

CURB News



Volume 18, Issue 2

THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

March 2018

WESTAR FILES FOR RATE INCREASE



In February, Westar Energy filed an [application](#) seeking Commission approval to make changes to its charges for electric service. Westar's request includes a two-part rate adjustment: rates would first go down in September 2018 by \$1.6 million, before increasing in February 2019 by \$54.2 million. Some of Westar's rate adjustments include an updated depreciation study, the recovery of its \$417 million investment in a new wind farm, and a reflection of the lower corporate tax rates established by the 2017 Tax Cuts and Jobs Act. Additional adjustments such as the expiration of wholesale contracts, Westar's authorized return on equity, and inclusion of merger savings will be im-

pacted by the Commission's upcoming decision in docket no. [18-KCPE-095-MER](#) (the docket seeking approval of the merger between Westar and Kansas City Power & Light). An order in the merger docket is anticipated in early June.

In addition to rate adjustments, Westar's application includes requests to create several new rate classes and other rate design issues. Of the highest concern to CURB is Westar's request to increase the fixed customer charge for residential customer by \$4. If the Commission approves Westar's request, the monthly customer charge for a residential customer would increase from \$14.50 per month to \$18.50 per month. Other residential rate issues include offering residential customers to participate in optional rate classes. The optional rate classes include a three part demand

rate class and a rate class for residential customers that charge electric vehicles during non-peak hours.

Several other new rate classes and issues are offered by Westar in this general rate increase application. Westar is seeking Commission approval to establish a special contract with the Topeka Metro bus service. If approved by the Commission and if the Topeka Metro invests in all-electric buses, the Topeka Metro would be charged a special rate to charge its fleet of electric buses. Another request would establish a Clean Charge Network to establish electric-vehicle charging stations.

CURB has intervened in this docket no. [18-WSEE-328-RTS](#) and is currently reviewing the voluminous information provided in the application. A public hearing will be held in Topeka on May 22, 2018. Stay tuned – we will provide updates as this case proceeds.

UPCOMING CASES WE ARE FOLLOWING:

- 18-KCPE-420-TAR — KCP&L 2018 ENERGY EFFICIENCY RIDER
- 18-BHCG-423-TAR — BLACK HILLS ENERGY GAS SYSTEM RELIABILITY SURCHARGE
- 18-SPEE-428-SHO — SOUTHERN PIONEER CONVENIENCE FEE VIOLATION (SHOW CAUSE)

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Meet our Members:



ELLEN JANOSKI
– CHAIR
PECK

BOB HALL
– VICE CHAIR
HUTCHINSON



JAMES L. MULLIN, II
– MEMBER
LENEXA

BOB KOVAR
– MEMBER
OSAWATOMIE



HENRY HUNGER-BEELER
– MEMBER
LEAVENWORTH

OUR MISSION:

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

MEET OUR CURB BOARD CHAIRWOMAN ELLEN JANOSKI

CURB NEWS has the privilege of introducing Ellen Hathaway Janoski, Chairwoman of the CURB Board and board member since 2011. Ellen is a marketing and communication specialist with over 10 years of experience ranging from roles on presidential campaigns to her current role as Communications Manager for a national political organization. She enjoys working with a wide-range of clients on developing marketing and communication road-maps, and is a graduate of East Texas Baptist University. We recently caught up with Ellen, and asked her a few questions about her work with the CURB Board. Read about Ellen:

CURB News: So, why did you join the CURB Board?

Ellen: I was invited to sit on the Board in 2011 and thought it sounded like a unique opportunity. It has been an interesting experience and I have learned a great deal. I

have the privilege of witnessing how CURB, when functioning at its best, as it is now, can become a tremendous advocate and help to ratepayers in Kansas.

CURB News: Tell us more about you – any hobbies? Interests?

Ellen: I love American History, and reading. I am passionate about wildlife and North American song birds. Saying that out loud I realize I sound like a huge nerd. I am also a huge basketball fan...that sounds a little better.

CURB News: What is it like to volunteer for the CURB Board?

Ellen: There have been unique challenges that have demanded the Board make some tough decisions. Over the last seven years, I have seen CURB evolve a great deal. It has been exciting to see how the Board has come together during challenges to protect the overall mission of CURB: To protect the interests of

Kansas ratepayers. I am so excited about the direction in which CURB is solidly headed, and am excited about the efficiency and talents of our current staff. With the current leadership at CURB, I have already seen the quantifiable, positive effectiveness when it comes to truly helping ratepayers in Kansas. I am so proud of them!

CURB News: What are the important issues facing the CURB?

Ellen: I feel the biggest issue in recent years has been the actual role CURB plays in keeping a checks and balances system in our state as utilities consistently demand raising energy costs. CURB has gotten back to basics instead of pushing for certain ideologies about energy -- I am thrilled to see us develop healthier working relationships with KCC leadership, utilities and the legislature. Having a seat at the table allows us more opportunity to advocate for ratepayers.

