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EVRG.N - Q4 2019 Evergy Inc Earnings Call

EVENT DATE/TIME: MARCH 02, 2020 / 2:00PM GMT

THOMSON REUTERS

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Fourth Quarter 2019 Evergy Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

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

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

Thank you, Catherine. Good morning, everyone, and welcome to Evergy's fourth 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.

We issued our fourth quarter earnings release and 2019 10-K earlier this morning. These items are available along with today's webcast slides and supplemental financial information for the quarter on the main page of our website at evergyinc.com.

On the call today, we have Terry Bassham, President and Chief Executive Officer; and Tony Somma, Executive Vice President and Chief Financial Officer. Other members of management are with us and will be available during the question-and-answer portion of the call.

As summarized on Slide 3, Terry will recap the year and provide a strategic business update. Tony will update you on the details of our latest financial results and 2020 drivers.

With that, I'll hand the call to Terry.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Thanks, Lori, and good morning, everybody. Let's start on Slide 5. .

We reported full year GAAP earnings of $2.79 per share compared to $2.50 per share earned in 2018. Adjusted earnings per share were $2.89 in 2019 compared to $2.54 per share a year ago. The fair results were driven by reducing operating expenses, fewer shares outstanding and rate case outcomes, partially offset by higher depreciation and unfavorable weather. Our ability to overcome headwinds and execute our merger plan, particularly through the disciplined cost management allowed us to deliver consistently throughout the year.

2019 was successful on many fronts. Let me touch on a few of the highlights. We exceeded our 2019 net merger savings target of $110 million, ending the year at $150 million or 36% above target and drove our adjusted O&M down over 9% on a year-over-year basis. We raised our dividend by 6.3% to an indicated annual rate of $2.02 per share. We executed our capital allocation plan by investing $1.2 billion in infrastructure to maintain customer liability as well as continued our share repurchase program that was announced as part of our merger plan. We returned almost $2.1 billion in capital to our shareholders with $1.6 billion coming through share repurchases and another $463 million in the form of dividends. We elected Plant in Service Accounting, or PISA, in Missouri and initiated infrastructure spending that is incentivized by the legislation. We rebranded our operating utilities to provide consistency across our service territory. And now all customers across Kansas and Missouri, know us as Evergy.

We advanced our long-standing commitment to environmental stewardship and announced the new carbon reduction commitment that will reduce CO2 emissions 80% by 2050 from 2005 levels. We maintained our strong customer reliability metrics, and lastly and importantly, we continue to build the Evergy culture by staying true our 4 core values of safety, integrity, ownership and adaptability. I want to thank our entire team for their continued focus and teamwork on these accomplishments.

Now looking at Slide 6. As discussed on our third quarter earnings call in November, we have been evaluating additional capital investment opportunities and believe that there were significant additional infrastructure investment opportunities in Missouri. With a full year of post merger capital planning under our belts, we've used a rigorous allocation process to identify and prioritize projects that enhance grid reliability while reducing operations and maintenance expense. As a result of our work, we're announcing $1.5 billion of incremental infrastructure spending opportunities through 2024 in areas including renewable generation and grid modernization. This raises our 5-year CapEx plan from $6.1 billion to $7.6 billion.

With PISA enacted in Missouri, which is designed to encourage enhanced infrastructure investment, majority of the incremental spend or approximately $1 billion will be directed towards PISA-qualified projects. This update to our capital plan will increase our rate base growth to 3% to 4% over this period relative to our prior guidance of 2% to 3%. This enables us to undertake critical investments that will improve the service we provide to our customers while also delivering what we believe is a more attractive and balanced growth profile for our shareholders.

With the increased capital investment, we have elected to halt the remainder of our share repurchase program. As of the end of 2019, we had completed 75% of our repurchase program, repurchasing 45 million of the 60 million share authorization. Halting the final 15 million shares is expected to be credit positive and creates balance sheet capacity to make infrastructure investments.

I want to reiterate that our overall objective of targeting competitive shareholder returns, maintaining reliability and keeping customer rights competitive has not changed. We believe our updated capital allocation strategy will drive greater benefits for our customers and communities from enhanced reliability and grid resiliency while aligning with Missouri's initiative of building infrastructure and creating jobs. This is a true win-win across the board.

