

In Wichita area, electric rates could go up about 11% over the next five years

BY SARAH SPICER

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Most of Evergy’s electric customers could see an 11% increase in rates over the next five years, according to recently released documents by the Kansas Corporation Commission.

The release of information about the rate increase was considered a win for consumer advocates as the electric utility has tried to shield information about how much its \$9 billion investment plan would ultimately cost customers.

The Sustainability Transformation Plan is Evergy’s \$9 billion investment to upgrade the Kansas and Missouri grid, fix aging infrastructure and transition to renewable energy. Evergy said that it planned to offset the cost of the investment by [lowering its overall net fuel and operating costs by 25%, and that rate would increase in line with inflation](#) at a rate of 2% per year or a 10% increase at the end of five years.

Evergy has released [a general version of the rate impacts by jurisdiction](#). Evergy charges customers differently based on its two Kansas jurisdictions — the Kansas City metro jurisdiction and the central jurisdiction, which includes the rest of the state. The document reveals an anticipated 11% increase in rates for most of Evergy’s Kansas customers and a 2.5% decrease in

Kansas metro customers rates over the next five years, which would bring the two groups closer in cost.

The document was one of several marked confidential by Evergy that four consumer advocacy groups asked to be released.

The other documents, which would reveal more detailed information about Evergy's spending plan and what it could cost Kansans, have not been released as Evergy and the advocates' argue over whether the documents should be confidential.

The two-month-long flurry of responses reveals an unusually contested fight, with Evergy or consumer advocates making regular demands of the KCC to firmly reprimand groups or individuals, remove them from the case or order them to apologize publicly.

The challenge before the KCC and the contention between the parties seem to stem from a fundamental disagreement in how to best serve public interests in the rate-setting process while protecting private corporate interests.

The KCC has not made a ruling on whether to release confidential information.

While the KCC isn't required to rule on the motion, there has been recent precedence for such transparency. Last summer, the KCC ordered AECOM, an engineering firm that prepared a [report on why Kansas electric rates are so high](#), to remove heavy redactions. In November, when three groups petitioned the KCC to open the Sustainability Transformation Plan ([STP workshops to the public](#)), the [KCC approved the request within a few days](#).

In December, the then-KCC chair Susan Duffy said she wanted as much information as possible about Evergy's plan to be publicly released and said it was the [commissions' responsibility to continue reviewing why the information was confidential and whether it would stay that way](#).

AN UNUSUALLY CONTESTED FIGHT

The Kansas Sierra Club, the Climate and Energy Project, the Kansas Industrial Consumers group and the Citizens Ratepayer Board, a state agency responsible for protecting consumer interests, joined together in their request of Evergy to make these documents public.

In January, the [four groups filed a motion to remove confidential designations](#) from Evergy documents, asserting that since the "KCC was investigating whether the STP is in the public interest, the rate impacts, elements, and core underpinnings of the STP must be open to public inspection." They also accused Evergy of over-relying on confidential designations and restricting "the public's ability to observe this matter."

Evergy confirmed that it had given confidential information to the KCC as part of the examination of its plan but said that as a publicly-traded company, the information shouldn't be publicly released.

The Kansas Industrial Consumers group "and the other parties to this case really have unprecedented access to information about our capital planning and business strategy that other publicly traded companies wouldn't necessarily be sharing," said Gina Penzig, Evergy

communications manager. “We really have given a lot of information, a lot of insight and access to information about our planning through this process to the commission and to other parties that are interested in our sustainability transformation plan.”

When asked by The Wichita Eagle, Evergy declined to talk about or even confirm what the confidential information was, other than to say it was “forward-looking information” that “contains material financial expectations,” which would be inappropriate to talk about as a private company.

Shortly after The Eagle’s request to Evergy to confirm what the confidential information was, Evergy asked the KCC to admonish the Kansas Industrial Consumers group, restrict its access and [enforce a protective order](#) for sharing confidential information with the press. The company also accused and sought sanctions against Jim Zakoura, president of Kansas Industrial Consumers group, saying he had broken his non-disclosure agreement.

