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EVRG.N - Q2 2022 Evergy Inc Earnings Call

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OVERVIEW:

EVRG reported adjusted earnings for six months ended 06/30/22 of $332m or $1.44 per share and 2Q22 adjusted earnings of $198m or $0.86 per share. Expects 2022 adjusted EPS to be $3.43-3.63.

CORPORATE PARTICIPANTS

David A. Campbell *Evergy, Inc. - President, CEO & Director*

Kirkland B. Andrews *Evergy, Inc. - Executive VP & CFO*

Lori A. Wright *Evergy, Inc. - VP of IR & Treasurer*

CONFERENCE CALL PARTICIPANTS

Durgesh Chopra *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Michael P. Sullivan *Wolfe Research, LLC - VP of Equity Research*

Nicholas Joseph Campanella *Crédit Suisse AG, Research Division - Research Analyst*

Paul Patterson *Glenrock Associates LLC - Analyst*

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Q2 2022 Evergy, Inc. Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Lori Wright, Vice President, Investor Relations and Treasurer. Please go ahead.

Lori A. Wright - *Evergy, Inc. - VP of IR & Treasurer*

Thank you, Michelle. Good morning, everyone, and welcome to Evergy's second quarter call. Thank you for joining us this morning.

Today's discussion will include forward-looking information. Slide 2 and the disclosure in our SEC filings contain a list of some of the factors that could cause future results to differ materially from our expectations and include additional information on non-GAAP financial measures. The releases issued this morning, along with today's webcast slides and supplemental financial information for the quarter, are available on the main page of our website at investors.evergy.com.

On the call today, we have David Campbell, Evergy's President and Chief Executive Officer; and Kirk Andrews, Executive Vice President and Chief Financial Officer. David will cover our second quarter highlights, our integrated resource plan and our regulatory and legislative priorities. Kirk will cover in more detail the second quarter results and discuss the latest on sales and economic trends. Other members of management are with us and will be available during the question-and-answer portion of the call.

I will now turn the call over to David.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Thanks, Lori. And good morning, everyone. Thanks for joining us today.

I'll begin on Slide 5. I'm pleased to report that we had a solid second quarter as we delivered adjusted earnings per share of $0.86 compared to $0.85 in 2021. The increase in adjusted earnings over last year was driven primarily by favorable weather, an increase in weather-normalized demand and higher transmission margin, partially offset by higher planned operations and maintenance expense and lower other income net of expense. Kirk will discuss the second quarter drivers in more detail.

On our first quarter earnings call, I highlighted that we had just participated in a safety roadshow and that our focus on safety contributed to strong safety performance in the first quarter. Our employees continued this positive trend through midyear reducing work-related injuries, including recordable and restricted events by 60% compared to the same period last year. And our customer reliability has been solid despite challenging weather, reflecting the beneficial impacts of our ongoing grid investments.

Compared to the 5-year trend in our service territory, so far this year, the number of days with sustained wins over 25 miles per hour increased 89% to 65 days, and days with wind gust over 40 miles per hour increased nearly 50% to 78 days. 2021 was in line with this 5-year average for both measures, so 2022 has been a clear outlier. In contrast, relative to the 5-year trend, average daily outage events have decreased by 14% in the first 6 months of 2022, notwithstanding the more extreme weather, indicating improved system resiliency. I would like to thank all Evergy employees for their focus on safety and their dedication to providing safe, reliable and affordable power to our customers.

I would also like to highlight a recent generation milestone. As you know, we have been expanding our wind portfolio for over a decade. With about 4,400 megawatts of owned and contracted wind generation, our portfolio recently marked 100 million-megawatt hours of cumulative wind energy production. And in 2021, factoring in the production from our Wolf Creek nuclear plant, our emission-free generation was equivalent to 56% of our total retail customers' usage. Our team's consistent execution has resulted in a solid start to the year, and we are reaffirming our 2022 adjusted EPS guidance of $3.43 per share to $3.63 per share as well as our target long-term annual EPS growth rate of 6% to 8% from 2021 to 2025.

