

CURB News



Volume 17, Issue 3

THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

May 2017

NASUCA COMMITTEE ADDRESSING RENEWABLES

The Electric Committee of the National Association of State Utility Consumer Advocates (NASUCA), of which CURB is a member, has been working on revising Resolution 1998-05 regarding small-scale renewable generation (roof-top solar or similar technologies that produce less than 25 kW) and net energy metering (billing mechanisms that credit customer generators for excess energy produced). NASUCA is

an association of 44 consumer advocates in 40 states and the District of Columbia. The founders



established NASUCA to provide a forum to exchange ideas, improve consumer representation at the state and federal levels, and encourage greater consumer participation in the regulatory process.

In revisiting Resolution 1998-05, the NASUCA Electric Committee has added that it “encourages states to continue to thoroughly evaluate the costs and benefits of net energy metering on participants and non-participants as they continue to evolve over time, taking into account the relevant ratemaking and rate design in the state.”

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CURB REVEALS CRITICAL EVIDENCE AT EE HEARING

In the [September 2016 newsletter](#), CURB discussed the 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 14 Energy Efficiency programs (EE programs) labeled its Demand-Side Management Program Portfolio (DSM). Several par-

ties including the CURB have intervened in this [docket](#). The evidentiary hearing was set for September 7, 2016; however, it was postponed for reasons discussed in the [November 2016 newsletter](#). On March 22–March 24 the KCC held the hearing. CURB presented evidence

at the hearing showing that KCP&L’s EE programs are not cost-effective based upon the DSM portfolio’s failure to pass TRC and RIM benefit-cost tests. These tests provide important viewpoints. The TRC, or Total Resource Cost Test, shows the net

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UPCOMING CASES WE ARE FOLLOWING:

- 17-EPDE-280-TAR — EMPIRE DISTRICT EC AERR ENVIRONMENTAL RIDER
- 17-KGSG-455-ACT — MGP MANAGED COSTS ACCOUNTING RIDER
- 17-WSEE-014-TAR — WESTAR AND KG&E’S 2016 TARIFF RIDER
- 17-EPDE-101-RTS — EMPIRE REQUEST FOR PROPOSED RATE CHANGES

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OUR MISSION:

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

(EE Hearing, cont. from page 1)

cost to the entire area, while the RIM (Ratepayer Impact Measurement Test) tells if the program will raise utility rates. In this case, the tests show that KCP&L's DSM will cost ratepayers more money than what it saves. CURB also argued that the fore-

casted cost recovery mechanisms and the Earnings Opportunity (EO) proposed by KCP&L are unreasonable, not cost-based, inconsistent with traditional ratemaking principles, and will result in a windfall for share-

holders. CURB believes that KCP&L's Application should be denied by the Commission. CURB will file its post-hearing brief on May 5, 2017, and will await a Commission decision, which is due on June 20, 2017. Stay tuned!

CURB FINDS ADDITIONAL SAVINGS IN RATE CASES

CURB News January 2017 introduced the abbreviated rate case filings of both KCP&L and Westar. KCP&L filed its application in Docket 17-KCPE-201-RTS requesting a rate decrease of \$2,829,191. As discussed in the January 2017 newsletter, that will amount to a decrease of about \$0.56 per month for the average residential customer and \$1.22 per month for the small commercial ratepayer. Later, KCP&L filed an update to reflect actual results through February 28, 2017. In its update, KCP&L proposed a rate reduction of \$3,709,808 which is due to lower-than-projected plant addition costs associated with La Cygne and lower-than-projected depreciation and amortization expenses. CURB filed testimony on April 6, 2017. CURB sug-

gests a larger decrease in the amount of \$3,792,505. The larger decrease reflects the subtraction of obsolete inventory. KCP&L included an amortization adjustment to recover obsolete inventory costs associated with La Cygne over 5 years. CURB believes that the obsolete inventory should not be recovered by KCP&L because it was not contemplated in the prior rate case (Docket 15-KCPE-116-RTS or 15-116) and not agreed upon or identified in the Settlement Agreement in Docket 15-116.