CURB CAUTIONS EMPIRE'S SAVINGS PLAN

We bring you this update to the [January CURB News](#) article regarding Empire District Electric Company's Customer Savings Plan. Where we left off, CURB was reviewing the filing and consulting with our expert in these matters. We have now had the opportunity to finish our review and file written [testimony](#). Upon review, CURB has determined that we are opposed to the Customer Savings Plan as proposed by Empire. Our concerns are that: 1) The proposed wind projects are not needed to serve Kansas ratepayers; 2) The project will increase Empire's rate base by 37% and almost double its generation resource; 3) Shareholders will benefit by approximately \$358 million over the next 20 years; 4) As proposed there is no guarantee that ratepayers will experience any savings, but appears that shareholders will greatly bene-

fit. As currently structured, it seems ratepayers bear all the risks; 5) At this time Empire has not finalized construction, finance or location of the wind projects. Therefore, CURB believes it is premature for the KCC to approve Empire's plan; and 6) The request to establish a regulatory asset relating to the retirement of the Asbury plant should be denied.

Empire has also filed the same Customer Savings Plan in the three other states it operates in. Each of these states have a pending hearing on the plan, and it appears each has its own concerns. They are:

Arkansas- the Arkansas Commissioner's staff does not recommend approval of the wind projects until certain conditions are met. Specifically, they are concerned that the projects lack detail on

any given proposal. They have filed that it is premature to recommend approval until Empire presents actual proposals, and are concerned that the projects seem to be driven by market opportunity rather than need. They do support the retirement of Asbury.

Oklahoma- seems to be much more supportive of the Customer Savings Plan. It is recommended that the plan be adopted, but with a few conditions.

Missouri- is not in favor of the Customer Savings Plan as proposed, but they are not outright rejecting it. Missouri holds the largest concentration of Empire customers, serving over 151,700 customers in 16 counties. Missouri Public Service Commission staff has suggested several options their Commission might take.



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WEATHERIZATION ASSISTANCE IN KANSAS

Weatherizing a home “weatherproofs” it by making changes to protect against the elements and reduce energy consumption. Weatherization assistance is available to income eligible Kansas families through the Weatherization Assistance Program (WAP), the nation's largest residential energy efficiency program. In the program, a certified energy auditor conducts a com-

plete home energy audit at the residence to target areas for cost-effective improvements. Both the energy audit and improvement services are provided free of charge to clients, and services may include weatherstripping, lighting or ventilation upgrades, infiltration reduction or other actions that improve heating and cooling.

Participation eligibility in

WAP is based on household income relative to federal Low-Income Guidelines. Visit the Kansas Housing Resources Corporation's [webpage](#) to identify your local weatherization service provider. Or, for more information, you can contact Scott Kuhn or Al Dorsey at KHRC by calling (785) 217-2048.



Counties served by Kansas Weatherization Assistance Program.



Kansas Legislature Update

The Kansas legislature has been very busy this session. CURB has advocated for residential and small commercial ratepayers before the Kansas legislature on a number of bills. Some bills deserve special attention and are discussed in this update.

In CURB's previous [newsletter](#), CURB highlighted Senate Bill 279 (SB 279). This bill amends the Gas Safety and Reliability Policy Act (GSRA) to double the amount of capital expenditures on gas pipeline safety that gas utilities can collect from the ratepayer through a surcharge. Under SB 279, gas utilities can collect up to \$.80 per month per customer for all expenditures to replace, upgrade or modernize pipelines and related facilities or to upgrade system security.

CURB opposed SB 279 through written and oral testimony filed in both the Senate Utilities Committee and the House Energy, Utilities and Telecommunications Committee. Today, more and more of utility expenditures are included in surcharges collected from the ratepayer. Yet, in its testimony, CURB noted that SB 279 allows gas utilities to collect more of their capital investments directly from the ratepayer through surcharges without the oversight that the Kansas Corporation Commission (KCC) normally provides in traditional rate cases. SB 279 results in greatly reduc-

ing the risk of these capital investments upon which the KCC allows utilities a relatively high return. CURB testified that it believes that SB 279 will result in continuous increases on the gas utility bills of residential and small commercial ratepayers. Nonetheless, SB 279 passed both the Kansas House and Kansas Senate.

Another matter noted in CURB's previous article is Senate Concurrent Resolution 1612 (SCR 1612) that asks the KCC to investigate why Kansas electric bills have risen to the level currently experienced by ratepayers. SCR 1612 declares the policy of Kansas "to have regionally competitive rates for retail electric service to promote economic growth and support local communities." It urges the KCC "to take lawful action to promptly reduce Kansas retail electric rates to regionally competitive levels." [SCR 1612 has passed the Kansas Senate](#). CURB recognizes it to be very important to investigate why Kansas electric bills have risen to the levels that they have and to determine how this trend can be arrested. However, from the residential consumer's perspective, it should not be the policy of Kansas merely to have regionally competitive rates. Rather, it should be Kansas policy to require electric utility rates to be the

lowest lawfully possible, given traditional utility regulation. CURB would urge that any study of Kansas retail electric rates should have that policy goal.

