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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Q1 2020 Evergy, Inc. 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, Ms. Lori Wright. Thank you. Please go ahead, ma'am.

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

Thank you, Amanda. Good morning, everyone, and welcome to Evergy's First 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 first quarter earnings release last night. The release is 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 give an overview of the quarter and provide a business update, including a discussion of COVID-19. Terry -- 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. Good morning, everybody. Before I get started, I want to extend my deepest sympathies to those that have been directly impacted by the pandemic. I'd also like to extend my sincere appreciation to those professionals and critical functions who continue to work, especially first responders and frontline medical professionals who have been the real heroes through all of this.

As I'm sure it's been for everyone, the last couple of months have been unique and challenging. I'm proud to work in the industry as a whole, and I'm proud of Evergy, specifically, what we've done to meet the needs of our customers, employees and shareholders. We remain laser-focused on doing our job to deliver safe and uninterrupted power, especially during a time when we all are relying on electricity more than ever to power our increasingly virtual lives.

I want to thank our entire team for their continued focus on safety, customer service and execution during these trying times. This effort has been a reflection of Evergy's "people first" culture.

Now turning to results. As you can imagine, we have a lot to cover this morning, so I'll cover the emerging issues and our response to those and turn it over to Tony. Tony to get into the details of our financial results, where despite the warmer-than-normal winter weather, we delivered GAAP earnings per share of $0.31 and non-GAAP adjusted earnings per share of $0.41. Also note, the Board displayed confidence and the flexibility and stability of our current plan by declaring a dividend in line with previous quarter.

Now on Slide 5, I'll update you on the latest on our COVID-19 response plans. Being in the Midwest has been an advantage as we face this global pandemic. Not only does our service territory include rural areas that naturally provide for easier social distancing, but from a time perspective, we were a couple of weeks later than many other parts of the nation, which allowed us to take proactive measures towards the health and safety of our employees, customers and communities.

Before confirmed cases started to arise in Kansas and Missouri, we implemented our pandemic response plan, as outlined in our crisis management plan, which resulted in our employees able to work from home, doing so and those in critical operational functions, taking preventative measures to ensure the continued delivery of safe and reliable power. This included practicing social distancing protocols among fellow employees as well as with customers and in the community. And we began implementing remote staging locations to reduce overall contact. Over 1,500 employees were trained to administer temperature testing, and we are administering over 7,000 temperature recordings per week. With over 2,000 employees working from home and with schools and businesses closed, including most childcare providers, we expanded our paid time-off policies to increase flexibility to accommodate employees as they deal with these unprecedented times.

Our resolute focus on employee safety has strengthened by technology and innovation. Our team developed a mapping tool to actively monitor COVID-19 risk exposure to our people. By tracking these conditions geographically as they worsened, we were able to pinpoint developing hotspots. This up-to-date analysis allowed us to take tactical decisions regarding when and where to elevate pandemic response plans. With these proactive measures and our employees' vigilance, we've been able to thus far minimize the impact to our organization and its operations.

We've had only one confirmed case of COVID-19, and I'm pleased to say that employee has made a full recovery and is back at work. We knew our employees weren't alone dealing with the uncertainty, so we made commitments to our customers to ease the burden caused by this pandemic. We were one of the first to implement the suspension of disconnections, and as conditions further deteriorated, we extended the original time line through June 1.

Additionally, we're waiving late fees and adding new payment options for customers to help individuals and businesses manage the impacts of these hard-hitting times. I'm proud of our team's planning, innovation and focus that has significantly limited the impact to our business and the communities and customers we serve.

Moving on to Slide 6. I'll expand on the operational impact we've seen. There is no doubt that this pandemic has impacted our business, but we believe that we remain well positioned. Our flexible capital plan is focused on critical projects that should increase reliability and drive down future operating costs. The majority of these projects are smaller in nature and diversified across our service territories. As a result, our plan has less risk when compared to a plan that includes large projects that not only have regulatory risk, but also carry increased supply chain and human capital risk. We currently don't see a need to reduce our capital program over the 5-year forecast period. We have, however, deferred certain projects due to our commitment to practicing social distancing. These projects have been postponed until later in the year or some have been pushed into 2021. This is a shift in timing and not a reduction in our 5-year infrastructure investment plan. Another benefit of our plan is that it does not require the issuance of additional capital or equity while eliminates market risk.