Westar's abbreviated rate request was filed on October 26, 2016, in Docket 17-WSEE-147-RTS (17-147), and proposes to raise its prices by one percent, or \$17,445,707. If granted, the request will result in an increase to the average residential bill of

about \$1.54 per month. The majority of the claim is related to the recovery of costs for environmental upgrades at power plants that were not available during its last rate case in Docket 15-WSEE-115-RTS. Subsequent to its application filing, Westar filed an update in the amount of \$16,563,649 to reflect actual plant additions through March 1, 2017. On April 11, 2017, CURB and a number of other parties filed direct testimony. CURB recommends that Westar reduce its grid resiliency rate base adjustment by \$907,129, and authorize a rate increase of no more than \$16,464,532. CURB is in the process of reviewing these rate requests and will provide updates and developments as these cases continue to proceed.

EMPIRE ENERGY COSTS ON THE DECLINE

Empire District Electric Company (Empire) has filed an application in docket [17-EPDE-226-ACA](#) with the KCC requesting approval of its Annual Energy Cost Adjustment (ACA) filing. The filing stems from the tariff docket [05-EPDE-980-RTS](#) settlement.

The Application indicates that the annual calculation of the ACA resulted in an over recovery balance of \$420,443 for the ACA peri-

od ending October 31, 2016. This balance reflects the gains or losses associated with the buying and selling of natural gas during the ACA period. These eliminations were agreed to by Staff of the Commission and Empire in Docket No. 07-EDPE-712-ACA.

Further, Empire believes that the total costs for the upcoming Energy Cost Assessment (ECA) year, in-

cluding the ACA, is forecast to decrease by approximately 10.4% from the preceding year's ECA.

CURB is awaiting a Report and Recommendations from KCC Staff and will be evaluating the application and testimony provided by Empire to confirm the company has met requirements.



USING GAS LIGHT WAS ONE WAY OF SHOWING THAT YOUR CITY WAS UP TO DATE ...

KANSAS POWER 101 – a historical series

Interestingly, the first street lighting in Kansas was powered by gas – and not natural gas like we use today – but something called “manufactured gas.” So what is manufactured gas? Manufactured gas is a combustible gaseous mixture that is factory-made by using coal or other burnable materials, and was piped to homes and businesses for lighting, heating and cooking purposes for nearly 60 years in Kansas. Natural Gas is different, explains Kansas Gas Service (a Division of ONE Gas), because it is naturally occurring hydrocarbon gases that are beneath the Earth’s surface.

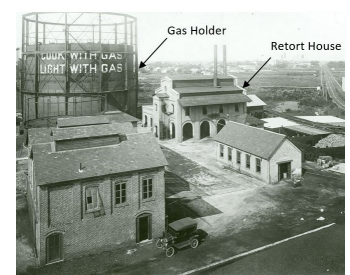
Back in early settlement days, progressive cities in

Kansas used manufactured gas to help make their cities safer and more inviting to prospective new families. Factories called “gas works” were built close to city developments, and pipes were laid below streets and within homes to carry the gas to lighting and heating fixtures. Using gas light was one way of demonstrating that your city was up-to-date. As the Kansas Department of Health and Environment explains,

“Imagine your city as it may have been in the 1860s. Horse-drawn buggies and wagons travel down unpaved streets, which were a sea of mud after it rained. At night it was very dark...

[w]hat little light there was came from lanterns fueled by kerosene or candles. Most people stayed home at night ... [t]he dark streets could be dangerous—if you didn’t get robbed or lose your way, you could fall into a pothole or get run down by a carriage. But then gas comes to town and the streets are lined with stately lamp-posts that turn night into day. Homes were lit with a cheery flame that was almost as bright as sunlight, and businesses could stay open later in the evening. Community life flourished as people spent their evenings attending theatre and lectures or socializing.” (1)

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



News from the Watchdog for Residential and Small Commercial Utility Consumers

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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 with its mission "to zealously represent the interests of residential and small commercial utility ratepayers before the Kansas Corporation Commission and the Kansas legislature."

We're on the Web!

curb.kansas.gov

(NASUCA COMMITTEE, cont. from front page)



On the basis of the knowledge and experience of its state member consumer advocates, the NASUCA Electric Committee finds that policy formulation concerning small-scale renewable generation and net energy metering is best regulated at the state level.

CURB has been involved in a generic docket at the Kansas Corporation Com-

mission concerning small-scale renewable generation and rate design. (See the Distributed Generation Update article from [CURB News January 2017](#)). If the revision to Resolution 1998-05 passes, the NASUCA Executive Committee would be authorized to "develop specific positions and to take appro-

priate actions" which are consistent with the resolution. CURB applauds the work of NASUCA in setting the revised resolution for adoption at the summer NASUCA meeting in June 2017.