Moving on to Slide 7. I'll update you on our merger savings. A large part of our merger thesis was built upon leveraging the synergies of neighboring service territories and creating value for all shareholders. At the time of our merger, both legacy companies had room for improvement from a cost perspective. Our progress thus far has already surpassed our original benchmarking. As I mentioned earlier, we've exceeded our estimated 2019 $110 million original net merger savings target by 36%, and we'll continue to focus on overachieving these original targets, which were established during our merger regulatory proceeding.

We've identified additional opportunities for performance improvement. We've evaluated our benchmarking performance in 2018 and now have 2019 results. This has yielded a positive trend in our cost performance as we've seen a significant decline in our costs, particularly when adjusting for cost that were a result of the merger. To maintain the momentum of our positive cost trajectory, we'll continue to focus on opportunities to streamline, automate, digitize and otherwise enhance our processes and performance execution.

While the merger provided a platform for synergies, our intensity around cost management remains paramount, as evidenced by our expected 5% to 8% O&M reduction in 2020. We continue to execute on the opportunities that were identified in the merger, and we'll continue to focus on future cost reduction opportunities. Our team is engaged in ongoing continuous improvement to drive value for our stakeholders through aggressive cost management.

Now looking at Slide 8. Beyond our strong financial and operations results, we're continuing our focus on being good stewards of the environment. We've already reduced carbon emissions by 45% from the 2005 levels. And as we announced on our third quarter call, we expect to achieve at least 80% carbon reduction through natural retirements. However, we'll continue to evaluate and consider additional opportunities to execute on these plans sooner if possible and appropriate.

As part of providing (inaudible) energy to customers, we're continuously looking for new ways to make renewable energy available. As you may have seen in our recent press release, we've contracted 660 megawatts of wind to fulfill a large commercial and industrial customer demand on new special green tariffs that we worked hard to put in place during our 2018 rate cases. The 4 announced wind farms, which were originally identified through the RFP process, conducted right after our merger in late '18 will be added via purchase power agreement consistent with the tariffs in Missouri and Kansas. Again, as evidenced by our carbon target, we will continuously decarbonize our generation mix, consistent with providing reliable and affordable service to our customers and currently have included 500 million of rate base renewables in our 5-year plan.

Our next triennial IRP filing in both Kansas and Missouri is scheduled for 2021. This will be our first long filing as Evergy as well as our first-time's filing in Kansas.

The green tariffs are an important economic development tool that our team has been marketing in order to retain top customers and attract large customers that otherwise may not locate in our service territory.

Before I turn it over to Tony, I'd like to discuss the agreement we announced this morning with Elliott Management. As part of the agreement, Paul Keglevic, former Chief Executive Officer; Energy Future Holdings and Kirk Andrews, current Executive Vice President and Chief Financial Officer of NRG Energy, have been appointed to the board as new independent directors. At the time of the 2020 Annual Meeting of Shareholders in May, the size of the board will be reduced to 13 directors, following the retirement of 4 current Evergy directors. We will provide additional information regarding the 13 directors who will stand for election at the 2020 Annual Meeting in our proxy in the coming weeks.

Further, we're forming a strategic review and operations committee, I will be on the committee along with Art Stall, Paul Keglevic and Kirk Andrews, the committee will explore ways to enhance shareholder value. The committee plans to complete its review and make any relevant recommendations to the Evergy board in the first half of 2020.

Given the mandate of the strategic review and operations committee, we will hold off on issuing current year and long-term earnings guidance while the committee conducts its review. While we expect to provide comprehensive updated guidance at the conclusion of the committee's work, we'll provide more details today regarding some of our expected 2020 drivers, including the enhanced capital plan. We welcome the new directors and the vast experience they bring in the utility and power industry to support the work we have underway and enhance long-term shareholder value and serve our customers, communities and employees. And Elliot recognizes our commitment to serve the best interest of all Evergy's stakeholders. We have an exciting opportunity in front of us as we look to build upon the momentum we've created since the merger closed in June of 2018, and we look forward to executing on the plan.

With that, I'll now turn the call over to Tony.

Anthony D. Somma - *Evergy, Inc. - Executive VP & CFO*

Thanks, Terry, and good morning, everyone. I'll start with results on Slide 10 of the presentation.