Throughout March and April, we've closely monitored our supply chain for availability of labor and materials. Fortunately, we were well positioned with a diverse supplier mix and intentional redundancies in our major supplier categories. As a result, we haven't encountered significant issues and currently don't anticipate availability issues with our supply chain. We conducted regular communication with our Tier 1 and Tier 2 critical suppliers and participate in industry-wide collaboration efforts to stay ahead of potential issues. While we did see some short-term impacts on PPE, mask and sanitation products, we didn't see any significant delays or major inventory issues, and we were also able to leverage several local suppliers who rose to the occasion to fill the gaps.

Since the beginning of the pandemic, we have remained in close contact with our large commercial and industrial customers in order to form a more complete picture of how this is likely to impact demand. As stay-at-home and business restrictions were put in place, we definitely saw commercial and industrial load decline as businesses throughout our service territory began to reduce production, furlough and layout workers, and send employees home to work remotely and even shut down.

Tony will give you some additional details in a bit, but fortunately, as we saw commercial and industrial sales decline, residential load had a healthy uptick. As a result, increases in higher-margin residential sales served to offset much of the lower margins from commercial and industrial sales. However, since the sales impacts occurred late in the quarter, it was not a significant driver for margin overall, and we did not see a material impact in the quarter.

In April, we continued to see commercial and industrial load decline, while residential demand continue to grow. As we evaluate retail sales from April, we see a more complete picture of the full month impact that COVID-19 has had on our sales. Although it's too early to say with certainty that April reflects the greatest impact to demand we will see during the pandemic, we are optimistic that the region's easing of business restrictions in May, combined with the continued increase in residential demand, will support improved retail sales as we head into the summer months. Although we realized that it may take a while to ramp up, it's encouraging to hear some of our large customers talk about their implementation plans and even when they include a gradual restart of operations. We are studying a range of possible outcomes, and we have plans to develop to remain well positioned in each scenario, supported by strong liquidity and several levers to pull on the O&M side, which would reduce the financial impact of a sales decline. Our flexibility and resiliency have allowed us to remain focused on all of our strategic priorities.

Now to Slide 7. On the regulatory front, we haven't had to navigate any significant disruptions and don't envision this becoming an issue since we have no major dockets open and none of the near-term horizon with our next rate cases slated for 2022 and 2023. This has given us the opportunity to speak with the regulators in a time of reprieve from rate increases or any other large request. The Kansas Corporation Commission put a stay on new dockets and shut down operations in mid-March, but then returned in early April and have been working remotely since.

Missouri Public Service Commission has been working remotely since March 24 and never officially halted operations. We were able to stay in constant contact with both commissions to update them on our latest pandemic response efforts and to discuss our concerns. As you can imagine, conversations were primarily focused on our customers' needs.

In addition to our suspension of disconnects and waiving fees for our customers, we've also been discussing new options to allow businesses to pay back bills over a longer period and for residential customers to move to payment plans to avoid large growth in monthly payments over their norm.

As we explained our efforts to track pandemic expenses and potential loss revenue, conversations with our commissions expanded into discussions around alternatives for recovery of these impacts as well as ways to manage the impact of the expected increases and bad debt expenses. Yesterday, we filed for an accounting authority order in both Kansas and Missouri that will allow us to track certain expenses and lost revenue as well as any offset -- cost offsets for future consideration at our next rate cases. The Kansas Commission staff also filed yesterday its report and recommendation, recommending that all utilities be required to offer minimum customer protections of a 12-month payment plan for all delinquent account balances that arose as a result of the disconnect stay and a waiver of our late fees during the period of delinquency and repayment, coupled with a recommendation that utilities be allowed to defer cost of bad debt expense and fee waiver as a result of the new customer protections. If adopted by the KCC, we see this as a true benefit to both customers and the company. The staff also stated any additional customer programs or deferral request should be addressed in a utility-specific AAO request.