“Unless controlled, Kansas Industrial Consumers’s conduct has the potential to have a chilling effect on Evergy’s and other utilities’ willingness to participate in these types of proceedings, including any future work-study sessions related to other topics of interest to the Commission,” Evergy wrote.

The industrial group [denied all allegations of wrongdoing](#) and asked the KCC to admonish Evergy and order them to publicly apologize for the unsupported charges. The group said it didn’t discuss any confidential information with a reporter. The existence of the presentation and general contents requested by the reporter were mentioned by KCC staff and acknowledged by Evergy in a public workshop.

“It’s not going to stop me from fighting for lower electric rates for Kansans,” Zakoura said. “Let people make their own decisions. Let the light today shine on it.”

The KCC has [opened a docket](#) to deal with the open record request filed by The Wichita Eagle, a rare move that has only happened twice in recent years. The Eagle is asking for the similar records that the four groups are requesting to become public.

Both the KCC and Evergy declined to provide the records requested by The Eagle.

RISING ELECTRIC COSTS

Primarily, critics of Evergy’s Sustainability Transformation Plan said they were concerned about rising electricity prices and unnecessary improvements. In 2019, the Kansas Legislature passed a [state policy](#) that the KCC and the state legislature must do their best to strategize to bring Kansas to regionally competitive electric rates. Some intervenors believe Evergy’s plan flies in the face of this.

The increase might not just impact taxpayers on their home bills but also on their taxes.

In 2018, [six of the top 20 Westar, now Evergy, customers were government entities](#). In that same year, the Kansas Board of Regents testified that the state colleges and universities that were Westar customers, now Evergy, [paid \\$33 million annually](#) for electricity. An 11% increase, as

Evergy has anticipated will occur under its investment plan, would raise that bill by \$3.6 million a year.

But Evergy has said that most of its investment is being paid for by reduced business, operations and maintenance costs that [will save \\$145 million](#).

However, research done by The Communications Workers of America, the largest communications and media union in the nation, shows that when other companies followed through on similar plans, they experienced significant profitability problems within three years.

Hudson Muñoz, a Senior Strategic Research Associate with the union, helped write the research report and said Evergy's Sustainability Transformation Plan could cause high expenses for consumers and Evergy employees.

“The main point and the net result of the research report are that the results of these campaigns tend to leave targeted companies less competitive, less resilient and in less robust positions,” Muñoz said. “Evergy has a good reputation in Kansas and Missouri for being an employer and being actively engaged in the community, but if it were to implement each of these plans...we would expect to see less cash for system maintenance, fewer people on staff to help customers with their issues and the company will be less profitable.”

Evergy declined to answer specific questions about the Communications Workers of America's research, outside of pointing to a November statement affirming that [Evergy believes the STP is the best path forward for all stakeholders](#).

Since the union is not a party to the investigation, the Commission has not reviewed and cannot consider the research, according to Linda Berry, the KCC director of public affairs. But the union can submit a letter once the public comment period for this docket is open.

Evergy has begun spending money to follow through on its \$9 billion investment. Intervenors raised the concern that while Evergy is not asking to recover the investment cost now, it's because Evergy will ask during the 2023 rate case.

“Once that money's been spent, once those transformers and poles and wires are bought, and they're providing utility service, the utility has to show that that equipment is used and useful, and there was a rational basis for doing that,” said Robert Vincent, an attorney with the KIC. “And if they meet that burden, then the burden shifts to other parties to show that those costs are imprudent and they should be excluded from rates and ratepayers shouldn't have to pay for them.”

Zakoura has said he already advised his members to plan on a 10% increase in electric costs, a hike he calls a “bitter pill.” Evergy's next rate case will begin in spring of 2023 and will conclude in December 2023.

“In 2024, retail electric ratepayers in Kansas will be essentially stuck with the higher rates, with no practical way to challenge the higher rates at the KCC,” Zakoura said. “Unless the Legislature, the Governor, and the KCC step in right now and demand that Evergy get KCC prior

approval for this massive capital spending program and the associated rate increases, the opportunity for an effective review in 2024 is almost zero.”

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