This morning, we reported fourth quarter 2019 GAAP earnings of $0.28 per share compared to $0.07 per share in the fourth quarter of 2018. Increase in EPS is primarily due to lower O&M, lower shares outstands and tax benefits from higher amortization of accumulated deferred income taxes, which were partially offset by higher depreciation expense. Adjusted non-GAAP earnings were $0.32 per share compared to $0.15 per share in the same period a year ago.

As shown in the chart on Slide 11, adjusted EPS was driven primarily by fewer shares outstanding and lower O&M and was partially offset by unfavorable weather and higher depreciation expense.

For the quarter, residential sales were down 3%, while commercial and industrial sales fell 1% and 1.8%, respectively. Lower sales in the quarter were primarily due to weather, which we estimate natively impacted earnings by $0.04 compared to last year and about $0.01 when compared to normal.

Moving on to Slide 12. I'll touch on full year results. For the year, GAAP earnings were $670 million or $2.79 per share compared to the $536 million or $2.50 per share last year. 2019 GAAP results were driven by the full year impact of Evergy Metro and Evergy Missouri West results and lower operating and maintenance expenses, partially offset by higher depreciation expense and lower retail sales, driven by unfavorable weather compared to 2018.

Adjusted earnings were $694 million or $2.89 per share compared to 2018 adjusted earnings of $681 million or $2.50 per share. As detailed on the slide, the increase in adjusted earnings when compared to last year was primarily driven by a reduction in O&M of about $120 million; a decrease of more than 9%, new retail rates and accretion from fewer shares outstanding. Partially offsetting this increase was higher depreciation expense of around $84 million and lower sales due to less favorable weather.

The 2019 weather impact was less favorable than 2018, and pro forma retail sales declined as a result. Residential sales fell 4.3%, and commercial sales were down 1.7%. We estimate weather costs us $0.22 when compared to last year but was a benefit of about $0.10 when compared to normal.

Pro forma industrial sales were down 1% compared to last year, due primarily to 2 large customers in the chemical and oil sectors that saw decreased demand at their plants throughout the year. If we remove the impact of these 2 large low-margin customers, industrial sales were up 20 basis points.

Overall, growth in the number of customers continued, making the ninth straight year of customer growth for our company.

Moving on to Slide 13, let me touch on our latest financing activities. As Terry mentioned, we have ceased future share repurchases, given our identification of incremental capital projects that drive value for customers. Since initiating the program in August of 2018, we have repurchased just over 45 million shares. This program was put in place to rebalance the consolidated capital structure and was a key driver of EPS growth on the front end of our merger plan as we've been working through our rate stay-out period.

Looking forward to financing activities this year, Evergy Central Kansas (sic) [Evergy Kansas Central] has $250 million, a 5.1% first mortgage bonds maturing in July that we'll look to refinance. We expect this will be the only long-term debt financing activity in 2020.

Wrapping up on Slide 14, let me give some details on our 2020 drivers. As Terry mentioned, we are not issuing 2020 EPS guidance today, I'd like to provide you with a few drivers for the year. Consistent with 2019, we're expecting weather-normalized sales to be between flat and 50 basis points of growth. On the back of strong O&M cost performance in 2019, we're targeting an additional 5% to 8% reduction in adjusted O&M in 2020. Our continued infrastructure spending will drive depreciation and amortization expense $10 million to $20 million higher. We're expecting COLI proceeds to be approximately $20 million. We're forecasting an effective income tax rate of 12% to 14%. And lastly, our year-end 2019 share count was 227 million shares.

We remain confident in the opportunities in front of us, our team will keep our eye on the ball of running the business while the strategic review and operations committee conducts its evaluation.

With that, I will turn the call back over to Terry.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Okay. We'll open up the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Shar Pourreza with Guggenheim Partners.

Shahriar Pourreza - *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

So just a couple of questions here. With the strategic or operational review results. 1H 2020 seems like a very quick turnaround. Any incremental, Terry, you can provide as far as what you're thinking? Obviously, given this quick turnaround, I have to assume you have some sort of a sense on where things are heading. And just on the word "strategic, "could that mean that Evergy looks at further consolidation? Or is that kind of off the table? And I have a follow-up.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Yes. No, not to predetermine what the committee would come up with, I would say that the focus is on all things that could improve long-term shareholder value. So those can include several things. And we would expect to review those. I think the idea was to do that quickly. So to be efficient and to get those done in a way that makes sense for all parties. So looking forward to the work, looking forward to working with our 2 new directors on it. And we would be -- look forward to get started quickly.