Slide 6 highlights our annual Integrated Resource Plan update, which was filed in June for both Kansas and Missouri. Our preferred plan for the next decade is consistent with the resource plan laid out in last year's Triennial IRP filing and the renewables development plan Kirk discussed during our Investor Day last September. The minor tweaks in the plan reflects updates to the sequencing of our near-term investments. Specifically, we shifted the 190-megawatt solar edition and the Lawrence coal retirements to 2024, primarily due to the dynamic market conditions facing the solar supply chain and the benefits to customers of keeping Lawrence online with current high natural gas prices.

In 2026, we shifted a planned solar project to wind and increased the capacity assumption for the project by 100 megawatts. Beyond 2026, we slightly reduced megawatt assumptions for our solar projects, which on a net basis offset some upward pressures on pricing. Overall, by the end of 2032, our preferred plan now includes 3,500 megawatts of renewable additions while also responsibly retiring nearly 2,000 megawatts of coal, balancing both affordability and reliability as we advance our fleet transition and advance toward achieving our sustainability and emissions reduction goals.

Moving on to Slide 7, I'll provide a summary of key regulatory and legislative milestones and ongoing constructive developments in both Kansas and Missouri. In Missouri, we continue to work our way to the pending general rate case. In early June, staff and other interveners filed their direct testimony. And mid-July, all parties filed rebuttal testimony. In the next few weeks, parties will file true-up and surrebuttal testimony with a settlement conference to follow around August 22 and hearings later this month through early September. Revised rates in Missouri will go effective on December 6. We look forward to working with the parties to constructively resolve the case.

At Missouri West, we have also been advancing the securitization process to recover the roughly $300 million of winter storm Uri costs. Earlier this week, we filed a nonunanimous settlement that resolves all key issues with the Missouri Commission staff. In terms of timing, hearings are wrapping up this week, and we expect a commission financing order in mid-October.

On the legislative front of Missouri, Senate Bill 745, which modifies Plant In Service Accounting, or PISA, was signed by the governor and became law in late June. The modifications reduced the revenue requirement cap to a 2.5% annual compounded growth rate and narrow the calculation to consider PISA deferrals only. Importantly, this bill also puts into a law a property tax tracker effective later this month, which will eliminate a historical source of lag in our Missouri jurisdictions.

The PISA extension marks the second consecutive year of passing new legislation in Missouri that will benefit customers and stakeholders. In 2021, HB 734 was signed into law, authorizing the securitization of extraordinary costs and the unrecovered book value of our retired generation plants.

Moving to Kansas. I'm pleased to report that in June, the Kansas Corporation Commission approved the nonunanimous stipulation agreement for winter storm Uri costs. The order allows us to recover roughly $120 million of deferred extraordinary fuel purchase power and nonfuel costs at

Kansas Central over a 2-year period beginning in April 2023. Similarly, the $37 million of net benefits at Kansas Metro will be returned to customers over a 1-year period, also beginning in April next year. Preparations are underway for our Kansas Central and Kansas Metro rate cases, which we will file in April 2023. We expect the test year ending September 30, 2022 and the true-up date around June 30, 2023, with new rates becoming effective in December of next year.

Other important milestones in Kansas include the passage and signing of securitization legislation in mid-2021 as well as the completion last November of the docket before the Kansas Corporation Commission relating to the Sustainability Transformation Plan.

In both Kansas and Missouri, the Triennial Integrated Resource Plans have completed their review process. The Missouri Public Service Commission approved the IRP in March of this year and the Kansas Corporation Commission accepted the IRP in May. We will continue to work collaboratively with regulators and interveners in both states to achieve constructive outcomes that advance our core objectives of delivering affordable, reliable and sustainable power to the customers and the communities that we serve.

Overall, we are pleased with the strong start to the year, the progress that we have achieved in working closely with regulators and stakeholders to enhance our service to our customers and the ongoing consistent execution of our business plan.

I will now turn the call over to Kirk.

Kirkland B. Andrews - *Evergy, Inc. - Executive VP & CFO*

Thanks, David. And good morning, everyone. I'll start with the results for the quarter on Slide 9. For the second quarter of 2022, Evergy delivered adjusted earnings of $198 million or $0.86 per share compared to $195 million or $0.85 per share in the second quarter of 2021.

