CURB News

News from the Watchdog for Residential and Small Commercial Utility Consumers

FIRST QUARTER 2025



THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

Black Hills Files Rate Case Application KCC Docket No. 25-BHCG-298-RTS

On February 3, 2025, Black Hills filed an application to make changes to its rates for natural gas service. Black Hills is requesting an annual revenue increase of approx. \$17.2 million.

The Company's requested revenue increase is based on an overall after-tax rate of return (ROR) of 7.63%, including a 10.5% return on equity (ROE), 4.71% cost of debt, and a capital structure of 50.44% equity and 49.56% debt.

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The Company will rebase its Gas System Reliability Surcharge (GSRS) into base rates, resetting the surcharge to \$0.00 until its next annual GSRS update.

As part of the rate design for this proposed increase, Black Hills is requesting to raise the monthly residential customer charge from \$18.50 to \$31.50 and increase the volumetric charge from \$0.20251 per therm to \$0.20947. By Black Hills' calculation, a typical residential customer (50 therm usage) would experience an average monthly total bill increase of \$11.07 (17.6% increase), if approved as proposed.

As part of its application in this docket, Black Hills is requesting Commission approval to follow up with an abbreviated rate case to true-up plant investments through September 30, 2025, and seek recovery for plant in service through December 31, 2025.

A live public hearing is scheduled for this docket on April 29, 2025, in Wichita at the Wichita State University Hughes Metroplex from 6:00–8:00 p.m. Attendees may participate in person or virtually via Zoom (virtual participation requires <u>advance registration</u> by noon April 28). The hearing will be broadcast live on the <u>KCC's YouTube</u> channel.

The public comment period for this docket is open now through June 20, 2025. Comments can be submitted to KCC Public Affairs via mail, email (kcc.public.affairs@ks.gov), phone (1.800.662.0027), or online (<u>https://www.kcc.ks.gov/your-opinion-matters</u>).

The Commission's Order is due in this docket on August 29, 2025.

Update on Evergy Kansas Central's Predetermination Request for Two Natural Gas-Fired Plants and a Solar Facility

KCC Docket No. 25-EKCE-207-PRE

Evergy is requesting predetermination on the ratemaking treatment for the construction and ownership stake in two combined cycle gas turbine ("CCGT") plants and one solar farm for its Evergy Kansas Central ("EKC") service territory.

Although a utility can make investments in generation facilities and then seek recovery of its investments during a subsequent general rate case, the optional predetermination process under K.S.A. 66-1239 for specific projects provides the utility a greater sense of certainty regarding the recovery of investments before they are made.

EKC intends to own 50% of a 710 MW combined CCGT near its Viola substation in Sumner County ("Viola plant") and a 50% interest in a second 710 MW CCGT near Hutchinson ("McNew plant"). The Viola plant is expected to be in service in 2029 and the McNew plant is expected in 2030.

The solar facility ("Kansas Sky plant") located in Douglas County will provide approximately 200 MW of capacity. The Kansas Sky plant is expected to go into commercial use in December 2026.

A virtual public hearing was held on this matter on March 5, 2025, via Zoom. CURB presented at that hearing. A recording of the public hearing can be viewed on the <u>KCC's YouTube</u> channel.

On March 14, 2025, CURB and other parties filed direct testimony in response to Evergy's request. CURB recommends that the Commission not approve EKC's requests for predetermination of ratemaking treatment for the Viola and McNew CCGT facilities. Moving ahead with these plants will lock ratepayers into paying for costly assets that will increase financial risks from fuel price volatility and environmental regulation. CURB states that Evergy has not demonstrated that a resource plan involving these CCGT additions is "reasonable, reliable, and efficient," as required by the predetermination statute. CURB suggests that Evergy should, instead, work to procure alternative resource options, such as solar and wind paired with battery capacity to meet upcoming demand needs. CURB does find the Kansas Sky solar farm to be a cost-effective resource addition that is likely to benefit ratepayers going forward.

Staff of the KCC filed direct testimony, recommending approval of definitive cost estimates for the CCGT facilities and Kansas Sky solar facility. KCC Staff concludes that the proposal to build the facilities is reasonable, reliable, efficient, and consistent with Evergy's most recent resource acquisition strategy.

The public comment period for this docket is open through April 7, 2025. Comments can be submitted to KCC Public Affairs via mail, email (kcc.public.affairs@ks.gov), phone (1.800.662.0027), or online (<u>https://www.kcc.ks.gov/your-opinion-matters</u>).

Parties to the docket will begin settlement negotiations, starting on April 9, 2025. The scope of the remainder of the procedural schedule is generally contingent upon whether a settlement agreement among the parties is reached. A Commission Order is due by July 7, 2025.

Evergy Kansas Central Files Rate Case Application KCC Docket No. 25-EKCE-294-RTS

On January 31, 2025, Evergy Kansas Central ("EKC") filed an application with the KCC to adjust its electric rates. EKC is requesting a net annual revenue increase of \$192.1 million. Evergy points to several factors for the increase, including new infrastructure investment, cost of capital adjustments, expense true-ups, and other adjustments.

EKC's proposal is based upon a capital structure of 48.03% debt and 51.97% equity. In this docket, EKC requested an expedited procedure for legal briefing on the issue of capital structure to be resolved before initial intervenor testimony is filed. On February 20, 2025, the Commission rejected this request and will resolve the issue of capital structure in the regular course of the rate case.

EKC is requesting a Return on Equity (ROE) of 10.5%. A specific authorized ROE was not articulated in the prior EKC rate case (Docket No. 23-EKCE-775-RTS); however, an ROE of 9.4% is currently used for its Transmission Delivery Charge.