Shahriar Pourreza - *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. That's helpful. And then just on the CapEx. It's a big increase with $1 billion from Missouri under PISA. Also, obviously, a very big healthy O&M cut. Just curious, why not have pulled more spending forward in Kansas. I mean just a rough math, with $80 million O&M reduction, that should translate into like $0.5 billion in annual capital opportunities without impacting retail rates. So why not spend more in Kansas with the O&M levers? And then I didn't get sense from the slides if the incremental CapEx, what the profile of it is, whether it's front-end loaded or spread evenly? Just maybe get a sense there.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Okay. On the first question, I would say, obviously that with the capacity from PISA, which we've talked about as early as second quarter call and began in the third quarter call, obviously that provides a focus from the state of Missouri on infrastructure spend, jobs, those kinds of things. So it makes more sense to focus on the recovery mechanism there. We have to continue to be cautious in Kansas because of the lag time between spend and recovery. That's not to say we wouldn't spend additional in Kansas as well, but we obviously want to be more measured, and the immediate focus would be on PISA. .

In terms of what kind of projects? I'll let Kevin give you some color on what kind of things we're looking at from that perspective.

Kevin E. Bryant - *Evergy, Inc. - Executive VP & COO*

Yes. Shar, so it's pretty balanced. I mean, the increase is across all 5 years. Obviously, we have to be mindful of the rate cases we have in Missouri in the 2021 time frame. But the types of projects, fairly evenly split on -- in the grid-mod area across distribution and transmission. We've got condition-based asset replacements that we're focused on along with adding automation across our system. So it's a pretty balanced increase across the -- across our grid, and we plan to manage that through the 5-year time frame.

Shahriar Pourreza - *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. And then just lastly on sort of the merger savings you guys are -- you've almost hit your target there. Is there any opportunities because you attained it relatively quickly?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Yes. I mean, I think we believe that our focus from executing on the very clear process we went through from a merger connotation to ongoing process improvement. So we've continued to look for opportunities there. And we think there is additional opportunity that will help, not only drive those O&M costs down, but create headroom for additional CapEx that we've talked about today.

Shahriar Pourreza - *Guggenheim Securities, LLC, Research Division - MD and Head of North American Power*

Got it. Congrats on Kirk Andrews, that's a great add to your team.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Thank you much.

Operator

Our next question comes from Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Congratulations on all the development.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Thank you.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Just to pick up where Shar left off. If I can follow-up. These O&M got contemplated here. How do you think about your earned ROE through the forecast period? And also, how does this reconcile with earlier commitments in Kansas? I imagine -- from the last transaction, I imagine, to a large extent, those have rolled off, but I just want to be very clear about that?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Yes, let me take a shot at that and be sure I understood your question. We continue to expect to earn our allowed ROEs. I think one of the things that we're trying to be clear about and proud of is that even though we had 2 regulatory orders that created a bit of a headwind last fall, we've been able to drive additional O&M savings to overcome that. So we continue to believe we'll earn our allowed ROEs in our utilities as we planned originally.

And then you kind of faded out the back end of your question is, what was the...

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Yes, just about the Kansas commitments, if you can. Just from the deal, to the extent at which that there were certain involuntary reduction commitment at that time? I imagine implicit in this announcement that you're still in compliance with that as well, and the commitments are -- the cost savings wherever they are to be found are independent from any other commitments you made?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Yes. We obviously have commitments in both states around our mergers, and everything we've discussed today is in the context of keeping our commitments to our customers, our regulators and our states. No doubt about it.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

And to the extent to which that you've created a strategic effort here and obviously announced process, have you vetted this with Kansas and Missouri in whatever fashion?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Well, obviously, we just made the announcement today. So we'll be obviously talking to all of our stakeholders going forward about what it means, what the process is and keeping them informed. We have very good regulatory relationships, and we would continue to work with them to be sure we answer any of their questions.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Excellent. And sorry, last question here, if I can. Just as you think about the cadence of CapEx involved here. How do you think about equity and balance sheet needs, particularly given the share buyback cancellation? Obviously, you had a certain projection. I just want to be very clear about this, about what your equity needs for the full 5-year period are?

