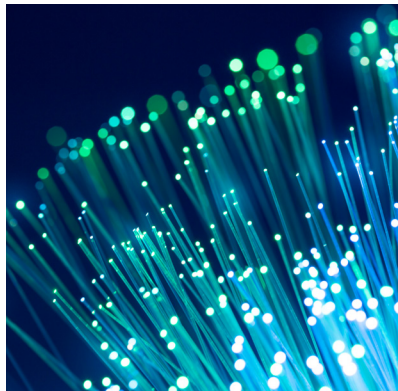




2025

ELECTRIC SPECIAL CONTRACTS/
REDUCED RATES
BIENNIAL REPORT



Serving the people of Kansas by regulating the State's energy infrastructure, oil and gas production and commercial trucking to ensure public safety.



As required by K.S.A. 66-101j(g), Commission Staff provides this report to the Kansas Legislature on special contracts and customers receiving reduced electric rates to spur economic development. Currently, there are no entities receiving service under special contracts authorized by K.S.A. 66-101i. All entities described below have contracted for discounted tariff rates pursuant to K.S.A. 66-101j. These entities are taking service through the Limited Large Economic Development Rider (LEDR) Tariffs of Evergy Kansas Central or Evergy Kansas Metro, approved by the Commission on April 8, 2021, in Docket No. 21-EKCE-318-TAR.¹ This report covers activity occurring during Calendar Years 2021 through 2024, with electric usage data available through September 2024.

(1) Number of entities with such discounts

There are currently twelve customers taking service under the LEDR. Eight of those contracts (Customers #1, #3, #4, #7, #8, #9, #10, and #11) are served by Evergy Kansas Central, Inc. (Evergy Central) and four contracts (Customers #2, #5, #6, and #12) are served by Evergy Kansas Metro, Inc. (Evergy Metro). The customers receiving discounted rates are not identified by name throughout this report to protect the confidential nature of these customer-specific discounts, as well as customer-specific proprietary data pertaining to electric load usage, capital investment amounts, etc. In Alphabetic order, which does not correspond to the customer numbers identified throughout this report, these twelve customers are as follows: B/E Aerospace, Berry Global/Packerware Corporation, Brek Manufacturing, Coleman Company, Hills Pet Nutrition, JTM Foods, Lineage Services, Neutrality, SFC Global, The Hershey Salty Snack Company (two contracts--formerly Dot's Pretzels and Pretzels, Inc.), and Walmart.

(2) Number of entities with increased load

All 12 customers taking service under the LEDR had increased electric usage in average monthly kWhs of load in 2024, relative to average kWhs used in prior years, or in the years prior to taking service under the LEDR.

One of the entities (Customer #8) opened a new facility in 2023 and one of the entities (Customer #11) opened a new facility in 2024.

(3) Number of entities with decreased load

None of the entities reported a decrease of average monthly kWhs of load in 2024.

¹ Docket information available at: <https://estar.kcc.ks.gov/estar/portal/kscce/page/docket-docs/PSC/DocketDetails.aspx?DocketId=fce9f3a8-4de4-40f2-bec8-5294243402b2>

(4) Aggregate load and change in aggregate load on an annual basis

Aggregate average load for Customers #1 through #7 taking service under the LEDR was 3,157 kW in 2021, and 6,896 kW in 2022. These entities used 8,507,350 kWh in 2021 and 14,242,959 kWh in 2022.

Aggregate average load for Customers #1 through #12 taking service under the LEDR was 40,290 kW in 2023, and 46,534 kW in 2024. These entities used 160,208,406 kWh in 2023, and 224,022,762 kWh in 2024.

(5) Total subsidy and the subsidy for each individual contract

The table below shows each customer, the amount of subsidy (discount received on total electric bills) received by each customer for the years 2021 through 2024.

Customer	Discount	No. of Months
1	\$ 214,889	34
2	\$ 783,983	32
3	\$ 3,563,904	22
4	\$ 366,943	34
5	\$ 415,291	37
6	\$ 227,662	41
7	\$ 136,808	27
8	\$ 60,306	8
9	\$ 64,016	13
10	\$ 619,378	13
11	\$ 243,871	6
12	\$ 21,521	3
Total	\$ 6,718,573	

These customers paid a total of \$26,535,308 for electricity from 2021 through 2024, which reflected a collective \$6,718,572 in discounts, or approximately 20.2% of the undiscounted bill, on average.

(6) Annual and cumulative rate impact on non-contract customers

Staff performed an evaluation of the rate impact to non-contract customers during 2023 and 2024 while the LEDR discounts were in effect. The first impact occurred in Docket No. 23-EKCE-775-RTS, the Evergy Rate Case. In that Docket, Staff allocated \$1,839,405 in an increase in rate revenue to all customer classes (\$506,384 for Evergy Central, and \$1,333,021 for Evergy Metro) to offset the discounted rate revenue Evergy was not otherwise receiving from LEDR customers. These rates became effective on December 21, 2023. This treatment was mandated by K.S.A 66-101j(d).²

² Beginning on July 1, 2024, as a result of the passage of HB 2527 during the 2024 Legislative Session, there is no longer an explicit requirement detailing how these revenue discounts will be collected from other customers.

While non-contract customers experienced a rate increase in the 23-775 Docket to cover the discounts being provided to LEDR customers, those same customers are also receiving a benefit in the form of LEDR customer revenue in excess of the variable cost to serve these customers. This in turn reduces the overall fixed costs that are borne by these non-contract customers.

