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State Corporation Commission
of Kansas

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Evergy Kansas Central and Evergy Kansas Metro for Kansas Delivery Charge changes to Tax Adjustment Tariffs.	)))	Docket No. 25-EKCE-548-TAR

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) hereby submits its Report and Recommendation, dated September 11, 2025, regarding the Application of Evergy Kansas Central and Evergy Kansas Metro (Evergy).

On June 24, 2025, Evergy filed an Application requesting approval from the Commission to separate the delivery charges on a customer's bill to provide customers with an exemption from Kansas state sales tax on their bill in accordance with Kansas House Bill 2136 approved by the Governor on May 23, 2022.

Staff has reviewed the Application, Kansas House Bill 2136, and supporting tariffs and agrees with the analysis presented by Evergy in requesting the billing change to display the portion of delivery cost contained in a customer bill, allow the charge to more accurately describe the services, and qualify the delivery charges for the exemption from state sales tax per K.S.A. 79-3602. Staff recommends the Commission approve Evergy's rate implementation request in conjunction with EKC's implementation of rates in Docket No. 25-EKCE-294-RT, which includes an effective date by the customers' billing cycle beginning September 30, 2025.

WHEREFORE, Staff submits its Report and Recommendation for Commission review and consideration and for such other relief as the Commission deems just and reasonable.

Respectfully Submitted,

/s/ Ahsan Latif

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Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

REPORT AND RECOMMENDATION
UTILITIES DIVISION

TO: Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

FROM: Kristina Luke-Fry, Managing Auditor
Chad Unrein, Chief of Accounting and Financial Analysis
Justin Grady, Director of Utilities

DATE: September 11, 2025

SUBJECT: Docket 25-EKCE-548-TAR: In the Matter of the Evergy Kansas Central and Evergy Kansas Metro for Kansas Delivery Charge changes to Tax Adjustment Tariffs

EXECUTIVE SUMMARY:

Evergy Kansas Central and Evergy Kansas Metro (Evergy) filed an Application requesting approval from the Commission to separate the delivery charges on a customer's bill to provide customers an exemption from Kansas state sales tax on their bill in accordance with Kansas House Bill 2136 approved by the Governor on May 23, 2022. Staff recommends the Commission approve Evergy's request to display the portion of delivery costs included in base rates on customer bills as determined by rate class filed in Tax Adjustment Schedule. Staff has reviewed the Application, Kansas House Bill 2136, and supporting tariffs and confers with the analysis presented by Evergy in requesting the billing change to display the portion of delivery cost contained in a customer bill, allow the charge to more accurately describe the services, and qualify the delivery charges for the exemption from state sales tax per K.S.A. 79-3602. Staff recommends the Commission approve Evergy's request, as described in the Report.

BACKGROUND:

On June 24, 2025, Evergy, filed an Application seeking the Kansas Corporation Commission's (Commission) authorization of the separation of delivery charges on customer's bill to qualify for the sales tax exemption per K.S.A. 79-3602.

On June 22, 2023, the Kansas Department of Revenue provided a Tax Notice 23-02 covering the amended language of K.S.A. 79-3602 for the delivery charges covered under the tax exemption.[1]

[1] *See* Tax Notice 23-02: Delivery Fees Charged by a Retailer issued by the Kansas Department of Revenue. https://www.ksrevenue.gov/taxnotices/notice23-02.pdf.

> Prior to the amendment of K.S.A. 79-3602, delivery charges were included in the sales or selling price charged to a customer as part of the gross receipts from the sale of tangible personal property or enumerated services, and so were subject to Kansas sales tax.
>
> In accordance with the amendment, on and after July 1, 2023, delivery charges that are separately stated on the invoice, bill of sale, or similar document provided to a purchaser are not included in the sales or selling price charged to the customer, are not part of the gross receipts from the sale of tangible personal property or enumerated services, and so are not subject to Kansas sales tax.[2]

In its Application, Evergy requested to display the delivery charges as a portion of the bill by service class and revise its tax adjustment tariff for the exemption of sales taxes for the delivery charges. Evergy provided Staff with the redline and clean versions of the Tax Adjustment tariff sheets. The percentage of delivery cost embedded in the base rates of customers' bills will be reflected in the Tax Adjustment tariff sheets. The delivery cost percentages are provided by customer rate class and will be derived from the rate class work papers resulting from Evergy Kansas Central's (EKC) most recent rate case, Docket No. 25-EKCE-294-RTS (25-294 Docket) and Evergy Kansas Metro (EKM) Docket No. 23-EKCE-775-RTS (23-775 Docket). Evergy's Application included a request for expedited treatment to implement the billing change for the delivery charges in conjunction with the effective date of rates resulting from the 25-294 Docket.

ANALYSIS:

On January 10, 2025, Evergy held an initial meeting with Staff on its Kansas Delivery Charge Proposal to discuss changes made in the utility's customer billing system to allow for the delivery charges to be displayed on customers' bills. This initial meeting served as a tool to discuss how the "carve-out" would be implemented and displayed to customers with a format consistent across both of EKC and EKM divisions.

Based on feedback provided by Staff, Evergy developed the framework to display the delivery charges within its billing system and worked on the carve-out methodology to account for the calculation of delivery costs as a percentage of base rates for each customer class. Evergy supported its calculation based on the Cost Allocation methodologies included in the Class Cost of Service in the most recent rate cases, in the 25-294 Docket and 23-775 Docket for EKC and EKM, respectively.

On June 24, 2025, Evergy proceeded to file its Application to make changes in its billing system for delivery charges and tax adjustment for EKC and EKM. On August 25, 2025, Staff met with Evergy to discuss the workpapers provided in response to CURB Data Request No. 3 and discuss its requested implementation in conjunction with the requested effective date of rates, beginning with its October billing cycle on September 30, 2025.

Staff has reviewed Evergy's Application and supporting files. Staff contends that Evergy has provided adequate support for the requested change. In Staff's review of the Tax Adjustment Schedule, Staff found that Evergy's calculations were supported by its workpapers and align with

[2] *See Id.*

the delivery charges inclusion in base rates by customer class in its most recent rate filing. Further, the proposed tariffs state that the percentages of cost reflected in customer rates can adjust during prospective rate case filings. This will provide Evergy, Staff, and other interested parties with the opportunity to review and make any necessary changes in future cases.

Furthermore, Staff recommends the Commission approve Evergy's rate implementation request in conjunction with EKC's implementation of rates in the 25-294 Docket, which includes an effective date by the customers' billing cycle beginning September 30, 2025.

RECOMMMENDATION:

Staff recommends the Commission approve Evergy's request to separate the delivery charges on customers' bills in order to effectuate the sales tax savings that will be passed on to Evergy's utility ratepayers.

CERTIFICATE OF SERVICE

25-EKCE-548-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff R&R was served via electronic service this 11th day of September, 2025, to the following:

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