

# CURB News



Volume 17, Issue 5

THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

September 2017

## WESTAR, GPE FILE NEW MERGER APPLICATION



Great Plains Energy, Inc. (GPE), Kansas City Power & Light Company (KCP&L) and Westar Energy, Inc. (Westar) filed an application in August seeking approval of a merger between Westar and GPE, parent company of KCP&L. This is a new application. Previously in [Docket 16-KCPE-593-ACQ](#) these parties sought KCC approval of a transaction where GPE would acquire 100% of

Westar's stock and become Westar's parent company – see our [September 2016 article](#) for more details. However, on April 19, 2017, the KCC issued an [Order](#) denying that application, finding that certain aspects of the transaction did not meet the public interest test under the Commission's Merger Standards. CURB did not support the acquisition transaction, and was satisfied with the KCC's decision.

The Merger proposal between GPE and Westar outlined in the [new application](#) is different than the pre-

vious request. It seeks approval of a stock-for-stock merger of equals, negotiated with the intent that neither company will be paying or receiving a premium with respect to the other company. GPE, KCP&L and Westar have kept CURB and other stakeholders apprised of the application. Now that it has been filed, CURB will be reviewing it and retaining financial consultants so that CURB can represent the interests of residential and small commercial ratepayers in this case.

### UPCOMING CASES WE ARE FOLLOWING:

- 18-KCPE-095-MER — GPE AND WESTAR SEEK MERGER OF EQUALS
- 18-WCNE-107-GIE — WOLF CREEK DECOMMISSION FINANCE PLAN
- 18-KCPE-124-TAR — KCPL REQUEST TO EXTEND ENERGY EFFICIENCY PROGRAMS

## CURB'S VOICE HEARD IN DG INVESTIGATION

In the [September 2016](#) and [January 2017](#) newsletters, CURB discussed the opening of the KCC [general investigation](#) into rate design policy for customers using distributed generation (DG) such as solar PV or

wind turbines, as well as the study of costs and benefits of DG systems. Since we last reported, CURB, Staff, and the Utilities have filed Initial Comments on March 17, 2017, and Reply Comments on May 5, 2017.

CURB indicated that there are only a small number of DG customers that exist in Kansas. CURB also discussed the issues of unreliability and potential cost shifting that DG presents to the existing elec-

### Inside this issue:

MEET OUR NEW STAFF	2
CURB FILES IN KGS MGP CASE	3
KANSAS POWER 101: REMEDIATION	3
CURB'S COMMENTS IN ALL-ELECTRIC RATE CASE	4
KCC ORDERS PIPELINE REPAIR	5
KCPL SEEKS TARIFF MODS	5

### **CURB** *Citizens' Utility Ratepayer Board*

#### 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 ....

#### (CURB's Voice Heard, cont. from page 1)

trical system. CURB recommended that the DG class be separated into its own rate schedule. In addition, CURB recommended that both a cost benefit analysis and a Class Cost of Service Study (CCOS) be completed to identify quantifiable benefits or costs that DG customers are providing to the system. Finally, CURB presented rate design alternatives. The Commission held an evidentiary hearing on this matter June 27 – 28, 2017. In July

and August, CURB filed Initial and Reply Briefs outlining its positions as described above.

On September 21, 2017, the Commission issued its Final Order. Described by the Commission as a “roadmap” for DG policy, the Order presents many alternatives for creating DG rate design structures that can be decided upon in future utility rate cases. The nine substantive items specified in the Final

Order (see pp. 7-12) which include DG customer education, separate class status, and the ability for parties to present additional studies for consideration are believed by CURB to be in the best interest of residential and small commercial ratepayers. The Commission's Final Order concludes this docket and CURB looks forward to addressing these issues in the near future.

#### Meet Our New Staff

CURB is pleased to announce that, in September, Stacey Harden rejoined the CURB Staff. As a Senior Regulatory Analyst, Ms. Harden will provide CURB with technical and expert analysis of KCC filings. Ms. Harden brings a wealth of utility regulation experience, having worked with CURB in 2008 through 2016 as permanent office staff.

Ms. Harden has written numerous testimony and reports for CURB over the years. As per Stacey, “I have always been impressed with the dedication and passion of the consumer advocates in-

involved with CURB – it is obvious that this is more than a job or a task – it's a passion.” Displaying her own personal dedication, Stacey continued to write testimony for CURB the past couple years while maintaining full-time employment at Washburn University. She states, “I am thankful that I was able to work with some very passionate advocates in the past and am grateful that I now get an opportunity to rejoin the CURB staff to work with another set of passionate advocates.” “Stacey brings a terrific skill set and a deep compassion

for the residential ratepayer,” says CURB's Consumer Counsel. “She rounds out a very talented and dedicated team at the CURB.”