Anthony D. Somma - *Evergy, Inc. - Executive VP & CFO*

Julien, this is Tony. We don't anticipate issuing equity to fund the capital plan that we announced today.

Operator

And our next question comes from Steve Fleishman with Wolfe.

Steven Isaac Fleishman - *Wolfe Research, LLC - MD & Senior Utilities Analyst*

So just on the committee, the board committee that's been formed. In the release, it talks about among options looking at strategic combinations? Like, could you maybe give a little bit of color on how that would work? Are you actually -- is that an invite for people to present stuff? Are you going to go outward to people on that? Or how are you going to look at that aspect?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Well, we -- obviously, the committee hasn't even met yet. So from a process perspective, we're yet to work through that. But obviously, with our time period in place, we'll be putting together a plan to evaluate both of the path that we've talked about. So don't have a lot of details. And wouldn't want to get ahead of the committee in terms of specific process before they even had their first meeting.

Steven Isaac Fleishman - *Wolfe Research, LLC - MD & Senior Utilities Analyst*

Okay. And then there is -- the committee is made up of 2 current board members and 2 board -- new board members? Like what happens if there is a 2-2 and they don't necessarily agree, is there like a process for that?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

There is. There's a process set up to make sure that we're very transparent about any disagreement among the committee and ultimately what the Board decides. Ultimately, recommendations would go to the Board, and the Board would make a decision. But to the extent there was a disagreement, we would want to be transparent about what the recommendations were, and that's built into the agreement we have.

Steven Isaac Fleishman - *Wolfe Research, LLC - MD & Senior Utilities Analyst*

Okay. And then just one technical question. The Sibley case and the appeal of that. Is that -- could you give an update if there's any timing or update on the Sibley case?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

No, it's still early in that process. Unfortunately, appeals from the commission is a very, very slow delivery process. So it wouldn't be in the near term.

Steven Isaac Fleishman - *Wolfe Research, LLC - MD & Senior Utilities Analyst*

Okay. I actually have one other question, sorry. The -- at a high level and ignoring kind of 2020, but just long term, is it fair to say that redirecting more money to CapEx relative to the buyback is additive to your plan?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Yes. Long -- obviously, long -- short term, obviously, not buying back the shares in the next 6 months would affect near-term earnings per share. Long term, we believe this is a better allocation of capital and will drive long-term shareholder value, no doubt.

Operator

And our next question comes from Paul Patterson with Glenrock Associates.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Just to sort of get a better picture on the CapEx improvement. Obviously, you guys are aware of the arbitrage of the last question and sort of the benefits of CapEx versus the buyback. I'm just sort of trying to get a sense as to the substantial increase. What -- what's driven the revised outlook, if you follow me? I mean what was sort of the trigger that got you guys to come up with so much of an increase in CapEx?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Well, obviously, as we started through the buyback program coming out of the merger, we had an over equitized capital structure, and we had a plan for driving EPS growth in the near term through the buyback while not overspending or not spending additional CapEx that would drive either lag or increases in customers' rates. But as we work through the plan, and again, we're about 75% through that original buyback process, we looked at opportunities for long-term growth. And as PISA kicked in, it became a lot more clear to us, PISA, as a tool, was very helpful. We talked about again as early as our second quarter call about there being up to maybe $1 billion of capacity there that we were evaluating, and we worked on specific projects that we could make as part of that. And so we began to work on the transition from the buyback into additional CapEx spend that would be grid modernization and types of projects that would reduce O&M, all focused on being more efficient and lower cost for our customers. That's kind of the -- that's the high-level version. Does that make sense?

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. No, I think so. So just in terms of the O&M reduction that would be associated with the improved CapEx. Can you give us any sort of rough quantification as to what that might be? Like how much savings in O&M are resulting from the CapEx deployment?

Anthony D. Somma - *Evergy, Inc. - Executive VP & CFO*

Paul, this is Tony. So we've given some drivers for near term for 2020, but we're not going to go out further than that until the committee kind of finishes its work and its review. And obviously, we're focused on cost management and we'll -- that will continue to be a focus of this team.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Obviously, in terms of O&M improvement, though, there are some things that would naturally happen from that kind of investment. I don't know, Kevin, you got any...

