

# CURB News



Volume 18, Issue 4

THE CITIZENS' UTILITY RATEPAYER BOARD OF KANSAS

July 2018

## CURB ENTERS SETTLEMENT AGREEMENT IN WESTAR RATE CASE



The Citizens' Utility Ratepayer Board (CURB) entered into a Non-Unanimous Settlement Agreement (Settlement Agreement) in the rate case filed by Westar Energy, Inc. in [KCC Docket No. 18-WSEE-328-RTS](#). Westar, the Kansas Corporation Commission staff, CURB and several intervenors including the Kansas Industrial Customers Group joined in the Settlement Agreement. "The terms of the Settlement Agreement are very beneficial to residential and small commercial ratepayers," says David Nickel, Consumer Counsel for the CURB. Some of the aspects of the Settlement Agreement that CURB believes are positive are:

—The parties to the Settlement Agreement recommend an overall rate decrease in Westar rates of \$66 million.

—There will be no increase

in customer service charges for residential and small commercial ratepayers.

—The Western Farms Wind Farm investment will be treated similarly to a Power Purchase Agreement, with the result that customers should see energy costs decrease due to the operation of that energy source.

Mr. Nickel notes that, due to the merger approved by the KCC, Westar has pledged not to file another base rate application for at least the next five years. Although the utility will still be able to file for recovery of costs it incurs due to property taxes charged by local governments and for costs associated with energy generation that is lawfully approved by the regional transmission organization (Southwest Power Pool) to which Westar belongs, the rate case moratorium should lend itself to some rate stability for consumers. Moreover, the study which Westar, the KCC staff and CURB (among others) will undertake pursuant to the merger settlement should help

to find ways in which utility costs can be maintained in a reasonable manner, to the benefit of all Westar ratepayers.

"CURB thanks all of the parties who worked diligently for four consecutive days to come to a reasonable and fair settlement of the issues presented in this case," says Mr. Nickel. "While there is still a lot of work to be done to ensure that Kansas utility rates are as competitive as is reasonably and lawfully possible, achieving the agreement of Westar and several intervening parties on a reduction of utility rates in this case is a very good and encouraging start," he stated.

CURB estimates that residential customers should see an average monthly decrease to their bills of approximately \$4.00, provided their usage remains the same. In addition to the rate reduction, residential and other customer groups will receive a number of bill credits arising from the Tax Cuts and Jobs Act and merger savings. These bill credits will amount to a total of over \$50.00 and should be paid to the residential ratepayer around November.

### UPCOMING CASES WE ARE FOLLOWING:

- 19-GIME-012-GIE — GENERAL INVESTIGATION INTO OPT-IN SMART METER PROGRAMS
- 19-WSEE-013-TAR — WESTAR'S 2018 ENERGY EFFICIENCY RIDER
- 18-SWBT-394-GIT — TELECOMMUNICATIONS COMPLIANCE WITH FTA OF 1996

### Inside this issue:

MEET BOB HALL	2
KCP&L FILES FOR RATE INCREASE	2
SOUTHERN PIONEER VIOLATES TARIFF	3
KANSAS GAS SEEKS RATE INCREASE	3
CURB OPPOSES WOLF CREEK SETTLEMENT	4
TESTIMONY IN SOUTHERN PIONEER FBR DOCKET	5
CURB ATTENDS MID-YEAR NASUCA MTG	5
PUBLIC MEETING NOTICE	6



## Meet our Members:



**ELLEN JANOSKI**  
– CHAIR  
PECK



**BOB HALL**  
– VICE CHAIR  
HUTCHINSON



**JAMES L. MULLIN, II**  
– MEMBER  
LENEXA

**VACANT**  
– MEMBER  
2<sup>ND</sup> DISTRICT



**HENRY HUNGER-BEELER**  
– MEMBER  
LEAVENWORTH

### OUR MISSION:

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

## MEET BOB HALL, CURB VICE-CHAIR

This month we feature Bob Hall, who unselfishly volunteers on the CURB to “give back with positive impact.” Highly respected and accomplished in utility matters, he began his career as a staff member at South Dakota Public Utilities Commission, and followed as a rate analyst for a natural gas utility company. In January 2015, Bob retired from his CEO position with a Rural Electric Cooperative after 34 years. Bob shares his talents and knowledge of complex energy subjects with CURB staff, allowing his 46 years of industry experience to benefit the agency responsible for protecting Kansas residential and small business ratepayers. “I have great respect for

the CURB staff and board,” says Bob. “It is enjoyable to work with such a competent and positive group.” Likewise, CURB staff has great respect for Bob. “His experience and knowledge really enlighten us,” says David Nickel, Consumer Counsel, “we are very lucky to have his guidance and unique perspective on our utility cases and other utility matters.”

Bob is a steadfast visionary who believes CURB can have a long-term effect on rates and utility services in Kansas. “It seems CURB’s charge is to react to the filings made by the regulated utilities, as opposed to being pro-active,” he says. Being an advocate of the transparency and other benefits

brought about by policy adoption by public agencies, Bob notes “If we can adopt CURB Board Policy, we might be able to show the utilities what types of filings we will favor. In that way we could influence development of rates and services for the long-term benefit of our consumers and ultimately our State economy.”

