

CURB News



THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

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CURB ATTENDS NASUCA MID-YEAR MEETING



David Nickel and Cary Catchpole attended the 2017 mid-year meeting of the National Association of State Utility Consumer Advocates (NASUCA) held in Denver from June 5-7. Along with CURB, utility consumer advocate offices from 25 states attended to take in numerous presentations on important regulatory issues such as gas pipeline infrastructure integrity, the role of public policy in electric vehicle regulation, and cybersecurity. In addition, NASUCA passed seven

resolutions aimed at various regulatory principles. Three of these resolutions deal with vital broadband/telephony issues. Two address consumer protection issues such as the Low Income Home Energy Assistance Program and Weatherization Assistance Program. NASUCA's historical support of these "as essential life-saving safety net programs for the nation's most vulnerable people ... urges Congress to increase the funding for these essential programs." One resolution urges the U.S. Congress to preserve funding for the Energy Star Program "as a successful public-private partnership which supports important

elements of energy efficiency programs and creates substantial savings for consumers." One last resolution supports state authority in resolving regulatory structure issues for distributive generation (DG) – which includes technologies like residential solar panels. CURB took particular interest in this resolution as it reinforces the policy interests of state utility commissions in determining these DG issues. CURB applauds NASUCA for its important work in supporting state consumer utility advocates in their many duties, and, in particular, for passing these seven resolutions.

For more information about NASUCA, click on www.nasuca.org

KCC RULES ON KCP&L ENERGY EFFICIENCY PROGRAMS

In deciding the [application](#) for approval of fourteen energy efficiency (EE) programs filed by Kansas City Power & Light Company (KCP&L), which KCP&L refers to as its Demand Side Management Portfolio Plan or DSM Plan, the Commission has now considered the first EE application since the en-

actment of the [Kansas Energy Efficiency Investment Act \(KEEIA\)](#) in 2014. The KEEIA declares the policy of the state to promote cost-effective EE programs, but leaves to the Commission how to determine whether or not particular EE programs are cost-effective. Prior to the KEEIA, the Commission had issued a number of

policy-making orders surrounding EE programs proposed by Kansas utilities. How the Commission would apply this established policy to EE program applications filed in view of the new Kansas law was an issue in the case.

CURB has been involved in the docket providing testimony and evidence (see [September](#)

UPCOMING CASES WE ARE FOLLOWING:

- 17-KGSG-455-ACT — KANSAS GAS MGP ACCOUNTING ORDER
- 17-SPPE-117-GIE — SPP REPORTING INVESTIGATION
- 17-SWBT-158-MIS — AT&T KANSAS DESIGNATION AND LIFELINE CARRIER CHANGES APPLICATION

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CURB *Citizens' Utility Ratepayer Board*

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OUR MISSION:

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

(EE programs, cont. from page 1)

2016 and May 2017 issues of CURB News). In the Final Order issued on June 22, 2017, the Commission upheld its prior policy-making orders that EE programs (with exception to general education and low-income programs) shall be determined upon the basis of certain benefit-cost tests where the net present value of the sum of the benefits of the DSM program is divided by the net present value of the program costs. These tests are: 1) Participant Test; 2) Ratepayer Impact Test (RIM); 3) Program Administrator Test (PAC); and 4) Total Resource Cost Test (TRC). Importantly, the TRC test answers the question: Will the total costs of ener-

gy in the utility service territory decrease due to the EE programs? The RIM test measures what happens to customer bills due to changes in utility revenues and operating costs caused by EE programs. The Commission stated that it will continue to place primary emphasis on the TRC and RIM tests “because these tests provide information particularly relevant to KEEIA’s and the Commission’s shared policy objectives.”

In view of TRC and RIM test results obtained for the individual EE programs in the DSM Plan, the Commission approved two business EE programs and a Home Lighting Rebate program as satisfactorily meeting the TRC

and RIM tests. Additionally, the Commission approved two general education programs and two EE programs designed for low-income customers, since these programs are not required to pass a benefit-cost test and the Commission found them to be in the public interest. The Commission agreed with CURB’s recommendation that the costs of KCP&L’s EE programs should be recovered through KCP&L’s existing EE rider. Subsequent to the Commission’s order, KCP&L chose to withdraw its DSM Plan as it was approved (modified) by the Commission.