Switching to a legislative update. In Kansas, the legislature recessed in mid-March, which is 2 weeks earlier than normal, and are likely to come back in May to finish the budget. There are a couple of items that address utilities, including a bill we are strongly in favor of that allows us to offer special economic rates to grow business and jobs in Kansas, similar to what exists in Missouri. At this point, we don't know what the agenda will be or what, if anything, will get done yet this year.

In Missouri, the legislature reached its annual spring break in March. They came back last week and there was only a couple of weeks left in session. Constitutionally, they must pass a budget by Friday. We don't believe much, if anything though, that impacts us will be considered this year. We are not actively pursuing legislation in Missouri this year.

Finally, let me give you a quick update on our Board committee process before I turn things over to Tony. As many of you probably saw, our Strategic Review & Operation Committee's recommendation to the Board has been delayed by a couple of months. We're still meeting, albeit virtually, and remain focused on our two-pronged mission: evaluating enhancements to our long-term stand-alone operating plan and exploring potential opportunities for strategic alternatives. While nothing has changed from the committee's perspective, the dynamics in the market warranted the delay in our time line. The committee now plans to deliver its findings to the Board by July 30, and then the Board plans to provide an update in August. Again, the market turmoil doesn't change the focus of our committee, but it did alter our original calendar as we wanted to give some time for things to stabilize as we work through our processes.

And with that, I will turn the call over to Tony to cover first quarter results.

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

Thank you, Terry, and good morning, everyone. I'll start with results on Slide 10 of the presentation. We reported first quarter 2020 GAAP earnings of $0.31 per share compared to $0.39 per share in the first quarter of 2019. The decrease in EPS is primarily due to warmer winter weather and lower COLI benefits, partially offset by lower operation and maintenance expense. We turned in a solid quarter, notwithstanding extremely warm winter weather that obviously hurt sales, and no COLI income compared to over $6 million in the same period last year.

Adjusted non-GAAP earnings were $0.41 per share compared to $0.44 per share in the same period a year ago. As shown in the chart on Slide 10, adjusted EPS was driven lower primarily by unfavorable weather and lower other income and was partially offset by lower O&M and fewer shares outstanding. Importantly, our efforts towards cost management yielded a $37 million decline in O&M, 13% lower than the first quarter last year. This reduction is highlighted by a decrease in T&D expenses due to cost reduction initiatives and the impacts from the January 2019 winter storm, overall reduced headcount and associated benefit expense, and lower plant expense from fewer outages at our generating units.

As far as merger savings go, we continue to execute well. We exceeded our 2019 targets, remained ahead of schedule through the first quarter this year, and expect to beat the 2020 mark established by the original merger targets. When we first began discussing the accretion of Evergy, there are nearly 6,400 positions among our legacy companies and Wolf Creek, our shared nuclear facility. Today, we're down to about 5,400. We've created a more efficient company without sacrificing operating capabilities, and all of this has been accomplished while staying true to our commitment of no involuntary layoffs as a result of the merger. Instead, we've capitalized on headcount reduction through normal attrition and voluntary separation programs.

Turning to sales. We saw a decline in sales throughout the quarter, primarily from a change in year-over-year weather. Residential sales were down 10%, commercial declined 5% and industrial sales fell 0.6%, respectively. Compared to last year, heating degree days were 19% lower and we estimate the impact to earnings was $0.12, compared to normal heating degree days were 9% lower. We estimate earnings were unfavorably impacted by about $0.06.