The year-over-year increase in second quarter EPS was driven by the following. First, a 16% increase in cooling degree days drove a $0.06 increase in EPS compared to second quarter 2021. Adjusting for the warmer-than-normal weather experienced in the second quarter of '21, however, the second quarter of this year saw an $0.11 increase in EPS versus normal weather assumed in our original plan. We also saw a 4% increase in weather-normalized demand this past quarter, which drove $0.10 per share. Higher revenues driven by our transmission investments, combined with an increase in TDC revenues due to higher-than-expected volumes, drove a $0.06 increase. These positive drivers were partially offset during the quarter by O&M expense, which was approximately $29 million higher or $0.10 per share driven primarily by planned generation maintenance outages and higher transmission and distribution contractor expense. We saw $0.02 of higher depreciation and amortization expense due to increased infrastructure investment; $0.02 of higher interest expense due to increased debt outstanding at higher interest rates; and finally, we had $0.07 of lower other income, net of expense, due primarily to lower COLI proceeds year-over-year as well as lower AFUDC equity.

I'll turn next to year-to-date results, which you'll find on Slide 10. For the 6 months ended June 30, 2022, adjusted earnings were $332 million or $1.44 per share compared to $320 million or $1.40 per share for the same period last year. Again, moving left to right on the slide, our year-to-date EPS drivers include -- versus 2021, rather, include the following.

When combined with relatively normal weather in the first quarter of this year, our year-to-date results reflect the $0.06 impact from weather during the second quarter. Weather-normalized demand year-to-date increased about 2%, driving approximately $0.10 of EPS. Higher transmission revenues driven by ongoing investments, combined with an increase in TDC revenues due to higher volumes, led to an $0.11 year-to-date increase versus 2021.

Year-to-date, these items were partially offset by the following: O&M expense due to higher planned generation maintenance outages and increased T&D contractor expense incurred during the second quarter drove approximately $0.05 per share; $0.06 of higher depreciation expense due to increased infrastructure investment; $0.09 of lower other income net of expense driven by COLI proceeds and AFUDC equity; and finally, we had $0.03 of higher income tax expense, and that was primarily due to tax smoothing, which reflects a shift in intra-year timing of the recognition of certain tax items in order to maintain our projected effective tax rate for the year, and this is not expected to result in a variance in our full year results.

Turning to Slide 11. I'll review a bit more detail behind the weather-normalized demand growth for the quarter and year-to-date as well as an update on economic trends and developments. For the second quarter, as I mentioned previously, total weather-normalized retail demand increased by approximately 4% led by a robust year-over-year increase in industrial demand driven in particular by the chemical and oil and gas sectors. Year-to-date, weather-normalized demand increased approximately 2%. Over the balance of the year, we expect a more moderated increase in year-over-year weather-normalized demand given the second half of 2021, largely reflected post-pandemic working conditions. Overall, total retail demand is now above pre-pandemic levels.

On the economic development front, in July, Panasonic announced plans to build a new electric vehicle battery manufacturing facility in De Soto, Kansas, which is just outside the Kansas City metro area. This facility, which will be one of the largest of its kind in the U.S., represents an estimated investment of approximately $4 billion and is expected to create up to 4,000 new jobs. The facility will be located in the Evergy Kansas Central jurisdiction and when fully constructed and operational is expected to be one of our largest customers.

And finally, on Slide 12, I'll wrap up with an overview of our long-term financial expectations. With our strong start to the year, we are reaffirming our adjusted 2022 EPS guidance of $3.43 to $3.63. We plan on giving our 2023 annual guidance on our typical time line as part of the year-end call early next year. As David noted earlier, we are also reaffirming our long-term compound annual EPS growth rate target of 6% to 8% from 2021 to 2025 based on the midpoint of last year's original adjusted EPS guidance of $3.30. We continue to expect growing the dividend in line with our long-term earnings and target a 60% to 70% dividend payout ratio. Our $10.7 billion 5-year capital plan through 2026 is focused on new infrastructure investment to improve customer service, enhance reliability and resiliency and transition our generation fleet while at the same time continuing to advance regional rate competitiveness and meet the evolving needs of our customers and communities.

With that, I'll hand the call back over to David.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Thank you, Kirk. We appreciate your time with us today, and we now would be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Michael Sullivan with Wolfe Research.

Michael P. Sullivan - *Wolfe Research, LLC - VP of Equity Research*

David, I wanted to just start with pretty strong quarter in terms of just the sales growth, weather normal and then also the weather benefit. Maybe if we could just get a little color on how the weather normal compared to plan. And just given the strength, why not raise the guidance at this point in the year?