FERC NOMINATIONS MOVE FORWARD

On June 6, 2017, the U.S. Senate Committee on Energy and Natural Resources voted 20-3 to advance to the Senate floor President Trump’s nominations, Neil Chatterjee and Robert Powelson, to serve as Federal Energy Regulatory Commission (FERC) commissioners. The FERC is an independent federal agency that regulates wholesale transmission services and power sales in interstate commerce across state

boundaries. Since January 2017, FERC has had only two of five Commissioners, lacking a quorum (three Commissioners) to determine many important FERC matters. Additionally, FERC Commissioner Collette Honorable left in June, leaving Acting Chair Cheryl LaFleur as the only FERC Commissioner.

Both Neil Chatterjee and Robert Powelson have strong energy experience. Since 2009, Mr. Chatterjee has been Senator Mitch

McConnell’s energy policy advisor. Mr. Powelson is chairman of the Pennsylvania Public Utility Commission and was recently appointed as president of the National Association of Regulatory Utility Commissioners (NARUC) in late 2016. Founded in 1889, NARUC is a non-profit organization dedicated to representing state public service commissions (such as the Kansas Corporation Commission) on important utility issues.

FERC Nominations, cont.

Some FERC watchers believe that these nominees may provide balance to the FERC. Certainly Mr. Powelson's work with NARUC indicates his understanding

of the importance of state regulation of electric and gas utilities in their respective states. Several industry leaders are calling upon the U. S.

Senate to confirm these nominations very soon.



CURB Files Comments in All-Electric Rate Investigation

CURB recently filed comments in the all-electric rate investigation [docket 16-KCPE-576-GIE](#). We first introduced this docket in our [November 2016 newsletter](#) (see page 3). Other parties filing comments included Kansas City Power & Light Company (KCP&L), Kansas Gas Service (KGS), and the Commission's Staff. The KCC asked all parties to provide analysis to five questions which explore the benefits the residential all-electric subclass of customers provides. CURB retained an expert, Doctor Howard Axelrod, to study these questions. Doctor Axelrod noted that the issue arose from a prior KCP&L rate case, [docket 10-KCPE-415-RTS \(Docket 415\)](#), in which the Commission ordered the rates of the residential all-electric class to become more similar to the general residential class rates, even though this resulted in an approximate 60% increase in rates. Although the Commission stated in its [order in Docket 415](#) that it

would revisit the rate issue promptly, that issue appears to still not have been fully resolved. Doctor Axelrod found as a result of his study that the well-established doctrine of gradualism, where rates are gradually increased to avoid rate shock, was essentially not applied in Docket 415. KCP&L's residential all-electric class suffered a very significant rate increase which they could not realistically avoid. Doctor Axelrod also found that a reduction of approximately one cent per kWh in KCP&L's current residential all-electric class rates could be justified on the basis of cost and benefits provided by that subclass.

The Commission's staff prepared a [report](#) and recommends that the rates of the residential all-electric class stay the same until the next rate case. The KGS [report](#) provided the perspective of cost-benefit tests as alternatives to cost-of-

service methodology of setting rates. KCP&L's [filing](#) offered two alternative rate structures: one in which the residential all-electric class be joined with the general residential class with a declining block rate (where electric rates trend down based upon usage) in winter; the second alternative calling for an optional demand rate (which KCP&L believes more closely follows its cost of providing service to residential customers).

This is an extremely difficult case given the history of KCP&L's residential all-electric class, the applicability of the principles of conservation and gradualism, the need to avoid regulatory-incentivized fuel switching, and several other issues. The parties did an excellent job of presenting to the Commission the history, issues and the ramifications of various alternatives to the current rate structure in this docket.

“... A REDUCTION OF APPROXIMATELY ONE CENT PER KWH IN KCP&L'S CURRENT RESIDENTIAL ALL-ELECTRIC CLASS RATES COULD BE JUSTIFIED”





“THERE ARE 932 BLOCKS THAT ARE NOT COVERED ... SWBT SHOULD STILL BE RESPONSIBLE FOR THESE AREAS ENSURING THAT ALL THESE CUSTOMERS CONTINUE TO BE SERVED.”

Southwestern Bell Exits LifeLine, CURB Protests

On October 27, 2016 Southwestern Bell Telephone dba AT&T Kansas (SWBT) filed a request in [Docket 17-SWBT-158-MIS](#) to relinquish its ETC (Eligible Telecommunications Carrier) designation in specified areas of the State, as well as its notice of Intent to Cease Participation in the Kansas LifeLine Service Program pursuant to K.S.A. 66-2006 (d). The Kansas LifeLine Program provides eligible low-income consumers up to \$17.02 a month on their telephone bill. By having the ETC designation, SWBT can receive Federal and State support in adminis-

tering the LifeLine funds.

