

CURB News



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THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

November 2016

CURB, KCC SAY NO RATEPAYER CHARGES for CCN



On February 16, 2016, KCP&L filed its Application ([Docket No. 16-KCPE-160-MIS](#)) requesting approval of its Clean Charge Network (CCN), electric vehicle (EV) charging station tariff, and approval to include costs of the CCN program in KCP&L's base rates in an upcoming abbreviated rate case. The total projected capital costs of the CCN project is \$16.6 million (of which approximately \$5.6 million would be invested in Kansas). On June 28 – 29, 2016, the Commission held

an evidentiary hearing on this matter before the Kansas Corporation Commission (KCC). Thomas Conners, attorney for the CURB recommended at the hearing and in the post-hearing brief that the KCC reject KCP&L's recovery of costs of its CCN program in base rates (covered in-depth in the September 2016 issue of CURB News). On September 13, 2016, the KCC issued its Order denying KCP&L's Application for its CCN and EV charging station tariff. The KCC agreed with CURB that KCP&L failed to demonstrate a demand for its CCN. The KCC further agreed with CURB that ratepayers should not be

subsidizing the cost of the CCN. The KCC denied KCP&L's request to have ratepayers finance its CCN and agreed with CURB's expert witness Ms. Crane's recommendation that the CCN program costs should be absorbed by KCP&L's shareholders rather than the residential and small commercial ratepayers. The KCC's decision to deny KCP&L's application in this matter results in substantial savings and is a big win for residential and small commercial ratepayers. The CURB is pleased with this outcome and will continue to zealously represent residential and small commercial ratepayers in matters before the KCC.

Unanimous Settlement Agreement in KGS Rate Case

In Kansas Gas Service's (KGS) most recent rate case ([Docket No. 16-KGSG-491-RTS](#)), CURB and KGS have negotiated a settlement of all issues involved. As background, KGS sought a revenue increase in approximate

\$35.45 Million. KGS sought to impose the entire rate increase on the residential consumer by way of the customer charge, increasing the customer charge by \$5.10 each month (from \$15.35 to \$20.45). If the

rate increase were granted, the average residential consumer would have seen gas rates increase by approximately seven percent. KGS also proposed that its future rate increases would be determined by a formula-

UPCOMING CASES WE ARE FOLLOWING:

- 16-KCPE-593-ACQ — GPE SEEKS TO ACQUIRE WESTAR
- 17-WSEE-014-TAR WESTAR AND KG&E'S 2016 TARIFF RIDER
- 17-EPDE-101-RTS EMPIRE DISTRICT EC APPLICATION PROPOSING RATE CHANGES

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CURB *Citizens' Utility Ratepayer Board*

Meet our Members:

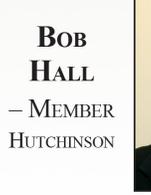


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OUR MISSION:

TO ZEALOUSLY
PROTECT THE
INTERESTS OF
RESIDENTIAL AND
SMALL
COMMERCIAL
UTILITY
RATEPAYERS

(KGS Unanimous Settlement, cont. from page 1)

based rate setting mechanism called the Cost of Service Adjustment (COSA) mechanism. Under the COSA mechanism, KGS's rates would be determined annually with an expedited review of the revenues and expenses of the utility. KGS contended that the COSA would save ratepayers the costs associated with traditional rate cases and still be protective of the consumer. CURB believes that traditional rate cases still afford the best protection for ratepayers. There were several other issues involved in this rate case which can be seen in the Unanimous Settlement Agreement available on CURB's website.

As a result of intense settlement negotiations, all parties (which included KGS, the KCC staff, CURB and one additional intervener, CenterPoint Industries, LLC) agreed to a Unanimous Settlement Agreement. In that agreement KGS agreed to reduce its revenue increase by approximately \$20 Million. KGS agreed to not pursue the COSA at this time. Finally, through the settlement process, the parties agreed that the revenue increase would be borne by other customers along with the residential class and that the customer charge would increase by \$1.35 per month, as opposed to the \$5.10 increase which KGS proposed. CURB

would have liked to have no increase of the customer charge, but recognized that there was substantial evidence posed against CURB's position and that, under Kansas law, the KCC has an obligation to balance the interests of the utilities and ratepayers in rate cases. Thus, under the totality of the circumstances, CURB perceived that this was a fair settlement and recommended its approval by the KCC. A hearing was held on the Unanimous Settlement Agreement before the KCC on October 18, 2016. CURB awaits the Commission's decision to accept or reject the agreement.

