

Westar Energy Rate Case 13-WSEE-629-RTS

**Public Hearing
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Westar's Request

1. Rate Increase

- \$31.7 overall increase

2. Rate Shift

- \$62 million residential increase
- \$21.5 million small business increase
- \$50 million large business reductions

3. Customer Programs

- Low income
- Economic development.

Westar Rate Increases

2009

- \$130 million general (requested \$177 million)
- \$31.8 million transmission line item
- \$32.4 million environmental line item

2010

- \$17.1 million general (rates consolidated)
- \$6.0 million transmission line item
- \$13.5 million environmental line item
- \$5.8 million energy efficiency line item

Westar Rate Increases

2011

- \$17.4 million transmission line item
- \$11.2 million environmental line item
- \$5.0 million energy efficiency line item

2012

- \$50 million general increase (12-WSEE-112-RTS)
- \$25.0 million transmission line item
- \$19.0 million environmental line item
- \$3.0 million energy efficiency line item
- \$21.8 property tax increase

Westar Rate Increases

2013

- \$ 9.1 million transmission line item
- \$27.2 million environmental line item
- \$31.7 million general rate increase

Since January 2009: 18 increases for \$469 million

-Does not include increases attributable to wind purchases in the fuel cost adjustment.

Westar Rate Increases

2009-2013

- General Increases \$228.8 million
- Line Item Increase \$240.2 million

2014 (Westar estimates)

- \$22.0 million transmission line item
- \$13.0 million environmental line item

Westar Residential Bill Impact

	Westar South
900 Kwh Summer bill 2008	\$ 83.00
900 Kwh summer bill 2013*	\$ 115.00
Percent Increase	38%
1500 Kwh Summer bill 2008	\$ 138.00
1500 Kwh summer bill 2013*	\$ 196.00
Percent Increase	42%

* Includes all line item increases to date plus Westar's proposed rate increase and rate shift in the current case

Westar's Future Cap-EX Projections 2013-2015

\$542.7 million Generation replacement and other
\$293.0 million Westar environmental plant upgrades
\$350.3 million La Cygne environmental plant upgrades
\$ 89.1 million Nuclear fuel
\$560.6 million Transmission
\$407.5 million Distribution
\$ 72.5 million "other"

\$2.3 billion in new spending

1. Rate increase

\$31.7 Net Increase

- \$42 increase La Cygne coal plant retrofit
- \$10 decrease storm costs recovery

10% shareholder profit built in

Residential customer charge from \$9.00 to \$13.00

- For 900 kWh per month, about \$7.50
- For larger users it will be more

1. Rate Increase

Prior cases relevant to this increase

1. La Cygne retrofit preapproval (11-KCPE-581-PRE)
 - KCC already approved \$1.2 billion retrofit (Westar 50%/KCPL 50%)

2. Westar rate case (12-WSEE-112-RTS)
 - Settlement: Westar/KCC Staff/Large Business/Schools
 - \$50 million increase (\$90 million requested)
 - \$41 million of increase to Res and small business
 - 10% shareholder profit
 - Approved filing this “abbreviated” rate case
 - CURB opposed and lost
 - 9.5% reduced the total increase to \$30 million

3. Kansas City Power and Light rate case (12-WSEE-112-RTS)
 - 9.5% shareholder profit
 - Base, Intermediate, Peak (BIP) cost allocation.

1. Rate Increase

Key Points:

1. With the two prior decisions (La Cygne, settlement), KCC has minimized its ability to reduce this increase.
2. Unless the KCC orders otherwise, Westar customers will pay more for the La Cygne retrofit than KCPL customers. Westar builds in more shareholder profit.

2. Rate Shift

Increases

- \$62 million residential increase
- \$21.5 million small business increase

Decreases

- \$18.5 million medium business (over 200 kw)
- \$17.4 million HLF Industrial
- \$ 9.7 million special contract customer
- \$ 3.5 million misc education customers

Westar claims residential and small business customers are not paying their fair share

2. Rate Shift

“Fair Share” depends on the model used to allocate Westar’s costs.

- Allocate cost on peak demand
 - Use at the peak moment on the hottest day
 - Pushes costs toward Residential and Small Bus
- Allocate on energy produced
 - Energy produce per plant as it runs
 - Pushes costs towards industrial

Everything depends on assumptions and model inputs

2. Rate Shift

Westar favors allocating on peak demand

- 4 CP model (\$141 million Res increase)

Westar proposes using a mix of both

- “Peak and Average” (\$62 million Res)
- Similar to what KCC staff has used

KCPL: KCC approved cost allocation based on a “base, Intermediate, Peak” model.

Fair Share in 2008?

Res and small Business \$87 million out of \$130 million increase.

From KCC Staff testimony

Class	Westar North		Westar South	
	Staff	Westar	Staff	Westar
Residential	9.23%	5.39%	6.55%	2.75%
Small Gen	7.49%	6.31%	9.62%	8.06%
Medium Gen	3.11%	3.92%	7.15%	7.62%
HLF Indust	-0.58%	5.95%	3.21%	5.93%
Public Schools	4.77%	5.85%	7.77%	10.89%
System Average	6.55%	5.38%	6.23%	5.21%

Fair Share in 2012?

Res and small Business \$41 million out of \$50 million increase.

From KCC Staff testimony

Class	Staff	Westar
Residential	6.63%	3.38%
Small Gen	6.86%	6.48%
Medium Gen	9.80%	15.03%
HLF Indust	8.07%	12.75%
Public Schools	9.27%	13.80%
System Average	7.54%	7.07%

2. Rate Shift

Key Points:

1. The amount of residential and small business increase depends entirely on what model, and what assumptions the KCC decides to use.
2. The KCC should not use a different model for Westar than it uses for KCPL

3. Customer Programs

Economic Development Program

- Up to \$25 million in additional discounts to business customers
- Ends shareholder funding, 100% customer funded

Low Income Energy Assistance Program

- Aid through third agency
- Westar ends up with the money
- Legal?

Both funded with off-system sales revenue that currently reduces the fuel cost adjustment

3. Customer Programs

Real Questions

- Why don't we have comprehensive programs to help customers use less energy.
 - Kansas Ranked 45 in 2012 on ACEEE Energy Efficiency Scorecard.
 - KCC gave Westar lost revenue allowance, but it still canceled Efficiency Kansas loan program.
- Why use money for economic development (increase resource needs) when you can use money for energy efficiency (reduce resource needs)

What You Can Do

Use less energy!

Public opinion matters

- Talk to friends, neighbors, co-workers
- Talk to every business owner where you shop
- Don't stop with KCC. Call or write your legislators
 - Ask: Why are my utility rates going up?
What are you doing to help me?

Increases won't stop until you demand it!

What You Can Do

Ask these questions

- Why do Westar customers have to pay more than KCPL customers for the exact same plant upgrade?
- Why would you use a different cost allocation methodology for Westar than for KCPL
- Why don't we have comprehensive programs to help customers use less energy?
- What are you doing to slow down these rate increases

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