CURB agrees with Commission Staff that SWBT has followed the statutory requirements of Notice to Cease Participation in LifeLine, and the Commission has granted this effective May 31, 2017. However, CURB objects to SWBT's request to withdraw from all the requested 116,282 census blocks for which it has requested relinquishment of their ETC designation. There are 932 blocks that are not covered by at least two other high-cost ETCs, and therefore SWBT should still be re-

sponsible for these areas ensuring that all these customers continue to be served.

SWBT does not agree with the interpretation of CURB and Commission Staff, and believe they have satisfied the requirement to withdraw.

All parties have filed their positions in the docket and on July 11, 2017 were asked to respond to a set of questions proposed by the Commission. Todd Love will be filing briefs for CURB outlining the issues. Once the briefs are filed we anticipate a decision.

Kansas Gas Service Seeks MGP Cost Recovery

Kansas Gas Service has filed an [application](#) with the KCC seeking approval of an accounting order authorizing the recovery of costs incurred after January 1, 2017, associated with the Company's obligation to perform environmental investigating, testing, monitoring, remediating and

other work on twelve specific natural gas facilities used in the past to manufacture gas. Typically called "MGP's", these historical facilities often produced by-products that require remediation.

CURB is in the process of investigating this ap-

plication from Kansas Gas Service, and once all the information has been reviewed will determine how to proceed.

Read about gas manufacturing facilities in the CURB News "Kansas Power 101" series beginning in [May 2017](#).



CURB Ratifies Decrease for Southern Pioneer Customers

On April 26, 2017, Southern Pioneer Electric Company filed its annual rate adjustment accounting request pursuant to a pilot formula plan approved in Docket 13-MKEE-452-MIS. [This year's filing](#) is year 4 of 5 for the company's Debt Service Coverage Formula Based Ratemaking Plan (DSC-FBR Plan), and the second of 3-year program filings for the 34.5kV Formula Based Ratemaking Plan (34.5kV FBR Plan). What's new this year is that the Commission has allowed Southern Pioneer to roll the two separate rate issues

into one docket.

Southern Pioneer requested in its DSC-FBR Plan's portion of the docket, a decrease in revenue of \$745,507, or 1.1%. This is for the retail rates charged to Southern Pioneer customers taking service over Southern Pioneer's distribution system.

In the 34.5kV FBR Plan's portion of the docket, they requested a revenue increase of \$662,305. This is for the retail rates and the wholesale Local Access Delivery Service demand rate (LADS) charged to their retail and wholesale consum-

ers taking service over the Company's 34.5kV sub-transmission facilities.

CURB intervened in last year's rate adjustment request and has done so again this year. We have reviewed all the information and numbers sent in on the docket, and Cary Catchpole has filed testimony. CURB recommends the Commission approve filing corrections submitted by Southern Pioneer and a net retail revenue requirement decrease of \$355,136, or 0.52%.



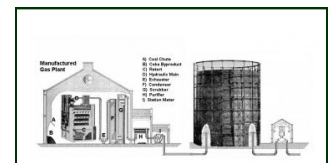
KANSAS POWER 101 – Part 2 “The Gas Works”

The first lighting and heat in Kansas was powered by gas harvested from coal and manufactured in plants called “Gas Works.” A gas works factory typically had a storage building for coal, a couple of out buildings, and a unique cylindrical structure called a gas holder or gasometer that sometimes was very large. The gas

holder was a wooden shell that floated in water, and was built over a large underground tank made of brick or concrete. Steel girders formed a framework that surrounded the gas holder and kept it from tipping over. As the holder filled with gas, it would raise in the tank. Engineers could estimate the amount of gas on hand

by the height of the gas holder above the water.

There were two methods used by gas works to make gas: the Coal Carbonization Method, and the Carburetted Water Gas Method. Although the finished product was clean-burning, both methods created by-products such as coal ash, coal and oil tars, ammonia, and cyanide — *Continued on page 6...*



1912 Manufactured Gas Plant (MGP) - Kansas City, KS

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GOOD OLD SUMMERTIME SAVERS



Did you know a big way to save energy is to service your A/C? Try these steps to start saving dollars:

- ❖ Schedule regular maintenance for cooling equipment
- ❖ Keep lawn vegetation near units trimmed and away
- ❖ Change out or clean filters, coils and fins

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"The Gas Works," cont. from page 5

compounds. Some of these residual materials could be sold or re-used, but many were stored on-site.

Gas was manufactured in Kansas from 1869 until

1930. The first communities to build gas works were Leavenworth, Topeka, Lawrence and Fort Scott. In

total, 21 plants were built across eastern and south-

eastern Kansas, and five were active through 1928.

(Jung, Aspen and Cook, John, *The Manufactured Gas Industry in Kansas*. KDHE, 2008).

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."