Kansas Court of Appeals Remands SIP Matter Back to KCC

In the last newsletter (September 2016) CURB discussed the appeal in [Docket No. 16-ATMG-079-RTS](#), which is a general rate case application filed with the KCC on August 13, 2015, by Atmos Energy Corporation (Atmos). In addition to a rate increase, Atmos requested the establishment of a System Integrity Program (SIP) Tariff to reflect quarterly revenue requirement increases related to its proposed accelerated pipeline replacement program.

As a result of settlement discussions, the parties (including CURB) entered into a Unanimous Settlement Agreement (Settlement) in which the parties agreed that the SIP tariff proposed by Atmos should be either approved or deferred to a

specific docket in which pipeline replacement programs would be proposed and approved or disapproved by the KCC ([Docket No. 15-GIMG-343-GIG](#)). If the SIP was approved in Docket No. 16-ATMG-079-RTS, the SIP would be modified to conform to the KCC's decision regarding accelerated pipeline replacement programs in Docket No. 15-GIMG-343-GIG (the "343 Docket") which is still pending.

The KCC approved the Settlement Agreement except it did not approve the SIP tariff, preferring to hear it de novo in the 343 Docket. Atmos appealed the KCC decision to the Kansas Court of Appeals, claiming that the manner in which the KCC handled the deferral of the SIP to the 343 Docket impermissively

violated the Settlement. CURB intervened in the appeal to support the KCC's decision to defer the SIP to the 343 Docket. The [case](#) was argued before the Kansas Court of Appeals and was decided on September 15, 2016. As the Court interpreted the Unanimous Settlement Agreement, the Court determined that the KCC should have explicitly deferred the SIP matter to the 343 Docket, rather than denying it so that it could be heard in that docket. On October 20, the KCC held a proceeding to collect the party's preferences on how to handle the SIP matter in view of the remand from the Court of Appeals.

KCC Opens Generic Docket to Consider All-Electric Rate

On June 21, 2016, the KCC opened a general investigation ([Docket No. 16-GIME-576-GIE](#)) to consider the overall benefits and costs which a discounted all-electric rate for electric space heating customers may provide to the Kansas City Power & Light (KCP&L) system. At present the parties to this docket are CURB, the KCC staff and KCP&L. This investigation stemmed from all-electric discounted rates which KCP&L had historically used until its 2010 rate case. In that rate case ([Docket No. 10-KCPE-415-RTS](#)), KCP&L's all-electric discount was significantly reduced on the

basis of certain cost of service studies and testimony sponsored by the parties. However, some noted that the reduction has resulted in a hardship for ratepayers who had purchased electric space-heating based upon these historic all-electric rates. Until now, the parties have discussed and resolved several procedural issues involved in this docket.

On October 11, 2016, the KCC asked all parties to propose dates when reports prepared by their rate design experts can be filed with the Commission. These reports will need to address a number of pertinent questions,

such as whether or not KCP&L's residential non-all-electric space heating customers are better off than they would be had KCP&L not provided a discounted electric rate for residential all-electric space heating customers. Once the dates are proposed by the parties, the KCC will decide when and how this matter shall proceed so that the KCC can evaluate the costs and benefits of all-electric rates in the KCP&L system and a fair resolution of the issue of providing electric rate discounts for all-electric customers on KCP&L's system can be determined.



Important Federal Energy Policy May Be Coming Soon

On September 8, 2016, the United States House and Senate engaged in a conference committee to attempt to reach a compromise on the Energy Policy Modernization Act of 2016, the first broad energy bill which may be enacted since the George W. Bush administration. The conference committee consists of 31 members, seven from the Senate and 24 from the House. The Energy Policy Modernization Act of 2016 would attempt to reform the energy infrastructure in the United States to accommodate the existing energy landscape.