On Slide 11, I'll give you some details on the sales impact from COVID-19. As we move through March and witnessed the closing of businesses, we started to see the impacts. As expected on a weather-normalized basis, commercial and industrial sales started to decline. As the shelter-at-home provisions kept folks in their homes, we saw a corresponding pickup in residential sales. As Terry mentioned earlier, from an earnings perspective, the higher margins in residential sales provided an offset, at least partially, to lower margin commercial and industrial sales. Given the timing of pandemic response actions in our jurisdictions, the resulting impacts became more apparent throughout the month of March. As we monitored sales through April, we saw further declining trends in commercial and industrial loads. Residential sales remained elevated but didn't keep pace with the degradation on the commercial and industrial side. Compared to last year, our estimated weather-normalized total retail sales were about 8% lower.

Turning to the change in sales mix across customer classes. Residential sales were up roughly 5%, while commercial and industrial sales declined 13% and 15%, respectively. Again, the higher residential sales will provide some offset. We expect trends at these levels to weigh on retail margin.

If we adjust for 2 large oil refinery customers that had planned reduced usage outside of COVID-19 impacts, our April industrial sales decline would be around 10% compared to last year. As you can see in the graph on the slide, as those customers started ramping up, we saw the corresponding pickup in sales towards the end of April. Additionally, it's important to note that 2 industrial sectors that are prevalent in our territory are experiencing unusual events simultaneous to COVID-19. The airline industry is dealing with the 737 MAX issue and oil production refineries with the oil crisis. Both issues could still weigh on demand in future months irrespective of the recovery from COVID-19.

Now we look to offset margin declines by balancing the preservation of long-term value creation and adjustments to O&M. Some of the levers we will pull include a hiring pause, reduced travel spend, reduced discretionary maintenance spending and potentially an additional voluntary early retirement program. While we have a ways to go in terms of opening up our economy, we may be turning a corner as many businesses in our territory, including a number of large manufacturing facilities, that plans to reopen later this month after multi-week shutdowns.

Moving on to Slide 10. Let me touch on our latest financing activities and liquidity. On April 2, Evergy Kansas Central issued $500 million of 30-year first mortgage bonds at 3.45%. Proceeds will be used to redeem $250 million of the 5.1% bonds that were set to mature in July, and the remainder proceeds were used to reduce short-term debt. Also in April, we requested authority from the Missouri Public Service Commission to issue up to $400 million at Evergy Metro to pay down short-term debt and further bolster our liquidity position. I'm happy to report the commission approved our request yesterday, and we expect to complete a transaction by midyear. We ended April with a total liquidity of $1.9 billion with $1.6 billion of that as capacity available on our master credit facility and over $300 million of cash on hand. We are confident in our liquidity position across the range of these scenarios that we've contemplated.

Now wrapping up on Slide 13. As a reminder, we haven't issued 2020 EPS guidance, and we don't have plans to issue guidance during the pendency of the committee's work, but I can give you an update on some of the drivers for the year that have changed. Obviously, given the sales trends that we're seeing thus far, we now expect a weather-normalized sales decline this year. With ongoing uncertainty, it's too early to estimate the full year impact. With our cost reduction execution in the first quarter and the expected incremental reductions that we're targeting for the remainder of the year, we are now targeting a 6% to 9% reduction in adjusted O&M in 2020 compared to 2019 versus our previous target of 5% to 8% reduction.

We remain optimistic as we're starting to see the nation and our service territories begin to open back up. We realize it's going to take some time for the economy and sales to bounce back. We're confident in our position and plan as we all unite together to put this behind us. We will continue to do our part and are staying focused on doing the right things for employees, customers, communities and shareholders.

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

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

All right. I appreciate everybody joining. Now we'll take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Paul Patterson.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Can you hear me? Hello.

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

We can now.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Sorry about that. Okay. So I was just wondering, could you give us a little bit of a flavor for when -- I noticed that you guys said that the CapEx has been changed, though there's been some deferral with respect to projects into the second half of 2020 and then 2021. But when I look at the annual CapEx numbers, it doesn't seem like anything has materially changed year-from-year. So should I assume that just -- it isn't that material in the course of 2020 versus 2021?