Bob likes flying, and is rated for Commercial, Instrument, Multi-engine, Single-engine and Glider aircraft. His wife, Sue, is a retired development director for Trinity Catholic High School. They enjoy spending time with their two daughters (who teach high school English), and their three grandsons.

## KCP&L FILES FOR RATE INCREASE

Kansas City Power and Light Company has filed for a \$22.6 million rate increase for customers living in its KCP&L-Kansas service area. KCP&L’s application filed with the KCC in [Docket 18-KCPE-480-RTS](#) requests to update rates by passing along \$34.5 million in ongoing annual savings resulting from the Tax Cut and Jobs Act. Additional adjustments to the company’s authorized

return on equity, the inclusion of merger savings, and a reduction in transition cost recovery result from the recently approved [merger](#) between Westar and KCP&L. Regarding the proposed rate increase, the company states a rise in prices is needed to recover \$33.6 million in technology costs for a new customer information system (CIS) and \$24 million for a commission

-mandated depreciation study. In addition, KCP&L’s plans to enhance customer service through a new Green Subscription and Community Solar pilot would require additional rate charges. If approved, the average residential customer who uses 1366 kWh in summer months and 833 kWh in winter months will see an estimated increase of over \$4 per month in their electric bill.

## SOUTHERN PIONEER VIOLATES TARIFF

In a recent order filed June 19<sup>th</sup>, 2018 in [Docket 18-SPEE-428-SHO](#), the Kansas Corporation Commission found that Southern Pioneer Electric Company violated its tariff by charging customers who paid their bills with electronic checks (e-checks) an unauthorized convenience fee. Discovery requests by CURB made in a separate [Docket no. 18-SPEE-241-TAR](#) led to the discovery that Southern Pioneer has been charging a fee of \$3.95 for e-check bill pay-

ments since April of 2012. This is considered a violation of the Commission's [Minimum Standards](#), a set of billing protections for Kansas utility customers.

Both CURB and Commission Staff have recommended refunds to customers who were wrongly billed the fees and denial of the company's request for a waiver. Kansas law authorizes the Commission

to impose penalties of up to \$5,000 for any violation of the Public Utilities Act including tariff violations. The Commission is requesting additional information from CURB, Southern Pioneer, and Commission Staff to assist it in determining the proper remedy for this violation, and responses from all parties are due by July 30<sup>th</sup>. CURB is following this important case, and will keep readers informed in upcoming newsletters.



**"BOTH CURB AND COMMISSION STAFF HAVE RECOMMENDED REFUNDS FOR CUSTOMERS..."**

## KANSAS GAS SERVICE SEEKS RATE INCREASE

ONE Gas, Inc. announced June 29, 2018, that its Kansas Gas Service division has filed for a net base rate increase of \$42.7 million with the KCC in [Docket 18-KGSG-560-RTS](#) for its 636,000 customers residing in Kansas. If approved, this request would increase the typical residential customer's monthly natural gas bill by approximately \$5.67 or 10 percent. Kansas Gas Service is already recovering \$2.9 million from customers

through the Gas System Reliability Surcharge ("GSRS"), making the total base rate increase \$45.6 million. Annual tax saving benefits resulting from the new federal Tax Cut and Jobs Act that went into effect this year are also included in the Kansas Gas Service application. The company cites significant capital expenditure investments of \$170 million, increases in Operation and Maintenance costs (including employee wages and benefits), and de-

clines in residential consumption due to more efficient usage as reasons for the proposed increase. Also in the filing, Kansas Gas Service is seeking to implement a Revenue Normalization Adjustment Decoupling Mechanism, a Cyber Security O&M Expense Tracker, and a Depreciation Expense Tracker. CURB is currently evaluating the application. Watch future issues of CURB News for developments.





“CURB EXPRESSED  
SERIOUS  
CONCERNS  
ABOUT THE  
DECOMMISSION-  
ING COST  
ESTIMATE  
PLAN...”

## CURB Opposes Wolf Creek Settlement

On September 1, 2017, Wolf Creek Nuclear Operating Corporation (WCNOC), Westar, KCP&L, and KEPCo filed its 2017 Triennial Decommissioning Financing Plan in [Docket 18-WCNE-107-GIE](#) for the Wolf Creek Generating Station, a nuclear power plant located near Burlington, Kansas. The joint owners are required by law to file a decommissioning financing plan at least every five years until the facility’s closing in 2045. The triennial Decommissioning Financing Plan includes among other components a decommissioning cost study, an explanation of the escalation rate and the estimated cost at decommissioning.

