

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

Before Commissioners: Andrew J. French, Chair
 Dwight D. Keen
 Annie Kuether

In the Matter of the Application of Evergy)
Metro, Inc. Filing its 2024 Property Tax) Docket No. 25-EKME-258-TAR
Surcharge)

ORDER APPROVING PROPERTY TAX SURCHARGE RIDER

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and determination. Having examined its files and records, the Commission finds and concludes:

I. BACKGROUND

1. On December 30, 2024, Evergy Kansas Metro, Inc. d/b/a Evergy Kansas Metro (“EKM”) submitted its annual Property Tax Surcharge Tariff Application pursuant to K.S.A. 66-117(f).¹ EKM’s Application reported a total PTS refund amount of \$5,557,176 and therefore requested an updated PTS rate of \$0.00085 per kWh to be in effect during the period of February 1, 2025, through January 31, 2026.

2. On January 14, 2025, the Commission granted the Petition of the Citizen’s Utility Ratepayer Board (“CURB”) to Intervene and Seeking a Protective Order and Discovery Order.

3. On January 22, 2025, Commission Staff (“Staff”) filed its Report and Recommendation (“R&R”) in the above-captioned docket.² Based on its review of EKM’s Application, Staff’s R&R ultimately recommends that the Commission approve EKM’s PTS

¹ Evergy Kansas Metro, Inc. Property Tax Surcharge Tariff, Docket No. 25-EKME-258-TAR (Dec. 30, 2024) (“Application”).

² Notice of Filing of Staff’s Report and Recommendation, Docket No. 25-EKME-268-TAR (Jan. 22, 2025) (“Staff’s R&R” or “R&R”).

refund amount of \$5,557,176 to be collected via an updated PTS of \$0.00085 per kWh, subject to the conditions contained within Staff's R&R and in the order section below.³

II. LEGAL STANDARDS

4. K.S.A. 66-117(f) grants the Commission the authority to review ad valorem tariffs.

5. Whenever an electric public utility files tariffs reflecting a surcharge on the utility's bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes.⁴

6. The Commission shall approve an updated ad valorem tariff within 30 days of filing, upon a showing the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in ad valorem tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility.⁵

7. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods.⁶

III. ANALYSIS

8. Staff reviewed EKM's 2024 property tax statements and the records supporting EKM's recovery of revenue associated with the 2025 PTS.⁷ Staff confirmed that EKM's requested PTS refund amount of \$5,557,176 consists of:

³ Staff's R&R, p. 3.

⁴ See K.S.A. 66-117(f).

⁵ *Id.*

⁶ *Id.*

⁷ See Staff's R&R, p. 2.

- a. The difference between its 2024 total property tax assessments and the amount included in base rates from its most recent base rates cases⁸; and
- b. A true-up provision comparing the amount of property tax surcharge revenue collected versus that intended to be collected during the year 2024.⁹

9. Staff found no errors in its review of EKM's PTS calculation or in the supporting documentation provided.¹⁰ Staff determined that EKM's proposed updated PTS results in an approximate decrease of \$1.45 per month, or \$17.38 annually, for EKM's residential customers.¹¹

10. Staff determined that EKM's requested PTS refund amount of \$5,557,176 represents a decrease of \$9,198,250 from the amount of \$14,755,426 approved by the Commission last year for the 2024 PTS.¹²

11. EKM's proposed updated PTS will be in effect from February 1, 2025, through January 31, 2026, and is in addition to the property tax that was included in EKM's base rates during the calendar year 2024.¹³

12. Staff believes that EKM's updated PTS would be applied to bills in a reasonable manner and was properly calculated to substantially reduce the existing surcharge based upon a decrease in ad valorem tax expenses charged on the books and records of EKM, in accordance with K.S.A. 66-117(f).

⁸ The amount of property tax expense included in base rates, and reflected in EKM's PTS calculation, was established in Docket No. 23-EKCE-775-RTS (23-775 Docket). See *Order Approving Unanimous Settlement Agreement*, 23-775 Docket, Attachment 1, p. 22, ¶ 67 (Nov. 21, 2023).

⁹ Due to the required timing of its filing, EKM's current PTS request contains estimated recoveries for the months of December 2024 and January 2025, which will be trued up in next year's PTS filing. Likewise, the requested PTS also contains the true-up of estimated December 2023 and January 2024 recoveries (Reflected in last year's PTS filing) to actual December 2023 and January 2024 recoveries. For reference, these amounts are depicted in the workpaper attached to EKM's Application.

¹⁰ See Staff's R&R, p. 2.

¹¹ *Id.* at p. 1.

¹² See Order Granting Application, Docket No. 24-EKME-468-TAR (Jan. 25, 2024).

¹³ Staff's R&R, p. 2.

IV. FINDINGS AND CONCLUSIONS

13. CURB has indicated that it had the opportunity to review Staff's R&R and has no objections.¹⁴

14. Upon review of Staff's R&R and the record as a whole, the Commission finds that the 2025 PTS rider calculated by EKM and reviewed by Staff satisfies the requirements of K.S.A. 66-117(f) because the surcharge is to be applied to bills in a reasonable manner and serves to substantially collect the property tax expense charged on the books of Southern Pioneer during the year 2024.

15. Based on Staff's R&R, the Commission finds that EKM's request to recover its current year PTS refund amount of \$5,557,176 via the implementation of an updated PTS rate of \$0.00085 per kWh, subject to the conditions contained within Staff's R&R and as detailed in the order section below, is reasonable. The Commission concludes that EKM's request to update its PTS rider should be approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. EKM's request for approval of its 2025 Property Tax Surcharge Rider in the amount of \$5,557,176, to be implemented February 1, 2025, through January 31, 2026, is granted.

B. EKM shall be permitted to recover revenues necessary to account for the property tax expense via a surcharge in the amount of \$0.00085 per kWh, subject to the following conditions outlined by Staff in its R&R:

- a. EKM shall file updated tariffs with the Commission reflecting the revised surcharge before implementing the surcharge. Staff shall review EKM's surcharge rider to

¹⁴ Communications between Counsel for CURB and Counsel for Staff are available upon request.

ensure that the surcharge is applied in a reasonable manner and is calculated to substantially collect the increase in ad valorem taxes.

b. Staff will ensure that the annual true-up of amounts collected versus actual amount of increase or reduction in property taxes will be reflected in the subsequent year's property tax surcharge calculation; and

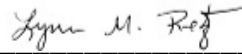
c. K.S.A. 66-117(f) requires the annual true-up of this surcharge once established. Accordingly, EKM shall file its Property Tax Surcharge Rider annual true-up in December of each calendar year.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹⁵

BY THE COMMISSION IT IS SO ORDERED.

French, Chair; Keen, Commissioner; Kuether, Commissioner

Dated: 01/28/2025



Lynn M. Retz
Executive Director

MKH/CRM

¹⁵ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

25-EKME-258-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 01/28/2025.

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/S/ KCC Docket Room
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