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

So Michael, good questions. We obviously are pleased to see the demand growth weather normalized that we saw in the first half of the year. We had some expectations for reasonably strong demand growth, and that was front-end loaded. We had a relatively softer recovery in the pandemic in a couple of sectors in the first half of last year. So we did expect to see that demand growth, particularly in the first half of this year. We're a little bit ahead of plan but only a little bit. With that sustained, that's obviously -- would be a nice tailwind. Haven't yet seen recessionary pressures, but of course, we'll be in a close look out for that.

Now in terms of our performance overall, it has been a solid start to the year. Third quarter is our biggest quarter, and July was relatively robust weather. But our approach to guidance is typically we will make that assessment and give an updated view after the third quarter since it's our largest quarter. But we are pleased with the start to the year.

Michael P. Sullivan - *Wolfe Research, LLC - VP of Equity Research*

Okay. Great. And then I just wanted to shift to the rate case and maybe if you could just talk about where there may be outstanding sticking points and potential for settlement. And then also, I think one of them is obviously the Sibley issue if that were not to go your way. Is that something that you see as manageable? There are a couple of questions there.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Yes. So the Missouri rate case, which you're asking about, is we're certainly in the -- my first general rate case in Missouri, and it's an interesting process in the state. There's a tremendous wave of activity towards the end of the process. So while we filed in -- back in, gosh, in the first quarter, this month, we will see our final true-up filings. We'll also see surrebuttal testimony. We've got the settlement conference scheduled, and then hearings will begin at the end of the month scheduled to early September. So there's a lot of action that will happen there.

Now you, I know, have been tracking the filings closely, the gap, particularly when you've seen some adjustments in staff filings in their filing on revenue requirement. I think the gaps are relatively reasonable and the issues are pretty well understood. So we look forward to engaging constructively in discussions just as we did in the winter storm Uri securitization proceeding, where we were able to file a nonunanimous settlement, resolving our issues with staff earlier this week. So it's a pretty typical rate case. We'll be looking to finalize ROE, some items related to depreciation and some other factors, tax items.

As you noted, Sibley is as we expected, a matter that generated a lot of ink or a lot of, I guess, digital ink. I'm using my old -- the old metaphor. But the Sibley will be an active discussion. We do think it's manageable. I think we've gone through this before in the past. Kirk has related to it. There's 3 main components. One is the O&M recovery that we have actually been setting aside rate of regulatory liability for. So there's a discussion on that is really the time period for returning it. And there's a return on component since the last rate case. Cumulatively, it's roughly, the rate cases there were going to be $40 million to $50 million range. Depending on what the decision is on that, that's a onetime item, not an ongoing issue.

So the last issue is one that could have some impact on performance, and that's a residual rate base in Sibley. We think it makes sense. And consistent with the initial settlement that was filed [4] years ago, that will be retired in the normal course like other assets. But there'll be discussion around that. It's a relatively modest amount. So it's -- we think it can be managed. But those will be discussion items in the final piece. We've appreciated the dialogue, and we look forward to advancing those discussions as we go through all the testimony and the proceedings over the next few weeks. So it will be a busy time, but that's the crescendo that is typically the case in the Missouri context, as you know.

Michael P. Sullivan - *Wolfe Research, LLC - VP of Equity Research*

Great. And just last one if I could throw it in, just initial thoughts on the Inflation Reduction Act and what it means for your company.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

So we're obviously going to continue to track that closely. We think that the provisions relating to renewables should have a beneficial impact of further reducing the cost of our expected additions for our customers. That also appears to make sort of the transferability and ability to take advantage of the PTCs and ITCs simpler, so it simplifies tax equity or other approaches. So it not only lowers the cost but increases the efficiency of some of those mechanisms. So on balance, we think it's a helpful enabler that will further reduce cost for customers as we move forward.

And there's some other provisions in there. We'll track where the nuclear piece is. It's eligible for both merchant and regulated assets. That's not an earnings driver for us, but could be beneficial for our customers in terms of reducing costs because there are times when our Wolf Creek plant does receive low prices because of the wind resources, particularly in the spring and the fall. So the -- it may well end up being eligible for some recovery there, too. So we think that it's a beneficial set of provisions. We'll obviously watch closely as it weaves its way through in Washington and monitor closely in the amendments and the ultimate -- hopefully, the ultimate passes that we see.