CURB joined other parties involved in the case for settlement discussions held June 21, 2018, but declined to join the resulting settlement agreement. CURB Analyst Stacey Harden reviewed the docket on behalf of CURB, and expressed serious concerns about the decommissioning cost estimate plan recommended by Commission Staff. This plan, called the “DECON-LTSFM,” is an enhanced plan that includes the estimated cost of storing spent nuclear fuel onsite for the long-term. Ms. Harden filed [surrebuttal/reply testimony](#) and [testimony in opposition to set-](#)

[tlement](#) in the docket, explaining that the DECON-LTSFM methodology represents a considerable increase from the previously adopted decommissioning methodology, DECON. A full evidentiary hearing was held on July 10, in which Ms. Harden testified and answered questions from Commissioners and various attorneys about her concerns. If the S&A is approved, the cost estimate to decommission Wolf Creek will increase 42% over the estimate approved by the Commission in 2015. The Commission is expected to rule on the case in early August. Stick with CURB News for updates.

## NEW MOVIE TELLS ELECTRIC STORY

THE CURRENT WAR directed by Alfonso Gomez-Rejon is an American epic film about the cutthroat race between electricity titans Thomas Edison and George Westinghouse to see whose electrical system would power the modern world.

The film is set in the 1880s, and stars Benedict Cumberbatch as Edison and Michael Shannon as Westinghouse. The story is based on history, and depicts what Westinghouse does when he realizes his rival Edison’s

grand design of creating the first ever marketable and profitable electricity system for the world has a major weakness.

Watch for THE CURRENT WAR release later this year!



## Testimony Filed in Southern Pioneer DSC-FBR Case

CURB analysts Stacey Harden and Cary Catchpole recently provided direct testimony to the KCC regarding Southern Pioneer Electric Company's annual rate change filing. The filing in [Docket 18-SPEE-477-RTS](#) is the fifth and final under the company's annual Debt Service Coverage Formula Based Rate-making Pilot Plan (DSC-FBR). The DSC-FBR is a unique structure that allows the utility as a non-profit to obtain an annual rate adjustment annually once the Commission approves the calculation. Originally approved in [Docket 13-MKEE-452-MIS](#), the formula-based ratemaking plan follows a formula for retail rates to be adjusted

annually based on maintaining a DSC ratio of 1.75.

CURB's actions in this docket included a review and analysis of the company's annual filing, attendance at two technical conferences, discussions with KCC Staff regarding an Annual Cost Adjustment correction and proposed adjustments, and pre-filing testimony. CURB's recommended adjustments consisted of the following expense reductions: \$605 in the Customer Service and Information, \$2,471 in Sales, \$9,806 in Administrative and General, \$722 in Other Deductions, \$3,464 in Gym Memberships, \$796 in Customer Records and Collection,

and \$3,908 in Miscellaneous General costs. In addition, CURB recommended the approval of the adjustment to reflect a correction to the Company's 2017 Annual Cost Adjustment.

The KCC issued an order on July 31 approving the application as filed without any adjustments. All Southern Pioneer customers will experience a rate increase. The net results from both FBR plans will increase residential customer rates by approximately 3.4%, which translates to about \$3.70 for the average residential customer.



“THE NET RESULTS FROM BOTH FBR PLANS WILL INCREASE RESIDENTIAL CUSTOMER RATES BY APPROXIMATELY 3.4%...”

## CURB Attends Mid-Year NASUCA Meeting

David Nickel, Todd Love and Cary Catchpole attended the 2018 mid-year meeting of the National Association of State Utility Consumer Advocates (NASUCA) held in Minneapolis, MN, from June 24-27. CURB joined utility consumer advocate offices from across the nation to learn and exchange current information on important regulatory and consumer issues. This year NASUCA offered presentations concurrently, allowing participants a wide choice of topics such as energy storage, the effects of dynamic rate

designs on seniors, municipal broadband, energy needs of low-income Americans with serious medical conditions, distribution technical training, consumer rights and implications of the Tax Cuts and Jobs Act. In addition, NASUCA passed two resolutions designed to protect ratepayers from different scenarios. [Resolution 2018-02](#) urges the adoption of policies and regulations to protect ratepayers as electric vehicle adoption rates increase. The other [Resolution 2018-03](#) addresses the

health concerns of vulnerable customers, and urges the adoption of protections against utility service shut-offs to low-income, senior, and other at-risk households in which a seriously or chronically ill or disabled person resides. As always, CURB applauds NASUCA for its important work in supporting state consumer utility advocates in their many duties.

For more information about NASUCA, click on [www.nasuca.org](http://www.nasuca.org).



Blue states mark NASUCA's membership of 55 advocates from 43 states.

## 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  
E-mail: [ecurb@curb.kansas.gov](mailto:ecurb@curb.kansas.gov)

Questions? Contact our Editor  
at 785-271-3117

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

The Kansas Corporation Commission has scheduled a public hearing on KCP&L'S proposed rate increase in KCC docket 18-KCPE-480-RTS:

**THURSDAY, AUGUST 23, 2018 AT 6:00 P.M.**

**KANSAS UNIVERSITY EDWARDS CAMPUS**

**BEST CONFERENCE CENTER**

**12600 QUIVIRA ROAD**

**OVERLAND PARK, KANSAS 66213**

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](http://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](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."*