Finally, Senate Bill 457 (SB 457) has been introduced and referred to the Senate Utilities Committee. It substantially amends the Kansas statute that governs how utility rates are determined in Kansas. Although CURB has many concerns about SB 457, CURB is principally apprehensive that the bill would mandate that most all of the costs incurred by utilities in providing utility services will be collected through the customer charge. Under SB 457, the customer charge for utility consumers would increase substantially, but the energy volume charge would be substantially lower – this rewards high use customers. Importantly, this is a fundamental change in utility policy in Kansas. It would result in substantially higher bills for residential customers, would significantly inhibit the ability of residential consumers to control their electric bills, and would likely result in the need for additional capacity (because lower energy volume charges would no longer influence consumers to conserve electricity). CURB will oppose SB 457 in its present form.

“CURB...BELIEVES THAT SB 279 WILL RESULT IN CONTINUOUS INCREASES ON THE GAS UTILITY BILLS...”



CURB Joins Merger Settlement Agreement

In the [September 2017 Newsletter](#) and [January 2018 Newsletter](#), CURB discussed the filing of Great Plains Energy Incorporated (GPE), Kansas City Power & Light Company (KCP&L), and Westar Energy, Inc. (Westar) (all collectively referred to herein as “applicants”) application in [Docket 18-KCPE-095 -MER](#). In those newsletters, CURB informed readers about the merger application filed by the applicants, as well as, CURB’s initial position regarding the merger. In this newsletter, CURB will provide an update on the merger.

In February, CURB, Staff, Applicants, and other interveners engaged in settlement discussions. As a result, several parties, including CURB, entered into a Non-Unanimous Settlement Agreement (Settlement Agreement) that recommended approval of the merger by the Kansas Corporation Commission (KCC or Commission), subject to various conditions. The Settlement Agreement provides for initial up-front ratepayer credits to Westar and KCP&L retail electric customers of \$23,065,299 (Westar) and \$7,514,220 (KCP&L) or \$50 million (total company). In addition to the initial bill credits, the Applicants have agreed to additional annual bill credits by March 31 in each year 2019, 2020, 2021, and 2022 in the

amount of \$8,649,487 for Westar retail electric customers and \$2,817,832 for KCP&L’s Kansas retail electric customers. The total guaranteed ratepayer credits, as a result of the settlement, is \$125 million (total company).

The settlement agreement allows for an Earnings Review and Sharing Plan (ERSP) for 2019-2022. During this period, the Applicants will file annual earnings reports by March 31 following the end of each calendar year 2019-2022. Signatories to the agreement recommended that the KCC authorize a return on equity (ROE) of 9.3% in the 2018 base rate cases. If actual earnings based on the 9.3% ROE and specified capital structures, exceed the fixed credits for the years referenced, the excess earnings will be subject to a 50/50 sharing allocation between ratepayers and shareholders. This mechanism could mean even more savings for ratepayers as a result of the settlement agreement.

After the conclusion of Westar and KCP&L’s base rate cases, both Westar and KCP&L will be subject to a five-year base rate moratorium. This means that both companies will not be able to ask for a rate increase (with the exception of certain surcharges and riders) from customers for five years after

their most recent upcoming base rate cases.

The settlement provided for numerous other conditions and commitments, to include: employee commitments, retention of the operating headquarters in Topeka, capital structure commitments, reporting requirements, an agreement by applicants to refund to customers amounts related to tax reform without any offsets related to under-earnings, quality of service benchmarks, and other ring-fencing related measures.

CURB filed testimony in support of the Settlement Agreement, and presented evidence at the KCC hearing showing that the Settlement Agreement will result in just and reasonable rates, and that it is in the public interest based on the Commission’s Merger Standards adopted in previous merger transactions. CURB believes that the approval of the merger will result in substantial savings for residential and small commercial ratepayers.

CURB will file a post-hearing brief on April 20, 2018, and will await Commission decision which is due on June 5, 2018. CURB will update the readers, on the Commission’s decision, when the Commission has issued its Final Order. Stay tuned!



“...WESTAR AND KCP&L WILL BE SUBJECT TO A FIVE-YEAR BASE RATE MORATORIUM...”



News from the Watchdog for Residential and Small Commercial Utility Consumers

CITIZENS' UTILITY RATEPAYER BOARD (CURB)

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Questions? Contact our Editor,
Cary Catchpole

IT'S YOUR CHANCE TO SPEAK OUT ON ELECTRIC RATE INCREASES!

The KCC has scheduled a public hearing on Westar Energy's proposed rate increase in docket 18-WSEE-328-RTS:

TUESDAY, MAY 22, 2018 AT 6:00 P.M.
MAIN CONFERENCE CENTER, BUILDING A
WASHBURN INSTITUTE OF TECHNOLOGY
5724 SW HUNTOON STREET
TOPEKA, KS 66604

Public hearings give customers the opportunity to ask questions of representatives of the KCC Staff, CURB, and the utility company 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 785-271-3140.

We're on the Web!

curb.kansas.gov



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."