Operator

(Operator Instructions) The next question comes from Durgesh Chopra with Evercore.

Durgesh Chopra - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Just a quick clarification on the -- in the Missouri rate case. The residual amount, David, on Sibley, that's about $100 million. Correct? So it's relatively small, the residual rate base amount?

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Yes, the residual rate base. There are some parties who may argue for a different number, but that's the residual rate base. And Sibley at this time -- so a pretty modest number as you described.

Durgesh Chopra - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Got it. And then just -- I think this might be -- but the AMT doesn't really apply to you because you're sort of below the $1 billion pretax marker, right, at least through 2020, this year, the plan?

Kirkland B. Andrews - *Evergy, Inc. - Executive VP & CFO*

That's correct. I add to that on that 15% minimum tax. Part of it is aided by our inventory of tax credits as we move forward. You're correct, we expect to be below that threshold. So I would think about that something that we -- potentially, if we rise to that level, it would be beyond or coincident with the very least our expected cash taxpayer year, which is beyond the middle of this decade.

Durgesh Chopra - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Okay. So no -- basically no impact from the AMT over the next few years? Second half of the decade is when we should -- we could potentially see if something is passed on this front?

Kirkland B. Andrews - *Evergy, Inc. - Executive VP & CFO*

That's correct. And again, that will also be somewhat dependent on the ongoing generation of tax credits as we move forward to some extent from -- as we progress around our renewables plans. But you're right directionally in terms of all things being equal, that time frame in that inflection point, correct.

Durgesh Chopra - *Evercore ISI Institutional Equities, Research Division - MD and Head of Power & Utilities Research*

Got it. And just one final one. Just anything on the PPA buyout opportunities? Looking like more likely to happen this year or your chances have increased given the extension of these tax credits. Anything you can share there?

Kirkland B. Andrews - *Evergy, Inc. - Executive VP & CFO*

So I would say that the extension of the tax credits, first of all, is passed. And certainly, we're hopeful and optimistic that, that takes place. Gives us greater flexibility on the repowering side of that equation. So that's a benefit, especially as we focus on earnings and, certainly, affordability for our customers. We're continuing to hold that objective. We're continuing to advance our discussions with counterparties, and I'm maintaining that target to announce at least one of those this year.

It may be a buy-in or it may be a buy-in combined with a repowering, but we continue to be focused on that. And at the same time, we had robust responses to our RFP that we launched toward our of renewables objectives, in particular the 300 megawatts of wind and 24 followed by 525. So we've had good results from that as well, and we're expecting to have some news on that front as we progress through the balance of the year as well.

Operator

(Operator Instructions) Our next question comes from Paul Patterson with Glenrock.

Paul Patterson - *Glenrock Associates LLC - Analyst*

So can you hear me?

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Yes.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. Good. Sorry. So I wanted to -- and I apologize, but you guys made some comments about, I think, wind production at the beginning of the call and I was wondering if you could, if possible, sort of to summarize what you're seeing in terms of wind production. And I apologize I just wasn't able to completely comprehended on my end, sorry.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Sure. So we -- what I referred to, Paul, was that we achieved a milestone this past quarter. We surpassed 100 million-megawatt hours of cumulative wind generation across our portfolio since the company start. So obviously, that's a significant milestone in terms of our cumulative wind production.

To calibrate it in terms of our total fleet, about 1/3 of our total production last year in generation terms was from wind. And if you include our nuclear generation from Wolf Creek, nearly half of our total generation was for emissions resources. So wind generation as a share of total portfolio is -- and we're higher than virtually every other utility at 1/3 of our total generation. So that's what I was citing, was that cumulative milestone passing 100 million-megawatt hours.

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Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. Got it. I think you also or maybe I misunderstood you guys were also talking about the performance of wind. I was just wondering, has there been any issue in terms of production year-over-year? As I recall, there might have been a decrease. I just was wondering what -- how has wind been performing sort of on same-store kind of -- has production been going?

And also, I was just wondering, we've seen around the country sort of some curtailments in different areas do transmission constraints and what have you. Have you seen any -- in your -- not just with you guys but with any neighboring -- because you guys have a significant sort of area in terms of wind. Have you seen any projects or what have you in your neighborhood, so to speak, experiencing any curtailments due to transmission constraints?