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

Yes. We were trying to stress that we're being flexible in our projects over the size and type as we can. And given continued social distancing, we might move some projects back and around. But I wouldn't say we have definitive plans around moving year-to-year that are material.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. And then in terms of just how we see CapEx and sort of where -- let me ask, if we do see deep recession, and I know it's hard to tell being the unprecedented nature of what we're seeing right now, but if there was a deep or significant recession, how should we think about the long-term CapEx numbers that you have? How flexible are you on those, I guess, if you follow me?

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

Well, we're flexible in the sense that the same description of the projects, their size and their type, would give us that kind of flexibility. So we don't have a large single project that we might start and have to finish. Having said that, we also don't currently see any need for deferral, given our liquidity position and our plans for both execution on those projects and our balance sheet as a whole.

Paul Patterson - *Glenrock Associates LLC - Analyst*

So there isn't a lot of economic sensitivity, I guess, to the CapEx is how we should think about it even if we were to see a significant fall off in economic activity? Is that safe to say?

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

Well, again, I hate to make a generalization around something that's so unprecedented at this time. But again, I would stress the flexibility we have around each of the projects so that we have the ability to move things around, and that from what we can see to date, we don't see a need to make any changes to either near-term or long-term plans.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. Fair enough. And then on the -- just in terms of arrears or in terms of bill payment, could you give us a little bit more flavor as to -- if you're seeing any significant change, either in residential or commercial or what have you, in terms of people being late with their bills or paying on time, that kind of thing?

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

Well, we've certainly seen the effect in bills that you would see, which is a little early to see a big uptick in what would have been disconnections or collections around bills as it's really a month old. That's why we're working so hard both with our own project, our own communications and with our commissions around opportunities to work with customers to avoid those bills from building up. So part of that Kansas recommendation from the staff that we talked about provided a recommendation that customers would be allowed to spread any delinquencies over a 12-month period. That was one of the things we were talking about, and then obviously suggested also that utilities to be able to recover those costs. So it's a little early in that process, but we haven't seen any real spikes in either the accounts or arrear just yet, but it's still a little early, that's for sure.

Paul Patterson - *Glenrock Associates LLC - Analyst*

Okay. And then just finally, on the strategic review, you mentioned the July 30 date and what have you. And you also mentioned that, of course, the markets have been a little bit of turmoil in them. Just any sense as to if that's changed any -- if that's changed your perspective at all or emphasis or just sort of give more of a flavor maybe if you have one in terms of how that might have altered or not the strategic review, and what options you guys are -- might be exploring more or less as a result of it?

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

I don't think it's changed our perspective at all on either the chore of committee or the focus of the committee. Obviously, given what was happening in the market, it made sense to everybody that we should delay, if you will, the market -- strategic market activity. We continue to meet. We continue to work on the stand-alone plan analysis, which is obviously internal to us, and make progress there. So we're working. We're meeting. Focus stays the same. Just simply the market piece of that, obviously, we thought would benefit with addition of some additional time. That's really the only change at all, nothing from a focus perspective. .

Operator

Your next question comes from Julien Dumoulin-Smith.

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

I wanted to follow-up on the O&M reductions. I'm just trying to square that against the underlying sales trends here. And thank you for the detail, I appreciate it. Can you talk a little bit to the netting here of the updates? So you gave some sensitivities earlier. You gave some thoughts on the sales trends in April. What -- when you think about an EPS shift, and I know you don't have guidance out there for '20, but how much of a reduction are we talking about in sales expectations relative to what seems like a modest reduction from 5% to 8% to 6% to 9% reduction on the O&M? So tell me if I'm missing something there, one versus the other. And then the follow-up to that would be, how do you think about '21 and onwards? And I know it's very early, but I'm thinking more on the cost side, the sustainability of those reductions.