To be sure, the energy industry has changed dramatically from merely a few years ago. By and large, the United States now enjoys an energy surplus as opposed to having to endure the threat of energy shortages of the past. Energy is generated from wind and solar power and several other sources, versus merely large coal and nuclear power plants. Gas and electrical energy efficiency measures abound. Many states offer retail choice to energy consumers versus having power supplied

to customers by integrated utilities offering energy within a certified territory. Indeed, as Senator Maria Cantwell of Washington noted, "the speed of the transition in energy now is like telecom in the '90s."

Considering the many changes which have occurred to the manner in which energy is generated and used, it is certainly important to create and maintain an energy infrastructure that can provide reliable energy at affordable prices to energy

— continued on page 4

"THE SPEED OF THE TRANSITION IN ENERGY NOW IS LIKE TELECOM IN THE '90S"

KCP&L KEEIA Hearing Postponed

In the September 2016 newsletter, CURB discussed the Kansas Energy Efficiency Investment Act (KEEIA) application filed with the KCC by Kansas City Power & Light Company (KCP&L). In that application, KCP&L sought approval of a set of fourteen Energy Efficiency programs (EE programs) which KCP&L labels its Demand-Side Management

Program Portfolio (DSM). Several parties including the CURB have intervened in this docket ([16-KCPE-446-TAR](#)).

The matter was set for hearing to be held on September 7th. However, just before the hearing date, KCP&L determined that certain information which pertained to its application should be revised. In turn,

the parties needed time to evaluate the new information and formulate how it affected their perspective on the application. The delay proved to be somewhat problematic due to a very heavy hearing schedule for the KCC. Thus, the hearing on the KEEIA application has been postponed until March 2017.



News from the Watchdog for Residential and Small Commercial Utility Consumers

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Cary Catchpole

ANNOUNCING—PUBLIC HEARING on KCP&L/WESTAR PROPOSED ACQUISITION

The KCC has scheduled a public hearing to provide KCP&L and Westar customers an opportunity to find out more about the proposed acquisition in 16-KCPL-593-ACQ:

MONDAY, DECEMBER 5, 2016 AT 6:00 P.M.
SHAWNEE HEIGHTS HIGH SCHOOL
4201 SE SHAWNEE HEIGHTS ROAD
TECUMSEH, KANSAS 66542

Public hearings give customers the opportunity to ask questions of representatives of the KCC Staff, CURB, and the utility companies in an informal session. Those unable to attend in person can watch the hearing live from the Commission's website: www.kcc.ks.gov.

Any person requiring special accommodations at the hearing site under The American with Disabilities Act needs to give notice to the Commission at least 10 days prior to the scheduled hearing date by calling 1-785-271-3140.

We're on the Web!

curb.kansas.gov

Important Federal Policy, cont. from page 3

consumers. In these regards, if it is enacted, the Energy Policy Modernization Act of 2016 may address such issues as energy efficiency, renewable energy, the export of natural gas abroad and several other matters. It is an important bill

because the effective and efficient generation and distribution of energy in these dynamic energy conditions is vital to American energy consumers. Certainly, how the Senate and the House resolve their differences on this Act

may significantly affect residential and small commercial ratepayers in Kansas. CURB will maintain an eye on this legislation and keep our constituents informed.



ABOUT CURB

Established in 1988, the Citizens' Utility Ratepayer Board (CURB) is an agency focused on advocacy for residential and small commercial utility consumers in Kansas. The CURB is composed of an appointed board of five (5) volunteer members representing the congressional districts in Kansas and one at-large member, and was initially founded by the Chairman of the Kansas Corporation Commission upon a perceived need for a stronger consumer advocate. Today, CURB has evolved to an independent agency, and states its mission is "to zealously represent the interests of residential and small commercial utility ratepayers before the Kansas Corporation Commission and the Kansas legislature."