Kevin E. Bryant - *Evergy, Inc. - Executive VP & COO*

Yes. So Paul, I mean embedded in the 2020 drivers is that 5% to 8% reduction that Tony referenced. So that's the order of magnitude, what we'd expect to see this next year moving forward. And moving forward, headcount is a big piece of it. We've talked about managing our headcount down through attrition. We're doing it consistent with the merger commitments. We're getting more efficient in that regard. We're still seeing savings in our back office. We call them merger savings, but it's in the supply chain area and benefits, insurance, all those normal corporate overheads. And we continue to look for efficiencies at Wolf Creek. So we got pretty strong confidence. We had a strong year in 2019. We expect significant performance in 2020, and we'll keep looking for opportunities moving forward.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Yes, absolutely. I was just wondering on the CapEx side, if there was some sort of rule of thumb or some sort of sense. In other words, I guess what I'm saying is, I -- you guys have obviously executed quite well on the merger synergies and all the other things that you're looking at. I'm just trying to get a sense as to when you're looking at that kind of CapEx -- when we look at the CapEx, how much of a reduction, if you guys have it, if you don't -- if it's too early, that's okay. But if there was any sort of rule of thumb, so to speak, if we're putting as much CapEx in this push cost might be coming out kind of thing on O&M sort of basis? Is there anything like that?

Kevin E. Bryant - *Evergy, Inc. - Executive VP & COO*

I don't have a great rule of thumb for you, Paul. I mean it all depends on where the CapEx is going. Our system starting on at a fairly reliable place. So we expect to see savings, but it's hard to quantify it.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. Fair enough. And then just on the strategic review. I mean, is that pretty much all of the above? I mean everything is on the table kind of thing? Or I mean, these are sort of vague terms, if you know? Sort of trying to get, like, if you -- can you elaborate a little bit more on that? Or...

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Well, only to say that, obviously, everything would be on the table, but there's obviously a focus that's been discussed, which, given the time frame, there will be a focus to start off with, if we begin to work and see other opportunities. I'm sure the committee would want to look into that, but there's clearly a focus as we start the committee work.

Operator

And our next question comes from Charles Fishman with Morningstar.

Charles J. Fishman - *Morningstar Inc., Research Division - Equity Analyst*

Terry, I just want to make sure I heard this correctly. You will file rate cases in 2021 in all jurisdictions in Kansas and Missouri?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

No, we're not filing rate cases until '22, '23 in the 2 jurisdictions.

Charles J. Fishman - *Morningstar Inc., Research Division - Equity Analyst*

The 2 being...

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Missouri and Kansas.

Charles J. Fishman - *Morningstar Inc., Research Division - Equity Analyst*

I'm sorry, but the individual businesses, the -- and Missouri, you got like 2, you'll file both of those in 2022.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Right.

Charles J. Fishman - *Morningstar Inc., Research Division - Equity Analyst*

Okay. And I'm glad I asked that, I m misheard that. Okay. And then I guess as a follow-up to that. You obviously have ties in Missouri, a positive. In Kansas, you did get treated unfairly, I think, in my opinion, in Kansas late last year on Jeffrey. The staff support of your position, the commission went their own way. What gives you the confidence going forward that especially with this bump in CapEx that you'll get treated a little more fairly in Kansas?

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Well, again, I think we do have a good relationship, both with the commission and with the staff. But the staff, in particular, as you said, agreed with us on that particular ruling. That was not a typical rate -- CapEx investment inclusion in rate case. It was a unique situation where we had a lease that had been in place for a long time that was converting. So it was a unique situation, and we were disappointed that the commission didn't agree with us and the staff. But I don't think anything about that suggests to us that our typical CapEx investment in infrastructure that drives reliability and service to our customers would be viewed any differently in Kansas than it would in Missouri. And historically, in our rate cases, we've seen that result.

Charles J. Fishman - *Morningstar Inc., Research Division - Equity Analyst*

Okay. You certainly made things interesting in Kansas and Missouri.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Thank you.

Operator

Thank you. And I'm showing no further questions at this time. I'd like to turn the call back to Terry Bassham for any closing remarks.

Terry D. Bassham - *Evergy, Inc. - President, CEO & Director*

Thank you very much for dialing in. And obviously, we'll be talking to everyone on an ongoing basis, but we look forward to moving forward with our announcement today. So thank you. Have a good day.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.

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