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

So let me take maybe the middle one first. The 6% to 9% decrease is really, I would say, a product of our work, lest a real offset related to maybe COVID, they fit together, obviously. So I wouldn't suggest to you the 6% to 9% is a limit there. But certainly, that's an uptick, and that's due to our work that we've already been working on in the last year and certainly recently. That's less directly connected, I guess, to what we're seeing from sales because, to your first question, it's really hard, again, as we're sad to say, April would necessarily be what we'd expect going forward. And so I think what we're seeing though is that even though we saw a downtick in April, as most folks would expect, we're happy to see that we -- it is manageable. And at least in the near term, we think we're able to offset a lot of that impact. Obviously, if those impacts lasted all year long, it get more difficult as the year went on. From a '21 perspective, yes, don't really have any way to gauge what effect it might have on '21 other than to say, again, we don't see any capital projects that need to be adjusted. And I would tell you that the 6% to 9% is reflective of OEM cuts that we believe are sustainable.

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

Maybe if I can ask for a little bit of a clarification. When you think about the ability to tap further in some of these cost reductions, what would it take for you to move forward on that? I mean, clearly, April has been probably the most acutely impacted here, and we'll see what the trend is in May and onwards. But how do you think about the need to tap into more to 6% to 9%. And I don't know if we're dancing around the subject of guidance here a little bit, but how do you think about tapping more into that over the course of the year and what the depth of that is?

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

I don't have a range for you, but I would say, obviously, if it continued to be an acute sales issue then you can consider start doing things that are not sustainable. You do things to be responsive to that event. We'd always watch to be sure we weren't doing anything that was damaging the long-term shareholder value. But you could do some things that you wouldn't expect to do on an ongoing basis. We have some room there, I guess, to say. But again, the 6% to 9% are things that we're planning to work on that are sustainable and in our plan. Other than that, obviously, from an ongoing analysis perspective, we're working on other things that could be included too, but we're not through with that work as we move forward over the course of the next couple of months.

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

And remind us quickly, your stay-out subject is strictly to Kansas, right? There is some latitude to the extent necessary to shift at least planning in Missouri, right?

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

There is. We could move a case up if we really needed to, but our plan continues to be to leave it in place for 2022.

Operator

And your next call comes from Steve Fleishman.

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

Just on the effective tax rate, the comment there on the continuing to monitor pandemic impacts. Can you discuss how that impacts your tax rate?

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

Steve, this is Tony. So I think the guidance drivers that we issued initially were 12% to 14% effective tax rate. That's something that we'll be monitoring going forward. Obviously, if our taxable income goes down, that rate could change over time.

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

Okay. It's just simply that. Okay.

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

Yes.

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

Okay. And then I know someone had already asked about kind of color on the review, strategic review. Just -- do you anticipate that there would be need for any further delay? Or you think at this point that this is kind of the time -- this is the likely time line?

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

Yes. I don't want to get out ahead of the committee, but I don't think so. I mean I think 60 days, I think, gave us an opportunity to continue on the stand-alone plan work and give us some time for things to settle out. But I wouldn't anticipate at this point, additional delay.

Operator

(Operator Instructions) Your next question comes from Durgesh Chopra.

Durgesh Chopra - *Evercore ISI Institutional Equities, Research Division - Associate*

I just -- just one question for me. Can you perhaps give us any color on your FFO-to-debt or other credit metrics? Were you tracking versus targets? And then with the new O&M reductions and then perhaps what you're seeing in the top line, some drag on sales, where do you expect to end the year versus your targets?

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

This is Tony. So on our FFO-to-debt targets, at the utilities, in general, we're targeting 18% or above; at the holding company, 15% or above. I believe Moody's just came out with some reports earlier and kind of affirmed our ratings. As far as targets towards the end of the year, that kind of depends on the duration of the sales decline and also kind of to the extent that the O&M offsets.

Operator

(Operator Instructions) And there are no further questions at this time.

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

All right. Thank you, operator, and thank you, everybody, for calling in. Everybody, be safe. Have a good weekend. Thanks.

Operator

That does conclude today's call. You may now disconnect.