Ms. Harden has three children, a daughter who is attending KU and two sons who are in tenth and eighth grades. She indicates they are an active family that participates in school sports, and are loyal fans of the Jayhawks, Chiefs and the Royals. “We even love our sports teams so much that we named our dog, a 4-year-old Boston Terrier, ‘Moose’ after the Kansas City Royals’ Mike Moustakas,” says Ms. Harden.

Learn more about our staff at: [curb.kansas.gov/about.htm](http://curb.kansas.gov/about.htm)

### CURB FILES RECOMMENDATIONS IN KGS MGP CASE

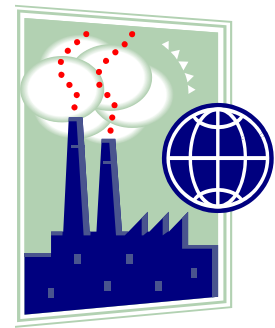
In the [July 2017 news-letter](#), CURB discussed the filing of Kansas Gas Service's (KGS) application in [Docket 17-KGSG-455-ACT](#). The Accounting Order applied for by KGS would act as an accounting "holding tank" for all remediation costs the Company incurs after January 1, 2017, at its twelve Kansas properties used historically to manufacture gas. KGS proposes to request recovery of these accumulated, deferred costs in future base rate cases. KGS has spent \$10.75 million from November 1, 1997 through December 31, 2016. During this period, the Company has also received insur-

ance proceeds of \$1.26 million. Insurance proceeds are paid out by an insurance policy as a result of a claim. In addition to KGS' request for an accounting order, KGS seeks to retain \$9.49 million in future insurance proceeds. KGS recommends any additional proceeds after the first \$9.49 million be shared 60% with ratepayers and 40% with shareholders after the deduction of certain other costs.

Both CURB and Commission Staff filed direct testimony on September 8, 2017, recommending that the KCC deny the Company's request to defer costs associated with the remedi-

ation of the MGP sites. In addition, both CURB and Staff recommend that the KCC deny the Company's requested ratemaking treatment for insurance proceeds. In further [testimony](#) provided September 18, CURB maintains denial of KGS' proposed accounting [order](#) as well as ratemaking treatments specified by the Company and Staff. We will provide updates and developments as this case continues to proceed. Stay tuned!

*(Read about MGPs in the CURB News "Kansas Power 101" series in [May](#) and [July](#).)*



"...CURB  
MAINTAINS  
DENIAL OF KGS'  
PROPOSED  
ACCOUNTING  
ORDER..."

### KANSAS POWER 101 – PART 3 MGP Remediation

Former manufactured gas plant (MGP) sites are getting environmental notice. Parts [1](#) and [2](#) of our Kansas Power 101 series describe how gas used to power Kansas homes and businesses over 87 years ago was made in factories, or MGPs. Although retired MGPs were torn down, leftover equipment, harmful chemicals, and building debris was often

left behind. Cities may have unknowingly used the plant sites for other functions. In 1914 the city of Wellington invited citizens to clean out their closets and basements to fill the gas holder prior to paving for a new park and community center.

Many of the substances at former MGPs are hazardous. Engineers are

hired to conduct full evaluations of the sites, and determine the type of remediation needed. Generally, site owners such as Kansas Gas Service must remove or contain contaminated substances, plus check ground water continually for quality. Unfortunately, cleanup costs from historical MGPs can be costly.



MGP Contaminate Removal -  
Manhattan, KS



### COMMENTS FILED IN KCP&L'S ALL-ELECTRIC RATE CASE



IT IS VERY  
IMPORTANT TO CURB  
THAT RESIDENTIAL  
AND SMALL  
COMMERCIAL  
RATEPAYERS DO NOT  
UNDULY SUFFER RATE  
SHOCK RESULTING  
FROM ANY UTILITY  
RATE INCREASE....



KCP&L has an all-electric heating rate which is priced lower in the winter months than is KCP&L's residential general use rate. In this docket ([16-GIME-576-GIE](#)), the Commission opened an investigation to take "a fresh look at KCP&L's rates for all-electric heating customers." The Commission asked CURB and other parties (KCP&L, the Commission's staff, and Kansas gas utilities) to answer a number of questions, essentially asking whether or not the differential between KCP&L's all-electric heating rate and KCP&L's residential general use rate can be justified upon the basis of any benefits provided by all-electric heating customers to the KCP&L system in general. CURB, along with the Commission's staff, KCP&L and Kansas gas utilities all filed responsive comments to the Commission's questions.

All of the parties confirmed that cost causality is an important utility principle. In other words, it is important that when a group of ratepayers cause the utility to incur costs in

order to serve that ratepayer group, the group should pay its fair share of those costs. With that principle in mind, KCP&L and the Commission's staff commented that the all-electric rate is presently justified. CURB agreed but went farther in commenting that a larger differential could be cost-justified between KCP&L's all-electric heating rate and KCP&L's residential general use rate. The Kansas gas utilities used cost-benefit analysis in their comments that there was no net benefit caused by the all-electric rate.

