04 cents and Missouri at 11.75 cents.

Campbell said in a recent earnings call that the rate case — along with higher interest rates — had hindered the company's ability to meet its earnings growth target.

“Most significantly, the Kansas rate cases fell short of expectations,” Campbell said during an [earnings conference call](#) earlier this month.

“The dynamics in the rate case are a reflection of the singular focus that Kansas has had on improving regional rate competitiveness. And without question, Evergy has delivered against that objective,” Campbell said.

Campbell said the company was limiting electric rate increases better than utilities in its peer states.

He said Evergy has limited cumulative rate increases in Kansas to 1% since 2017.

In contrast, he said rates increased in Evergy’s regional peer states by 12.7% over the same time period.

“Many of our peer utilities have rate cases pending or planned, which will further widen the gap,” he said.

“Advancing and improving regional rate competitiveness has been top of mind for many of our stakeholders in Kansas and were primary drivers for the 2018 merger, and that’s exactly what we’ve delivered,” he said.

“We’re pleased by our progress in improving regional rate competitiveness and keeping our rate trajectory well below the rate of inflation. Affordability is and will always be an area of focus,” he said.