In order to estimate the total rate benefit to non-contract customers, Staff evaluated the revenue per kWh generated by each customer receiving a discount under the LEDR. On average during 2023 and 2024, these customers paid approximately \$.063/kWh for electricity. We then compared that average revenue per kWh to our estimated variable cost to serve these customers, inclusive of both variable operating and maintenance expense and the variable cost of fuel and purchased power, which averaged \$.0386/kWh.

On average, customers on the LEDR rate are contributing \$.0244/kWh to the fixed costs of the system in 2023 and 2024. These customers purchased a total of 384,231,167 kWhs during 2023 and 2024, which contributed approximately \$9.3 million towards the fixed costs of the system that would have been borne by other non-contract rate customers, had these LEDR customers not been on the system.

In conclusion, while Evergy's non-contract rate customers paid \$1.84 million in higher rates to cover the LEDR discounts during Evergy's last rate case, they also received a benefit of \$9.3 million in 2023 and 2024 from these customers being on the system to contribute to fixed costs that would have otherwise been paid by non-contract customers. Staff's estimate is that non-contract customers are benefiting from the existence of the discounted rate customers. This is because these customers are covering the variable costs they cause on the system and contributing meaningfully towards fixed costs that would otherwise be borne by all other customers.

(7) Estimated economic development impact

For Customers #1 through #7, contracts were signed no later than the end of 2022, meaning that the "first two years" is a period of time no later than the end of 2024. For Customers #8 through #12, contracts were signed no later than the end of 2024, thus the "first two years" is a period of time no later than then end of 2026.

Customer #1 estimates \$34,000,000 of new investment, of which \$18,000,000 is real estate, and \$16,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #2 estimates \$118,000,000 of new investment, of which \$88,000,000 is real estate, and \$30,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #3 estimates \$300,000,000 of new investment, of which \$120,000,000 is real estate, and \$180,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #4 estimates \$215,000,000 of new investment, of which \$140,000,000 is real estate, and \$75,000,000 is machinery and equipment. Of this new total investment, \$130,000,000 will occur in the first two years.

Customer #5 estimates \$40,989,992 of new investment, of which \$25,739,992 is real estate, and \$15,250,000 is machinery and equipment. All investment will occur in the first two years.

Customer #6 estimates \$38,000,000 of new investment, of which \$11,000,000 is real estate, and \$27,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #7 estimates \$2,900,000 of new investment, of which \$1,200,000 is real estate, and \$4,100,000 is machinery and equipment. All investment will occur in the first two years.

Customer #8 estimates between \$20,000,000 and \$24,000,000 of new investment, of which between \$13,000,000 and \$16,000,000 is real estate, and between \$7,000,000 and \$8,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #9 estimates \$6,000,000 of new investment, of which \$0 is real estate, and \$6,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #10 estimates \$61,000,000 of new investment, of which \$12,000,000 is real estate, and \$49,000,000 is machinery and equipment. All investment will occur in the first two years.

Customer #11 estimates \$525,000,000 of new investment, of which \$208,000,070 is real estate, and \$292,000,000 is machinery and equipment. Of this new total investment, \$507,000,000 will occur in the first two years, with the remaining \$18,000,000 to be spent by December 31, 2027.

Customer #12 estimates \$22,750,000 of new investment, of which \$2,250,000 is real estate, and \$20,500,000 is machinery and equipment. All investment will occur in the first two years.

(7)(A) Total employment

Prior to taking service under the EDR, Customer #3 retained 978 employees. The total number of employees including changes noted in (7)(B) is 1,202.

The total employment for the other six entities is as shown in Section (7)(B).

(7)(B) Change in employment

Customer #1 estimated hiring 146 new employees in the first two years, and another 135 employees in the following three years.

Customer #2 estimated hiring 127 new employees within the first two years.

Customer #3 estimated hiring 225 new employees within the first two years.

Customer #4 estimated hiring 300 new employees within the first two years.

Customer #5 estimated hiring 230 new employees within the first two years.

Customer #6 estimated hiring 60 new employees within the first two years.

Customer #7 estimated hiring 35 new employees through the end of 2022, and another 30 employees by the end of 2025.

Customer #8 estimated hiring 120 new employees within the first two years.

Customer #9 estimated hiring 35 new employees within the first two years, and another 25 employees by mid-2023.

Customer #10 estimated hiring 99 new employees within the first two years.

Customer #11 estimated hiring 111 new employees within the first two years.

Customer #12 estimated hiring 5 new employees within the first two years, and 2 more employees thereafter. Additionally, 120 contractors will be hired for construction for a duration of approximately two years.

(7)(C) Tax revenue generated

While tax revenue generated as a result of economic development spurred by special contract or discounted tariff rates is not directly available, Staff has estimated the annual sales tax and personal income tax impacts of the increase in employment provided by this economic development. Per Capita tax revenue assumptions are based on the 2023 annual report from the Kansas Department of Revenue.

Combined, customers taking service under the LEDR generated an estimated \$10,305,006 in tax revenue.

Customer	Total Tax Revenue
1	\$ 1,412,025
2	\$ 1,007,745
3	\$ 1,094,016
4	\$ 1,292,100
5	\$ 1,825,050
6	\$ 476,100
7	\$ 168,945
8	\$ 579,240
9	\$ 1,448,100
10	\$ 556,974
11	\$ 389,166
12	\$ 55,545
Total	\$ 10,305,006

Kansas Corporation Commission 2025 QUICK REFERENCE



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