CURB, among other parties, noted that the differential between KCP&L's all-electric heating rate and KCP&L's residential general use rate was narrowed in KCP&L's 2010 rate case ([Docket No. 10-KCPE-415-RTS](#)), resulting in an immediate sixty percent increase for some KCP&L consumers who were ill-prepared to mitigate those higher prices. In these regards, CURB urged the Commission to consider granting prospective relief for those consumers upon the utility principle known

as "gradualism." Gradualism is equitable relief employed by public utility commissions to avoid rate shock for certain classes of customers when a cost of service study shows that a customer will suffer a large rate increase or decrease. Essentially the increase or decrease in utility rates is phased in more gradually than imposing it immediately. It is very important to CURB that residential and small commercial ratepayers do not unduly suffer rate shock resulting from any utility rate increase in a KCC proceeding.

Nonetheless, CURB understands that the circumstances surrounding KCP&L's all-electric heating rate are very complex and stem from a very long history. CURB believes that all of the parties earnestly had ratepayers in mind in providing their responses and all desired that ratepayers in general be treated fairly. At present, CURB awaits an order from the Commission as to how it will use the information from this docket.

### KCC ORDERS PIPELINE REPAIR

The KCC has put the replacement of aging natural gas pipelines that may be a safety risk on a fast track. The final order in [Docket No. 15-GIMG-343-GIG](#), which was a general investigation into the necessity of an accelerated national gas pipeline replacement program (ARP), authorized a procedure for the approval for bare steel pipeline replacements on September 12, 2017. Atmos Energy Corporation, Black Hills Energy, Kansas Gas Service Company (the gas utilities), CURB and Commission Staff all filed testi-

mony in the docket, as well as participated in hearings on March 30-31, 2016.

This issue surfaced when it was found that some natural gas pipelines in Kansas are constructed of obsolete materials and need repair. Many utilities are faced with aging infrastructure as [defined](#) by the Pipeline and Hazardous Material Safety Administration (PHMSA). Bare steel pipeline is the greatest risk, and according to PHMSA, Kansas has 10,543 miles of it. Although this number has been dropping over the years due to scheduled replacements by the gas

utilities, the rate is not as fast as some parties recommend.

As part of the final order, the Commission indicated that, subject to conditions designed to protect the ratepayer, it would allow gas utilities to collect a customer surcharge of up to \$0.40 per customer per month to pay for the repair costs. Each gas utility is required to file a preliminary plan by December 12 that outlines the replacement of all bare steel pipelines in populous areas and augmented leak detection on their plastic pipelines.



Bare Steel Pipe without Protective Lining

“SOME NATURAL GAS PIPELINES IN KANSAS ARE CONSTRUCTED OF OBSOLETE MATERIALS AND NEED REPAIR.”

### KCP&L SEEKS TARIFF MODIFICATIONS

Kansas City Power and Light Company (KCP&L) has filed two applications with the KCC that involve modifications to existing tariffs. [18-KCPE-062-TAR](#) is an application for approval of adjustments to the Company's Average Payment Plan tariff that will include options for Small General

Service customers. In [18-KCPE-063-TAR](#), KCP&L is seeking approval of changes to its estimated bill procedures and related tariff.

The Company is in the process of changing its current billing system to a new one, which is to begin in April 2018. KCP&L attributes the requested

tariff changes to the new billing system requirements and capabilities.

The KCC has issued orders suspending both dockets for 240 days to allow time for investigation of the requests. CURB has intervened and is reviewing the filings. Watch CURB News for pending updates!





## News from the Watchdog for Residential and Small Commercial Utility Consumers

### CITIZENS' UTILITY RATEPAYER BOARD (CURB)

Citizens' Utility Ratepayer Board  
1500 SW Arrowhead Road  
Topeka, Kansas 66604

Phone: 785-271-3200  
Fax: 785-271-3116  
E-mail: [ecurb@curb.kansas.gov](mailto:ecurb@curb.kansas.gov)

Questions? Contact our Editor,  
Cary Catchpole

## Subscribe to Commission Meeting Notification Online

You can subscribe to receive email notification regarding Commission Meetings, Administrative Meetings, Commission Work Study Sessions, and any additional open meetings by going to the [KCC website](#) and enter-

ing your email address. The KCC will send communications regarding cancellations, changes in the date, time, or location as far in advance as possible, adding an extra service. The KCC notes that the Agenda/

Notice will be available on the Commission's website at noon the day preceding the Commission Meeting. To unsubscribe, simply send an email to [kcc-open-meetings-leave@kcc.ks.gov](mailto:kcc-open-meetings-leave@kcc.ks.gov).

---

## We're on the Web!

## [curb.kansas.gov](http://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."*