If approved, EKC is requesting to raise the monthly residential customer charge from \$14.25 to \$16.38.

One aspect of EKC's proposal is the Stay Connected pilot program which is designed to help incomeeligible customers avoid disconnection by offering monthly bill credits for up to 24 months. The program is modeled off a similar assistance program in Evergy's Missouri jurisdictions. Each participant's bill credit is calculated based upon their 12-month average monthly bill prior to enrollment, capped at \$100 per month. Further, Evergy also plans to promote awareness and access to other assistance services such as the federal Low Income Home Energy Assistance Program (<u>LIHEAP</u>) and Supplemental Nutrition Assistance Program (<u>SNAP</u>). EKC is requesting a budget of \$1.6 million per year during the three-year pilot period and estimates supporting approximately 2,500 participants.

There are two live public hearings scheduled for this docket. The first will be June 11, 2025, in Wichita at the Wichita State University Hughes Metroplex from 6:00–8:00 p.m. The second will be June 16, 2025, in Topeka at the Washburn Institute of Technology from 6:00–8:00 p.m.

The public comment period for this docket is open through July 14, 2025. Comments can be submitted to KCC Public Affairs via mail, email (kcc.public.affairs@ks.gov), phone (1.800.662.0027), or online (<u>https://www.kcc.ks.gov/your-opinion-matters</u>).

The Commission's Order is due in this docket on September 29, 2025.

Evergy's Proposes Large Load Service Rate Plan and Tariffs KCC Docket No. <u>25-EKME-315-TAR</u>

On February 11, 2025, Evergy filed an application requesting approval of a set of tariffs designed for large load customers (e.g., data centers). The Large Load Power Service ("LLPS") rate plan aims to address the advent of new large customer loads and the impact on the electric grid. One challenge identified was how to accommodate an influx of customers with loads over 25 MW while attracting and retaining customers to foster economic growth in Kansas.

In response to the projected rise of commercial customers who use massive amounts of energy, such as data centers, Evergy developed the LLPS rate plan with a base tariff and additional riders aimed at recovering costs associated with new construction and providing customers choices with their energy needs. The tariffs were created based upon expected loads of over 100 MW, which is many times larger than what is currently considered a "large" customer.

Potential customers must execute a formal service agreement for a term of 15 years, with up to five years allowance for a ramp up of operations. The rate structure includes several components to address different types of associated expenses. For instance, because these large customers' energy demand and usage are expected in unprecedented proportions, capital investment costs will likely be incurred to serve these customers. The System Support Rider is a \$/kW demand charge that reflects acceleration of capital investments to serve new load on the system. Optional riders are available for customers looking to meet renewable energy goals by paying incremental costs associated with procuring those resources. Further, there are provisions designed to protect all other Evergy customers from potential stranded costs, including minimum bill amounts, early termination fees, and collateral requirements.

Evergy had requested an expedited schedule of 120 days for a Commission order, compared to the statutory term of 240 days. Multiple parties, including KCC Staff and CURB, objected to the expedited schedule and requested the opportunity for intervenors to collaborate on a schedule. On March 4, 2025, the Commission issued an order rejecting Evergy's proposed expedited schedule and ordered parties to work together on a new procedural schedule.

CURB is currently reviewing Evergy's application and developing a responsive position on the filing. CURB will engage with other stakeholders to develop a procedural schedule.

Joseph Astrab Named New Consumer Counsel for CURB

On January 3, 2025, David Nickel retired from the position of CURB Consumer Counsel. Mr. Nickel served as Consumer Counsel for nine years. He made it CURB's ambition to ensure sufficient and reasonably priced gas and electric service for every Kansan, especially energy-burdened households. During his tenure, Mr. Nickel grew the agency by adding new positions and fostering a solid foundation of experience and knowledge for CURB staff to provide excellent representation and advocacy.

Joseph Astrab has stepped into the role of Consumer Counsel after serving as an attorney for CURB since 2019. Mr. Astrab has been involved in a number of high-profile cases before the KCC, such as the Winter Storm Uri cost recovery dockets and the first Evergy general rate case post-merger. "I appreciate all that David has done for the agency and myself working in this unique industry. He conducted himself with a real sense of leadership and dedication in all aspects of the job," says Astrab, "I look forward to the opportunity to continue his work as Consumer Counsel and to promote quality utility service at a just price with CURB."



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Citizens' Utility Ratepayer Board 1500 SW Arrowhead Road Topeka, Kansas 66604

Phone: 785-271-3200 E-mail: curb.ecurb@ks.gov



ABOUT THE CITIZENS' UTILITY RATEPAYER BOARD

Established in 1988, the Citizens' Utility Ratepayer Board (CURB) is an agency focused on advocacy for residential and small commercial utility consumers in Kansas. The Board is composed of five (5) appointed volunteer members representing the four congressional districts in Kansas and one at-large member. CURB was initially founded by the Chairman of the Kansas Corporation Commission upon a perceived need for a stronger consumer advocate. CURB has evolved into an independent agency, currently employing a consumer counsel, one supporting attorney, three analysts, and two administrative staff.

OUR MISSION: To zealously protect the interests of residential and small commercial utility ratepayers before the Kansas Corporation Commission and the Kansas legislature.

OUR VISION: To protect Kansas residential and small commercial utility ratepayers by promoting the delivery of optimal utility services—being safe, reliable and technically robust, environmentally sensible, cost-effective, and equitably provided to all Kansas utility consumers at just prices.

The Citizens' Utility Ratepayer Board



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