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Got it. So I'll -- it is a complicated, great question. But stepping back to the different elements of your question, I think overall, the wind portfolio continues to perform well. So our generation capacity factors -- we've got a very large number of sites. But in general, the capacity factors in Kansas are as high as partially any region. A lot of our sites are over 50% capacity factors, and they continue to perform well.

The broader issue of curtailments, it varies across the geography in Kansas, where the bulk of our generation sits, obviously the vast majority. There are pockets in Central and Western Kansas, where there is congestion, and there is some curtailment that occurs. It's not an earnings driver for us because it flows through the fuel clause, but it is a factor that impacts customer rates. So obviously, we're very attended and attuned to it, and we advocate at the Southwest Power Pool for projects that can beneficially reduce congestion costs for customers.

So it is a factor with higher natural gas prices where the price differentials can be higher, so congestion costs across the Southwest Power Pool and really across the country are higher because prevailing prices. If you have a differential between a generation resource like renewables that is no cost and effectively a negative cost because you get a PTC for many of them, the difference between those resources and a natural gas resource, for example, has been magnified at higher natural gas prices.

So it's something that we are working with the Southwest Power Pool and other constituents to seek to address. A lot of that takes transmission solutions, which takes time. But overall, the wind profile across our territory is outstanding. We've got one of the best wind corridors in the U.S. and the world. So it's going to continue to be a great resource for us. But transmission has to keep up, and that's the perennial issue to manage with renewables.

Operator

(Operator Instructions) The next question comes from Nick Campanella with Credit Suisse.

Nicholas Joseph Campanella - *Crédit Suisse AG, Research Division - Research Analyst*

A lot of questions have been answered so far. But I guess just on resource planning in general, I think there's some discussions about STP reserve margin increasing, and I'm just curious about how you're thinking about that and the overall stack on your resource planning if you went there. I know that you're already somewhat long capacity across the portfolio, but just wanted to check in on that.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

So you are tracking things well and closely. SPP did recently increase their reserve margin to 15% from 12%, and that will go in effect next year. You are correct in that it's not going to have a near-term impact on our capacity requirements, so we will be able to meet that. But it is going to be a factor in our longer-term planning. So as we think about our coal retirements and the overall transmission of our portfolio, obviously, we'll be factoring that in and making sure that we can meet it.

I think as SPP continues to look at different seasonable -- seasonal reserve margins, so for example, a winter reserve margin, that will be very interesting as well. But the short answer is we can accommodate that change in reserve margin with our portfolio. We'll factor it into our ongoing plans. On balance, obviously, it will have some impacts to the longer-term plans but relatively modest, but it will -- we'll be factoring that in as we consider our resource transition, and we'll be working closely with stakeholders as we think about that winter reserve margin requirement as well. Obviously, the winter peaks are lower. But as you look at the average capacity factors across the fleet as you add more renewables, the winter is going to be important thing to consider as well.

Nicholas Joseph Campanella - *Crédit Suisse AG, Research Division - Research Analyst*

All right. Great. That's helpful. And then just one small one on the numbers. I know that COLI and AFUDC was a $0.07 drag. Can you just remind us like what COLI is year-to-date in isolation? And what's contemplated in your '22 guidance from a COLI perspective?

Kirkland B. Andrews - *Evergy, Inc. - Executive VP & CFO*

Sure. Happy to address that. So COLI, overall, I think we said this in the past, we generally expect about $20 million of COLI impact. That is both a pretax and after tax. COLI is not tax-affected at the end of the day. So year-to-date relative to our expectations, we're probably $0.04 lower than we would have expected, basically half the year on that COLI because we've effectively had very little proceeds from COLI, and that's actually just a function of the performance of the underlying folks that are insured by that. So year-to-date, I think about that is about $0.04 short of what would normally be our ratable expectations for the year.

Operator

At this time, there are no other questions. I would now like to turn the conference back to David Campbell, President and CEO, for closing remarks.

David A. Campbell - *Evergy, Inc. - President, CEO & Director*

Thank you. We appreciate all of you joining this morning. Thank you for your interest in Evergy, and have a great day. That concludes the call.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.
